ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2021

IntegraFin

OUR PURPOSE

The Group's business model centres on making financial planning and investment easier.

We enable clients and their families, through their financial adviser, to hold their investments, across all tax wrappers, on our insourced investment platform – Transact. We also provide advisers with a tool that supports end-to-end financial advice.

We facilitate all saving, inter-generational planning and investment activity through the Transact investment platform. We provide custody, tax wrapping, trading and reporting. We do not provide financial advice, we leave that to advisers that use our investment platform.

We make financial planning more efficient and straightforward through our people delivering great service through great systems.

FINANCIAL YEAR 2021 HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

Funds Under Direction*:

£52.11bn 27% ↑
(2020: £41.09bn)

Net inflows*:

£4.95bn 38% ↑
(2020: £3.59bn)

Client numbers:

208.6k 9% ↑
(2020: 191.9k)

Client retention:

96% →
(2020: 96%)

Adviser numbers:

6.5k 5% ↑
(2020: 6.2k)

FINANCIAL HIGHLIGHTS

Revenue:

£123.7m 15% ↑
(2020: £107.3m)

Operating profit attributable to shareholders:

£63.2m 14% ↑
(2020: £55.3m)

Profit after tax:

£51.1m 12% ↑
(2020: £45.5m)

Earnings per share:

15.4p 12% ↑
(2020: 13.7p)

Shareholder returns in 2021*:

10.0p 20% ↑
(2020: 8.3p)

** Alternative performance measures (APMs)*
APMs are financial measures which are not defined by IFRS, these have been indicated with an asterisk. They are used in order to provide better insight into the performance of the Group. Further details are provided in the glossary, on page 202.

CONTENTS

Richard Cranfield
Chair

CHAIR'S STATEMENT

Overview

Our last financial year saw the continuing effects of COVID-19, with significant Government-driven fiscal interventions, and a clearer picture emerging of the economic consequences arising from the pandemic. The arrival of President Biden into office and continuing global tensions have been the geopolitical backdrop. In addition, in the UK, we are working through the consequences of Brexit, whilst in Australia the response to COVID-19 has involved more lockdowns and some resourcing issues, as the country remains closed to most foreign travel.

Despite the prevailing economic instability, our performance has been very strong, and our people have coped extremely well with the challenges they have faced this year. Alexander Scott comments on the results in more detail in his Chief Executive Officer's Review.

COVID-19

The UK has now had three separate lockdowns, whilst the team in Melbourne has had lockdowns and restrictions far more draconian than the UK. This has made it impossible for Mike Howard to attend meetings in person here in the UK; and has made recruitment and resourcing particularly challenging.

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

Time for Advice

On 11 January, we were pleased to acquire Time for Advice (T4A), and this is commented on in more detail by Alex in his report.

The IHP Board

The major change to executive management in financial year 2020 was Alex becoming Group Chief Executive and Jonathan Gunby becoming Chief Executive of Integrated Financial Arrangements Ltd (IFAL). These changes have bedded in well and we have recruited Tom Dunbar as Chief Development Officer at IFAL in the current year.

At the Group level, Neil Holden stepped down from the IntegraFin Holdings plc (IHP) board on 1 September 2021, having been a director of the Group's parent Company for over 10 years. We are immensely grateful for Neil's many contributions over the years; particularly through the IPO process in 2018, and chairing both the IFAL Audit Committee and IntegraLife UK (ILUK), roles that Neil will continue to hold.

On 22 September 2021, Rita Dhut joined us as a director of IHP. Rita's award winning investment experience and continuing advisory and technology roles are of great value to the board and we are looking forward to working with Rita.

Governance and culture

This is the second 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 69.

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.

Following the 2021 AGM, Victoria Cochrane, as Senior Independent Director (SID), and Christopher Munro, as Chair of the Remuneration Committee, offered to meet with our major shareholders and had in depth meetings with several of them. Constructive, transparent and open engagement with our stakeholders outside of the boardroom forms a critical aspect of board-level activity.

We have taken on board feedback from shareholders and sought to address their concerns, as set out in the meetings referred to above. We have rigorous Audit and Risk, and Remuneration Committees, which meet regularly and review in depth the work of the executives. We are committing significant resources to enhancing our corporate governance processes and its constituent parts. The Nomination Committee led the process of selecting Rita, having run a thorough external search, and we are delighted she has agreed to join us.

On pages 63 to 64, we present our Section 172 (s172) statement, which sets out how we consider our key stakeholders in our decision making and the key decisions we have made throughout the financial year.

Victoria, in addition to her role as SID, has become the non-executive director for environmental and social sustainability and Rita has become the non-executive director for employee engagement, we thank both Victoria and Rita for stepping up in this way.

The Board effectiveness review and review of the Chair is discussed on page 72.

Remuneration

The Directors' Remuneration Report is set out on page 87.

Dividend

In line with our dividend policy* and in recognition of our financial performance, we have declared a second interim dividend of 7.0 pence per ordinary share. Together with our first interim dividend paid in June of 3.0 pence per ordinary share, this takes the total dividend to 10.0 pence per ordinary share.

Closing

This has been my second year as Chair and I have been enormously impressed with how the business has adapted to the very real challenges and flourished. As I mentioned last year, the business is highly professional and puts its customers front and centre.

The members of the board would like to thank again 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, the published clients' satisfaction surveys, and our ranking within the platform sector are the product of their efforts.

Richard Cranfield
Chair

15 December 2021

Alexander Scott
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview

It has been another year of significant macro volatility. Our first quarter was one of increased optimism, as lockdowns started to ease and efficacious COVID-19 vaccines began to emerge. Then, less than a fortnight after the first UK vaccination was administered on 8 December 2020, the UK was forced back into full lockdown, the Brexit transition period ended, with many loose ends, and the US Capitol building was stormed.

It has been a little calmer since, but many things remain far from normal. The time taken to administer vaccines across all age groups has meant our staff have continued to predominantly work from home, delivering our services remotely as effectively and efficiently as they can, and I thank them sincerely for their resilience, hard work and good humour throughout these trying times.

Understandably, the confidence of our people about returning to office working remains low, with concerns about travelling on crowded public transport being the major anxiety. As long as the threat of another UK lockdown remains a serious possibility, we will retain our voluntary office attendance policy.

We have engaged with our staff when considering options for returning to the office and we will continue to take account of their concerns and remain agile, as we look to determine the appropriate shape of new office environments and establish working patterns that not only support the success of the business, but also deliver positive outcomes for our people.

Headlines

The investment platform market has proven resilient throughout recent uncertainty and Transact has grown strongly over the course of the last financial year.

We have continued to bring new clients on board, increasing clients on the investment platform by 9% over the year. This has been achieved through maintaining the number of advisers that use Transact and adding a further 5% through the period. At the end of the year our clients exceeded 208k, with more than 6.5k advisers actively using Transact.

Gross inflows* were 34% up on last year at £7.70 billion, reflecting strong growth not just from the prior year, but also from pre COVID-19 levels. In the early stages of the first release from lockdown, outflows spiked slightly, but this did not last and they quickly reverted to expected levels, resulting in very strong net inflows of £4.95 billion, up 38% year-on-year.

The combination of very strong net inflows and positive market movements helped increase FUD at the year-end to £52.11 billion, an increase of 27% over the year.

Revenue in the year has increased to £123.7 million, (+15%). This is predominantly generated by Transact, although the purchase of Time for Advice (T4A) has made a contribution since January. Core expenses across the Group have been sensibly managed throughout the year. T4A is loss making at this time, due to the costs of system development and an expansion in the number of sales and support staff. Additionally, non-underlying expenses* resulting from acquisition processes have also been absorbed. After these costs, the Group's profit before tax has increased by 14% to £63.1 million.

Market background

Equity market performance was strong through the first half of our financial year, with markets responding well to the US election result and the approval for multiple versions of COVID-19 vaccinations. This positivity was reflected in the advised platform market, with strong growth of gross inflows, which first returned to pre-COVID-19 levels and then, from early 2021, exceeded them. The timing of this recovery led to strong tax year end performance.

The second half of the year continued in a similar vein, as a relatively successful vaccine rollout programme in the UK brought hope of a return to normality. The Christmas lockdown gradually began to ease and businesses started to return to more usual working practices.

There has also been considerable activity in the investment platform market throughout the year, resulting in several changes of platform ownership. It is too early yet to be clear how much of this activity will result in true consolidation and a reduction in the number of platforms, and how much will be rebranding and ownership consolidation. Even with this activity, over the full year, the retail advised platform market FUD grew by 20% from £460.52 billion (September 2020) to £553.28 billion (September 2021).

Our activity

In January, we took the opportunity to broaden the services we offer to advisers by completing the acquisition of T4A, a specialist software provider for financial planning and wealth management firms based in Norwich. This expands the Group's offering of adviser services through T4A's CURO software, an adviser back office system. The acquisition gives access to T4A's existing base of adviser users, their system development expertise and service support. Like Transact, T4A is focused on the delivery of function rich systems, with high quality support and we believe CURO will be complementary to Transact.

We also considered an opportunity for the non-organic growth of the investment platform business, engaging in the acquisition process for the Nucleus platform. Ultimately, due to the high hurdles we set in order to proceed with any acquisition not being satisfactorily cleared, we decided to withdraw from this process.

Focusing on organic growth, we have continued delivering incremental additions to the functionality of our investment platform. Continuing states of lockdown have added to the impetus to deliver increased online optionality. We have been able to achieve this through changes to our development schedule, refocussing our software developers on providing tools to remove the need for paper documents and wet signatures. Successful delivery of these developments has resulted in NextWealth revising our rating upwards to Digital Process Champion in April 2021.

Whilst we will continue to extend the capability of our online systems, we will also continue to provide support to those users who are not yet ready to embrace these developments. With significantly increased flows over the year, this has increased pressure on our service teams to maintain the service standards we set ourselves. Recruitment of experienced staff has proven more difficult in recent months, as COVID-19 has led many people to consider their priorities for the future and, globally, many are opting to make permanent changes to their lifestyles. We have, and will continue to, engage with our colleagues, asking for their views on the shape of future office working.

We have again reduced the cost of Transact to clients, following our process of responsible pricing. Reductions were made to both ad valorem and buy transaction charges.

Transact has seen further small growth in market share of FUD. As well as consistently ranking in the top three firms for gross inflows each quarter, and also retaining top spot in annual independent research studies, Investment Trends and CoreData.

We are a generally low-carbon business, but we are mindful of our environmental responsibilities and we are developing our climate strategy.

To this end, we engaged Willis Towers Watson to assess and help us enhance our alignment to the Task Force on Climate-related Financial Disclosure (TCFD) recommendations, in preparation for disclosure and to help boost our Environmental Social and Governance (ESG) considerations. We were also keen to gain insights into our current sustainability positioning. The outputs from this work are being used to develop our ESG strategy, and are expected to be finalised by June 2022. Implementation of the strategy will commence after the strategy is finalised.

The outlook

The positivity from the last three months of the 2021 financial year have continued in to the start of the new financial year. However, much uncertainty persists, with COVID-19 and impacts of the end of the Brexit transition still emerging.

From 1 January 2022, the new Investment Firms Prudential Regime, setting out post-Brexit regulations for investment firms, will come in to force. Among other impacts, these rules will result in higher capital requirements for our investment firm. This has been planned for, with sufficient capital having been built up and retained.

The advised platform market is expected to continue to grow 18% in 2022. We aim to continue to grow our share, as we refine our systems and processes, further developing and expanding the financial infrastructure and associated services we offer.

We will help drive the development of CURO and grow the adviser service team at T4A, ensuring that increasing sales volumes are properly supported. However, we expect T4A to continue to be loss-making next year, as it builds its capability to support a larger adviser base. Additionally, the acquisition of T4A will result in an increase in non-underlying expenses for the next three years, but we believe this acquisition and the development of the CURO system will then deliver an independent profit stream, as well as future strategic benefits derived from closer integration between the Transact system, Transact Online and CURO.

We will continue investing in our staff. We will support them and seek to ensure we arrive at an optimum work-life balance that still achieves our strategic objectives. We realise our people are front and centre of our success. We will improve our working environment, as our main office lease draws to an end and we consider new premises. We aim to use this opportunity to improve the well-being of staff and to assist with managing our environmental impact, a full plan for which is being developed and acted on. We will do this whilst managing our cost base prudently, and continue to deliver fair returns for all of our stakeholders.

Alexander Scott
Chief Executive Officer

15 December 2021

TRANSACT – OUR BUSINESS MODEL

Making financial planning easier

We operate a market-leading investment platform that delivers an infrastructure which enables advisers to implement financial plans for our mutual clients, as simply and efficiently as possible. Our 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. We strive to always do the right thing for our clients and their advisers.

A key feature of our business model is the control we have over every aspect of what we do. Our goal is to insource the main components of our service and technology, enabling us to maintain control over the quality and cost of our whole operation.

The main components of our business model are:

Operational excellence	▪ We have an award-winning client servicing model ▪ 194 dedicated client service staff who are client-centric ▪ Our client service teams are high-touch and regionally allocated ▪ Highly efficient client and adviser experience ▪ We value strong adviser relationships
People excellence	▪ We recognise that our people are our primary asset ▪ We value our staff and seek to retain them through a strong, values-driven culture ▪ We recognise excellent performance and give all staff the opportunity to develop and progress, be it through technical specialism, people management skills, promotion within a department, or changing roles

In-house wrappers	We provide a wide range of in-house tax-efficient wrappers, including: ▪ Pensions ▪ ISAs (LISA and JISA) ▪ Onshore life insurance bonds ▪ Offshore life insurance bonds ▪ General Investment Accounts
In-house technology	▪ Our software systems technology is proprietary and we own our software development company ▪ We have full control of development direction and priorities and costs ▪ We have full control of the client experience ▪ All of the above contributes to our agility and responsiveness to client and adviser requirements
Open architecture	We are whole of market and provide access to a wide range of investment types, including: ▪ Mutual funds ▪ Investment trusts and shares ▪ Exchange traded funds ▪ Gilts and bonds ▪ Venture capital trusts ▪ Cash and term deposits

Proven reputation	▪ We are a long-established, financially secure, investment platform ▪ We have championed a consistently high level of service for 21 years ▪ We have won numerous awards and we were rated as best adviser platform in annual adviser surveys run by CoreData and Investment Trends ▪ The fair treatment of our stakeholders, comprising clients, employees, suppliers and shareholders is one of our core values
Trusted by independent advisers	▪ We enjoy long-standing relationships with many financial planning firms across the UK ▪ Over 6,500 advisers have independently chosen Transact as an investment platform for their clients
Strong balance sheet	▪ We have a highly cash generative business model, which has led to shareholder cash increasing* ▪ No debt on our balance sheet ▪ Expenses are closely monitored and managed in line with our business plan ▪ We have a strong regulatory capital position that remains stable through the economic cycle

**Note that the financial statements show policyholder cash and shareholder cash as one balance. Policyholder cash has decreased as policyholders have invested through financial year 2021, hence the overall cash balance has decreased.*

Using our resources to create value

1. Investing in our people

Our client service and support teams receive extensive training through our internal training programmes and they have been instrumental in our success and the many accolades and awards Transact has received. The client service teams are supported by a dedicated technical specialist department that has the expertise and agility 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 and planning the improvements we will make to our bespoke systems. The development and implementation of these enhancements has been carried out in a considered, controlled manner for over 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 we share our 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 our ability to invest in our people and the platform, and it means that the best service in the platform market continues to be even better value for money which should drive increased profitability and shareholder returns.

We insource the main components of our service and technology, which gives us absolute control over the quality and cost of our whole operation. By closely managing expenses, in line with a realistic business plan, and regularly implementing process efficiencies, our per unit cost base is controlled and has grown at a slower rate than business volumes.

Our investment platform has been consistently differentiated from our competitors' over the years, through sustained customer service excellence. We operate a trusted investment platform and this is evidenced by over 6,500 advisers who have independently selected Transact for their clients.

4. Growing earnings from increasing levels of FUD

Our revenue is generated from the fees clients pay for using our platform. We are confident that the business model we operate is truly sustainable, as over 98% of the platform revenue, as detailed on page 30 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

Fair treatment of clients, employees, suppliers and shareholders is central to our business model. 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 endeavour to maintain 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.

Time for Advice (T4A) business model

T4A provide the CURO product and support service to financial advisers. CURO is technology which supports the financial advice process from end-to-end, and is therefore complementary to our investment platform.

T4A's business model aligns with the Group's in many respects. T4A aims to increase its adviser user base and, therefore, its licence fee revenue, by investing in the development of its core product, CURO, as well as developing an enhanced version, CURO365.

T4A is investing in its people to ensure there is the necessary level of development and support resource, as it grow its user base. However, despite the projected increase in costs as T4A invests, its expenses are carefully managed and any additional, unforeseen, but necessary costs are discussed at Group level, prior to being incurred.

T4A aims to increase its revenue in order to become profitable, in line with its development plan, and contribute to IHP Group profitability.

Shareholder returns

In respect of financial year 2021, the first interim dividend of 3.0 pence per ordinary share (£9.9 million in total) was paid in June, and the second interim dividend, as detailed in the Chair's statement, of 7.0 pence per ordinary share (£23.2 million in total), has been declared.

The dividends in respect of financial year 2021 equate to a return to shareholders of 65% of post-tax profit, which is in line with our dividend policy.

OUR STRATEGIC OBJECTIVES

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 want 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 must 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. We aim to grow the numbers of advisers using Transact and CURO, due to the benefits the services offer to our mutual advisers.

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 2021 progress:

FUD ended the year at £52.11 billion (2020: £41.09 billion), growing 27% over the year.

Post acquiring T4A, the number of advisers using CURO has increased to 1,716, an increase of 18%.

Financial year 2022 outlook:

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

Ongoing development of CURO, with CURO365 planned, and integration of T4A into the Group, both operationally and from a corporate perspective.

Key risks:

- Service standards failure
- Stock market volatility

2. Invest in the business

A history of investment in our people and our technological infrastructure has ensured our service quality has been award winning and operationally resilient. This will not change. We recognize that high calibre, well-trained, engaged staff and intuitive, progressive systems 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 their 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 targeted manner, building on over twenty years of development experience. We will apply the same principles to the development of CURO365.

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 clients' 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 2021 progress:

£10.0 million (2020: £9.8 million) invested in platform development in the year. This is comprised of platform developer and management cost, acquisition of new equipment and training costs.

The investment costs incurred in financial year 2021 of acquiring T4A comprised: an up-front cash payment of £8.6 million in January 2021; £2.2 million of deferred and additional consideration has been expensed as post-combination remuneration from January 2021 to September 2021 (further details in the Financial Review section on page 26); plus a £4 million cash injection from IHP to aid T4A in growing the business. Therefore, a total of £10.8 million was invested in the in the acquisition of T4A in the year by the Group, with a further £4.0 million injected internally by IHP.

Financial year 2022 outlook:

We look forward to making further enhancements that benefit and support the client and adviser online experience in financial year 2022, as well as implementing other systems improvements which are already designed and timetabled.

Key risk:

- Diversion of investment platform and CURO development resources
- Staff retention

3. Grow earnings

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

- Our on-platform advisers and clients. The investments managed by Transact's current adviser base are 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 through advisers putting more of their clients on our investment platform.
- Attracting new advisers by maintaining leading ratings amongst advisers and keeping our platform relevant to new advisers and clients by constantly reviewing and developing the service to meet their needs.
- We are fully cognisant that T4A will continue to be loss-making for the next financial year and that this will reduce Group profitability in the short-term, but in the longer term we expect the growth in adviser users of CURO, coupled with investment in the business, to generate profits.

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 2021 progress:

FUD increased by 27% to £52.11 billion (2020: £41.09 billion) and revenue increased by 15% to £123.7 million (2020: £107.3 million), including £2.4 million of licence fee revenue from T4A.

Financial year 2022 outlook:

Investment platform client numbers grew by 9% and adviser numbers by 5% in financial year 2021. The number of advisers using CURO increased by 18% from January 2021 to September 2021. We aim to sustain this level of growth and potentially increase all metrics in the coming year, but recognise that whilst financial year 2021 has been very strong, the economic landscape remains 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, or directly from advisers using T4A. Shareholder cash, which is combined with policyholder cash in the financial statements, has increased as a result of our cash generative business model. Combined with sensible expense management, we expect to continue generating cash profits.

Financial year 2021 progress:

Operating profit attributable to shareholders, generating profits from the cash received, in financial year 2021 was £63.2 million, which is an increase of 14% from £55.3 million in financial year 2020. This has been achieved despite recognition of T4A's operating loss of £1.3 million.

Financial year 2022 outlook:

We will continue to manage expenses and it is expected the Group's strong liquidity profile will be maintained. It is expected that T4A's costs will again exceed revenue in financial year 2022; this will again impact the Group's operating profit attributable to shareholders.

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 2021 progress:

The Group capital position, as defined by Group net assets, grew 16% and ended the year at £163.3 million, up from £140.9 million at 2020 year end.

Financial year 2022 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 2021 progress:

A first interim dividend was paid of 3.0p per ordinary share and a second interim dividend declared of 7.0 pence per ordinary share, in line with our dividend policy.

Financial year 2022 outlook:

Our dividend policy remains unchanged, but our income may be impacted by continuing market uncertainty due to the pandemic, inflationary pressure on all costs, including recruitment, and the emergence of issues due to Brexit.

Key risks:

- Stock market volatility
- Uncontrolled expenses
- Capital strain

KEY RISKS

There are factors within and outside 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:
Financial year 2020 was characterised by financial markets plunging, followed by daily market swings, as the severity of the pandemic emerged. Financial year 2021, however, has largely been one of recovery, as COVID-19 vaccines have been developed and rolled out worldwide and investor confidence has returned. The real impact of Brexit and the UK's deal with the EU is yet to fully emerge and it has been masked by the economic shock of the pandemic. However, it is expected that Brexit will impact stock markets for the foreseeable future. Stock market volatility impacts the value of our investment platform FUD and, therefore, revenue.

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 investment platform. Our wrapper fees are not impacted by stock market volatility, as they are a fixed quarterly charge. Due to the acquisition of T4A, we also now have another revenue stream which is not affected by stock market movements. We closely monitor and control expenses across the Group, 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. We strive to ensure staffing levels remain appropriate, through forecasting and tracking levels of business and analysing management information on team performance. We recruit high calibre staff as necessary. 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 40.

3. Increased competition:
We operate in competitive markets. Increased levels of competition for adviser and their clients; 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, developing new products and platform functionality and being responsive to client and financial adviser demands whilst maintaining 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 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 ratios.

Risk management and control:
We actively monitor the current and expected future regulatory environment and ensure that all regulatory obligations are or will be met. By doing so, we ensure we have a proactive control to mitigate the potential for capital strain. 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.

7. Staff retention:
Inability to retain staff and attract new staff, due to changing cultural expectations, unrealistic salary expectations and competitor pressure.

Risk management and control:
We ask all leavers to complete a questionnaire which details their reasons for leaving the Group. We can then monitor and proactively seek to act should clear trends emerge. We perform salary benchmarking exercises to ensure we do not fall behind the prevailing market rate and we ensure our total compensation package is attractive. This is coupled with comprehensive training for new starters and opportunities for career development within the Group. We are also implementing a hybrid working model to accommodate shifting cultural expectations around office working.

KEY PERFORMANCE INDICATORS

We have a number of quantifiable measures that we use to gauge the performance of our business, these are our key performance indicators.

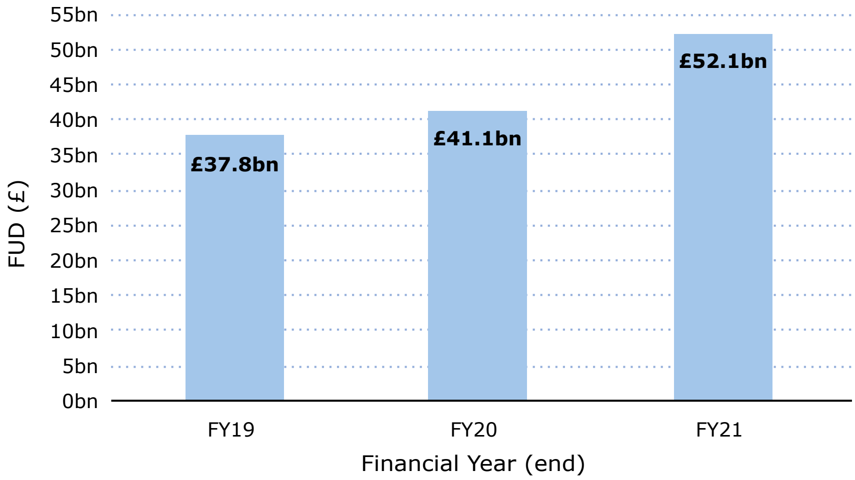
We consider the measures to be key to our business due to: our current and future revenue streams and market position are linked to FUD; increasing market share through new advisers and clients, and ensuring existing clients do not want to leave (client retention*); investment in the platform to ensure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

All metrics have exceeded our expectations, especially when taking into consideration the challenging economic environment resulting from COVID-19 during financial year 2021.

FUD* increased by £11.02 billion (27%)

The value of FUD is a primary driver of revenue, as it forms the basis of annual commission payable which, as detailed on page 30 in the Financial Review, is the largest component of Group revenue.

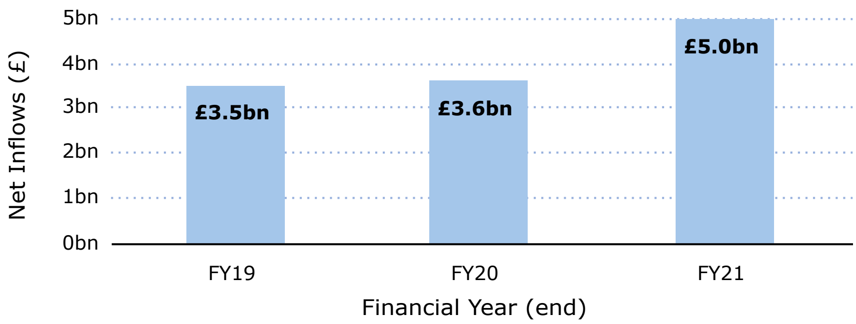
TOTAL FUD



Net inflows* were up 38%

Transact was in the top three highest net inflows of all advised platforms in the year to date of 2021, according to Fundscape statistics.

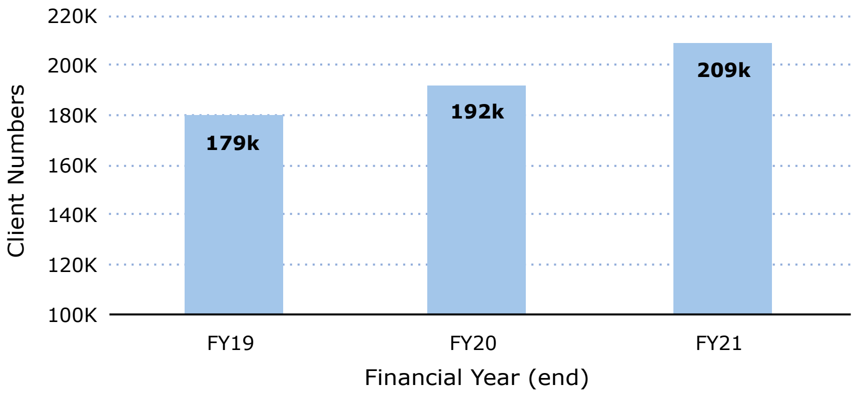
NET INFLOWS



Client numbers* were up 9% to over 208,600

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

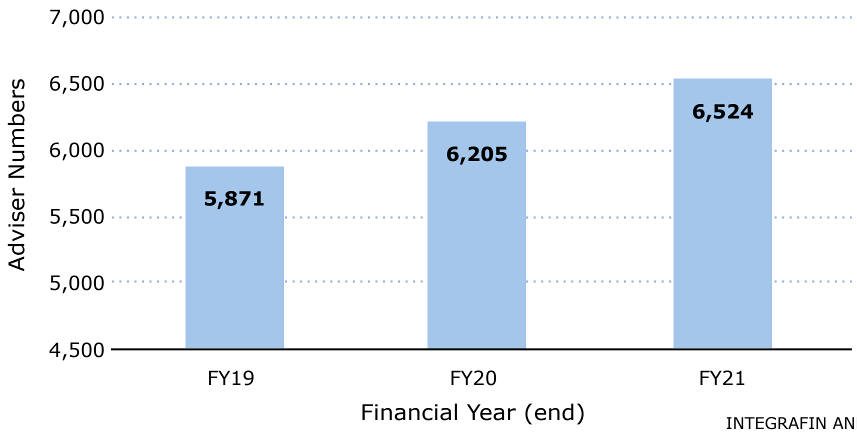
Client retention is an important measure of satisfaction. It is also a driver of ongoing revenue and we attribute our high level of client retention to satisfaction with our service and offering.

Financial year	2019	2020	2021
Levels of client retention	96%	96%	96%

Adviser numbers* were up 5% to over 6,500

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 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 2021, we invested £10.0 million (2020: £9.8 million) in platform development, including software development, platform infrastructure and staff training. Ongoing investment ensures the proposition remains award-winning and operationally resilient.

The acquisition of T4A also aligned with one of our core strategic objectives of investing in the business. T4A's product, CURO, is technology which supports the financial advice process from end-to-end, and is therefore complementary to our investment platform.

The acquisition cost comprised an up-front cash payment of £8.6 million, plus £8.6 million of deferred consideration, payable in tranches over the next four years. Additional consideration of up to £8.6 million may also be payable in January 2025, although this is contingent on T4A meeting certain performance targets over each of the next four years. We also injected £4 million of cash into T4A, in order to support the development and expansion of CURO over the coming years.

Operating profit attributable to shareholder returns increased to £63.2 million (14%)

We maintained income growth in a challenging market, whilst expenses remained stable, excluding the impact of non-underlying expenses incurred in the acquisition of T4A and consideration of the acquisition of Nucleus.

Capital stability was maintained

The Group maintained a strong balance sheet with capital increasing to £163.3 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.

Gross profit increased to £122.2 million (15%)

We generated a gross profit for the year of £122.2 million which increased on the prior year. Our gross profit has increased due to our continued ability to generate fee income from our services, despite increased cost of sales from the T4A acquisition in the year.

Shareholder returns* increased by 20% to 10.0 pence per ordinary share (2020: 8.3 pence per ordinary share)

We continue to deliver on our dividend policy and ensure that 60-65% of our profits are paid back to shareholders. We have increased shareholder returns this year through the payment of the first interim dividend of 3.0 pence per ordinary share in June 2021 and the declaration of the second interim dividend of 7.0 pence per ordinary share, to be paid in early 2022 (2020: 2.7 pence per ordinary share and 5.6 pence per ordinary share). This is testament to the Group's ability to grow and generate distributable profits, which have delivered increasing returns to shareholders.

**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 202.*

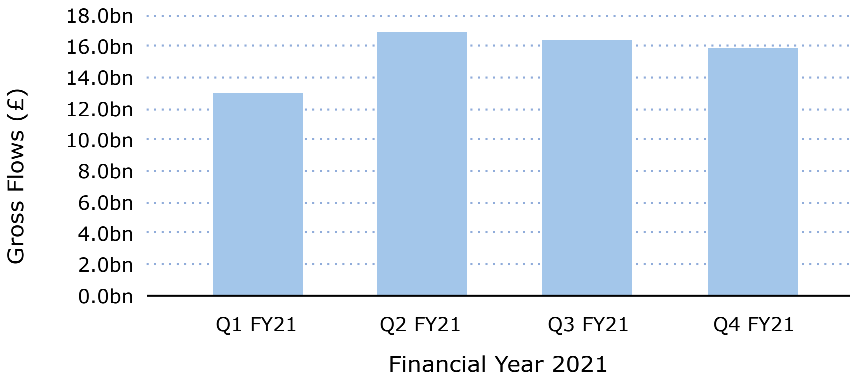
MARKET OVERVIEW

The adviser platform market

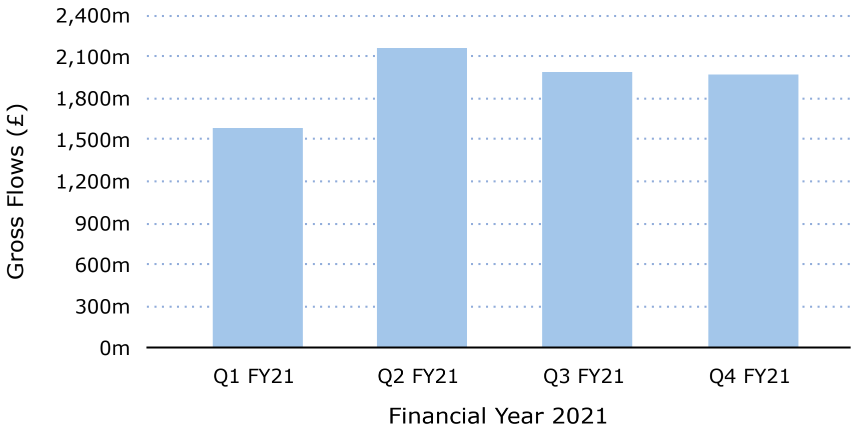
At the end of September 2021, the advised platform market had grown to £553 billion, up 20% on the prior year figure of £461 billion. Industry gross flows during this period grew 34%.

As a leading player in this sector, Transact's funds under direction grew 27% to £52.11 billion. Gross flows were up 34% at £7.70 billion and, more importantly, net flows were up 38%.

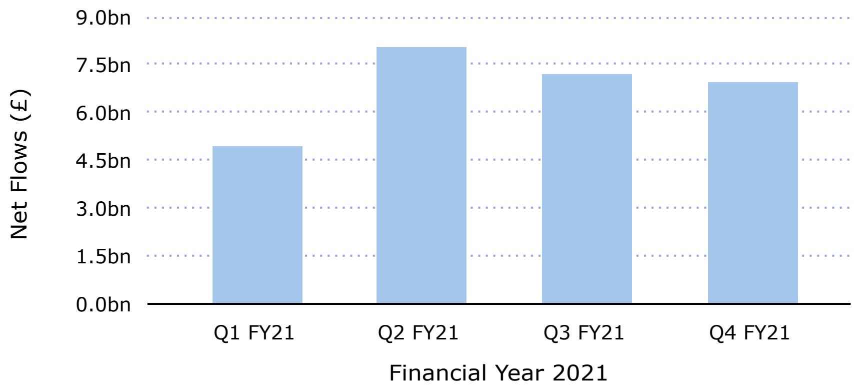
MARKET GROSS FLOWS



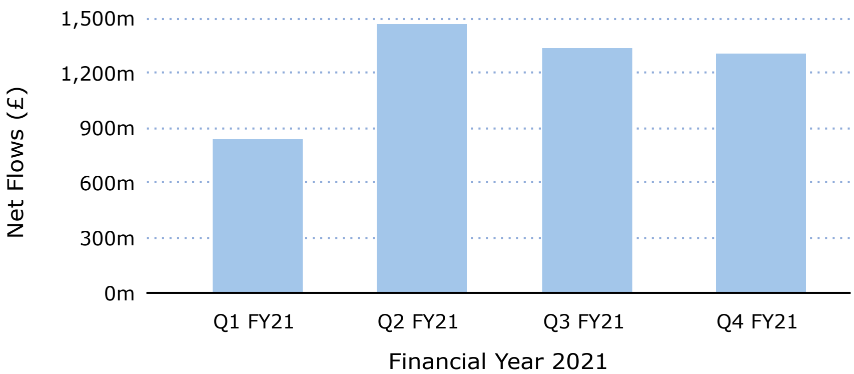
TRANSACT GROSS FLOWS



MARKET NET FLOWS



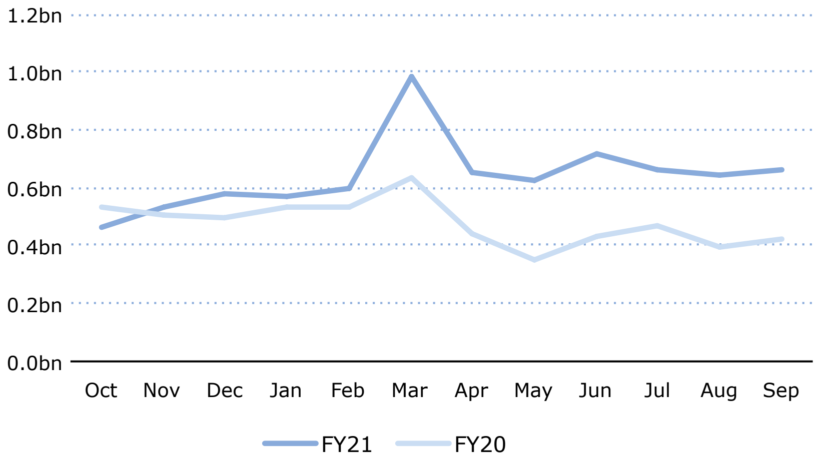
TRANSACT NET FLOWS



Whilst the COVID-19 pandemic and other external factors have made this a challenging year at times, the above result is testament to the Transact operating model. Insourcing of nearly all the components required to deliver the service means strong quality control. This supports Transact's market positioning which features a wide range of wrappers and asset types and a high level of client service.

Transact gross flows were much less volatile than during the prior year and eight months in the financial year feature in Transact's all-time top 10.

MONTHLY GROSS FLOWS



Transact is consistently ranked in the top three platforms for gross inflows.

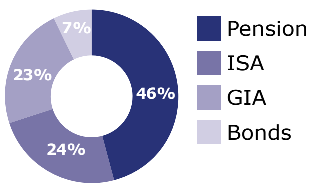
Transact inflows result from one of the following sources (in order of significance):

- Advisers who are Transact users and are introducing new clients to Transact.
- Clients who are adding more contributions to a Transact portfolio.
- Advisers who are new to Transact and are introducing their clients to Transact.

Outflows remaining broadly stable as a percentage of opening FUD at around 7%.

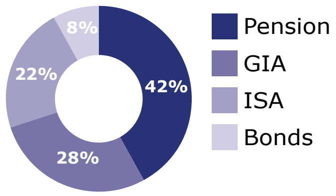
Another positive indicator was the ratio of client asset transfers onto the platform versus off the platform. For the financial year, the monetary value was 2:1 in favour of Transact. Transact offers a wide range of wrappers which isn't always apparent at first glance. The suite of ISA products includes Junior, Flexible and Lifetime ISAs. The pensions suite includes trust and insured based wrappers (including a section 32 buyout). Both onshore and offshore insurance bonds are offered, these are provided by our subsidiary insurance companies. The £52.11 billion we administer is spread across these wrapper types:

SPREAD ACROSS WRAPPER TYPES FY21



Flows in financial year 2021 showed a similar composition.

GROSS FLOWS BY WRAPPER TYPE FY21



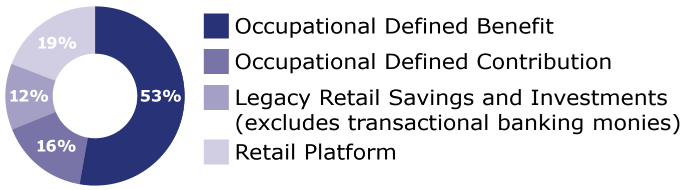
This healthy mix is a result of financial advisers using the full range of tax planning wrappers available to them and their clients. Much of the functionality on Transact works at portfolio and wrapper level, thus making the financial planning process easier to implement and monitor.

Structural drivers of growth

Each year individuals place more money in wrappers, especially their pensions and ISAs, and so there are substantial new flows. Indeed, during the financial year, 36% of Transact's new inflows arose from customers topping up their Transact portfolio.

In addition to this, there is a large addressable market with £3,200 billion of assets owned by individuals. This is made up as follows:

SPREAD OF ASSESTS



These categories are usually growing too through a combination of further contributions and asset growth.

The complex taxation system in the UK means that individuals need to access tax efficient wrappers and investment range. Moreover, they need financial advice over the long-term and thus the advice market provides a highly valued service to clients.

Competitive environment

There are 16 adviser platforms administering over £5 billion and these form our main competitors.

Transact retained the top spot in annual independent research studies Investment Trends and CoreData for the twelfth year running (2010-2021 inclusive), as well as consistently performing strongly in quarterly and annual Platforum surveys.

	CORE DATA research *Category: Large Platforms (> £12bn FUD)*	Investment Trends *Category: Large Platforms (> £10bn FUD)*	Platforum *Category: Large Platforms (> £10bn FUD)*
2021	**1st**	**1st**	**1st**
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 2021), which contain enhancements to existing code, as well as new functionality which benefits clients and advisers.

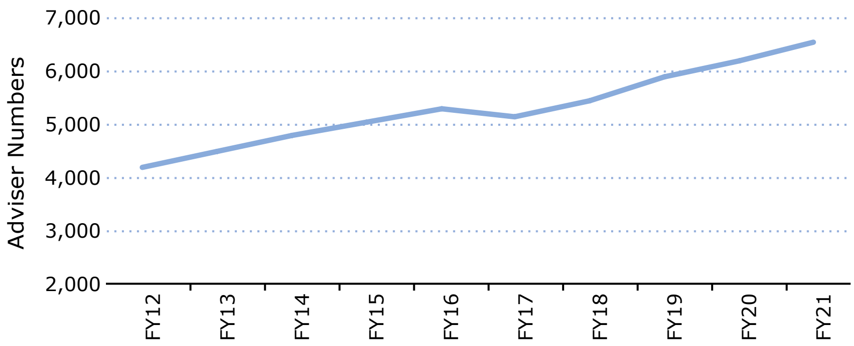
Internal developments throughout the year included:

- A price reduction in April 2021 which resulted in both existing and new clients benefiting.
- Enhancements to our online functionality resulted in NextWealth revising our rating upwards to Digital Process Champion in April 2021.

Adviser and client numbers

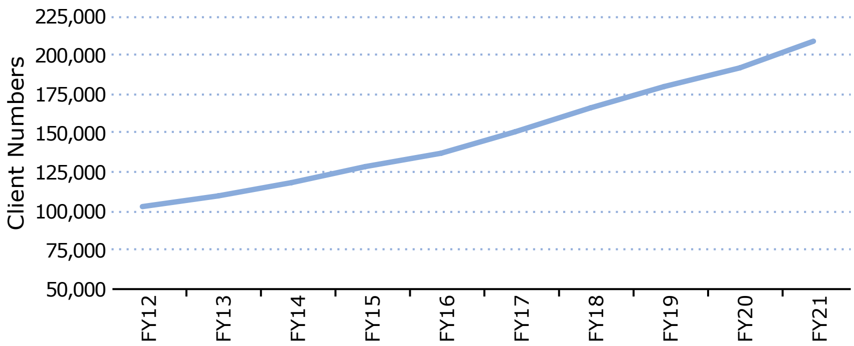
Of over 36,000 financial advisers in the UK, around 15,000 are operating in our target market and are contestable. There is significant growth potential within the existing contestable market – both converting registered users to supporters and signing up new advisers. At the end of 2021, there were 6,524 advisers using Transact (compared to 6,205 a year earlier). We have one of the strongest adviser ratings for Net Promoter Score of mainstream adviser platforms and continue to sign up new advisers every month (these are a mix of firms who are new to Transact and new advisers at existing firms). This strong adviser support led to our customer numbers growing from 191,872 to 208,611.

ADVISER NUMBERS



In our own client satisfaction survey, in which 1,066 clients participated, 92% of respondents rated Transact's quality of service as either "very good", or "good", and 83% of respondents stated they were "very likely" or "likely" to recommend Transact to friends, family or colleagues.

CLIENT NUMBERS



Market Outlook

The fundamental growth drivers for the sector remain strong. Transact is very well placed and is in control of all the key components of the service. The business continues to enjoy the growing economies of scale and is able to invest in the business whilst reducing charges to customers.

The sector is competitive, but Transact competes strongly and enjoys strong net flows. Whilst there could be new market entrants there are significant entry barriers in terms of regulation, technology and market reputation.

Advisers and their clients appreciate the financial stability, quality of service and the culture of continuous improvement that Transact offers.

Jonathan Gunby
Executive Director

15 December 2021

FINANCIAL REVIEW

Strength in numbers

Operational performance

Our financial year 2020 was marked by global market turbulence and worried investors, due to the speed at which the pandemic ground the world to a locked down halt. Despite this, we produced a resilient set of results.

Financial year 2021 started off in a similar vein, but then news broke that an effective vaccine had been developed, followed by the successful roll out of the British vaccination programmes. As positive news emerged, pre-pandemic life began to slowly resume and financial markets recovered, with the FTSE 100 growing 21% year-on-year, to end September 2021 at 7,086 points (September 2020: 5,866 points). However, future impacts of Brexit on the British economy remain on the horizon and the potential disruption, as the pandemic ebbs and flows, is also an economic risk, possibly for years to come.

FUD started the financial year at £41.09 billion and grew an impressive 27%, to end the year at £52.11 billion. The increase in FUD is not solely attributable to the financial markets and is also due to record net flows onto the platform for the financial year.

The first quarter of the year was impacted heavily by continuing lockdowns and COVID-19 cases spiking, as the Delta variant took hold, resulting in net flows for the quarter remaining subdued at £840 million. However, from the second quarter of our financial year onwards, and as the positive impact of the vaccine programme emerged, net flows increased dramatically, with each quarter exceeding £1.3 billion in net flows. The market recovery and strong net flows has resulted in increased revenue and increased profits.

FUD, inflows and outflows

For the financial year ended 30 September	2021 £m	2020 £m
Opening FUD	**41,093**	**37,799**
Inflows	7,695	5,750
Outflows	(2,744)	(2,160)
Net flows	**4,951**	**3,590**
Market movements	6,297	(224)
Other movements[1]	(229)	(72)
Closing FUD	**52,112**	**41,093**

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

The year's gross inflows were £7.70 billion (2020: £5.75 billion) and outflows remained within tolerance at £2.74 billion (2020: £2.16 billion), resulting in increased net inflows of £4.95 billion (2020 £3.59 billion), up 38% year-on-year. The increase in net flows is one that we have focused on, as it demonstrates the resilience of the platform and our impressive retention rates, as our people have strived to maintain service levels throughout a year of, for the most part, working remotely.

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.

Strategic developments

On 11 January 2021, IntegraFin Holdings plc (IHP) completed the acquisition of T4A, a specialist software provider for financial planning and wealth management. The acquisition supports IHP's strategy to provide platform and associated services to clients and their advisers.

The acquisition provides IHP with ownership of T4A's CURO software, which supports advisers through their advice process, plus access to T4A's existing base of adviser users, their system development expertise and service support. Ongoing support and development of CURO will aid T4A in achieving profitability. Over time, IHP's Transact platform will integrate with CURO in selected areas, and this will further enhance service to advisers and clients.

The acquisition cost comprised an up-front cash payment of £8.6 million, plus £8.6 million of deferred consideration, payable in tranches over the next four years. Additional consideration of up to £8.6 million may also be payable in January 2025, although this is contingent on T4A meeting certain performance targets over each of the next four years.

The cash payments, plus £0.4 million of the deferred and additional consideration, were considered part of the purchase cost, whilst the remaining fair value of £12.5 million deferred and additional consideration is required, under IFRS 3 – Business Combinations, to be treated as post-combination remuneration over the four years from January 2021 to December 2024. The expense recognised by IHP in respect of the deferred and additional consideration and included in staff costs, from January to September 2021, was £2.2 million, this will rise to £3 million in financial year 2022.

On acquisition, the Group recognised intangible assets of £4.3m, relating to T4A's CURO software, the CURO brand and T4A's customer relationships. These assets are being amortised over their respective useful lives, resulting in £0.3m amortisation expenses in this financial year. Further details can be found in note 13.

The fair value of identifiable assets and liabilities acquired, including the intangibles recognised on acquisition and the deferred tax liability arising upon recognition of the intangible assets, was £3.6 million, leading to the recognition of £5.3 million goodwill. The main reason the goodwill has arisen is due to the further potential value of the T4A software, CURO, after further development, which is a complementary offering to Transact and is expected to enhance the overall service that can be offered to advisers and clients.

With effect from the date of acquisition on 11 January, T4A's accounts have been consolidated into IHP's results, resulting in the inclusion of £2.4m of revenue achieved from 11 January to 30 September 2021, and losses after tax of £1.0 million in the same period.

T4A will require enhanced investment for the next two years, due to the business investing in its software development through recruitment of developers, and also through growing the sales and support teams to ensure the growing customer base is fully supported. T4A's loss in financial year 2021 was expected. T4A is also expected to be loss-making throughout financial year 2022, and is expected to start making a monthly profit towards the end of financial year 2023.

Financial performance

Financial year 2021 saw the Group benefitting from the financial markets recovering and the return of investor confidence, with new highs generated in revenue and operating profit.

Strong positive net inflows of £4.95 billion, achieved through our ability to attract new inflows and also retain business already on the platform, coupled with market recovery adding £6.30 billion to the platform, resulted in a year-on-year increase in FUD of £11.02 billion. This drove revenue growth and, together with to a measured approach to our expense base, resulted in increased profits.

For the financial year ended 30 September	2021 £m	2020 £m
Revenue	123.7	107.3
Cost of sales	(1.5)	(0.8)
Gross profit	**122.2**	**106.5**
Expenses	(55.5)	(51.0)
Non-underlying expenses	(3.3)	-
Total administrative expenses	(58.8)	(51.0)
Credit loss allowance on financial assets	(0.2)	(0.2)
Operating profit attributable to shareholder returns	**63.2**	**55.3**
Change in investment contract liabilities	(2,736.1)	82.9
Fee and commission expenses	(204.1)	(137.6)
Investment returns	2,940.2	54.7
Interest expense	(0.2)	(0.2)
Interest income	0.1	0.2
Profit before tax attributable to shareholder returns	**63.1**	**55.3**
Net policyholder income/(loss) attributable to policyholder returns	**31.5**	**(3.1)**
Policyholder tax	(31.0)	3.1
Tax on ordinary activities	(12.5)	(9.8)
Profit after tax	**51.1**	**45.5**

Revenue increased by 15% to £123.7 million (2020: £107.3 million), this includes £2.4 million of T4A revenue for the period January to September 2021.

Total gross profit in the financial year to 30 September 2021 increased by £15.8 million, or 15%, to £122.2 million from £106.4 million. This increase was achieved after a reduction in the annual commission income charge and a reduction in 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 (on which we levy a quarterly charge) held on the platform.

Components of revenue (revenue note 5)

For the financial year ended 30 September	2021 £m	2020 £m
Investment platform - annual commission income	107.7	94.5
Investment platform - wrapper fee income	10.6	9.7
Investment platform - other income	3.0	3.1
Total investment platform revenue	**121.3**	**107.3**
T4A revenue	2.4	-
Total Group revenue	**123.7**	**107.3**

The revenue from operating our award winning investment platform comprises three elements. Two of these elements, annual commission income (an annual, tiered fee on FUD) and wrapper fee income (quarterly wrapper fees for each of the tax wrapper types clients hold) constitute our recurring revenue. The third element is other income and includes buy commission charged on asset purchases.

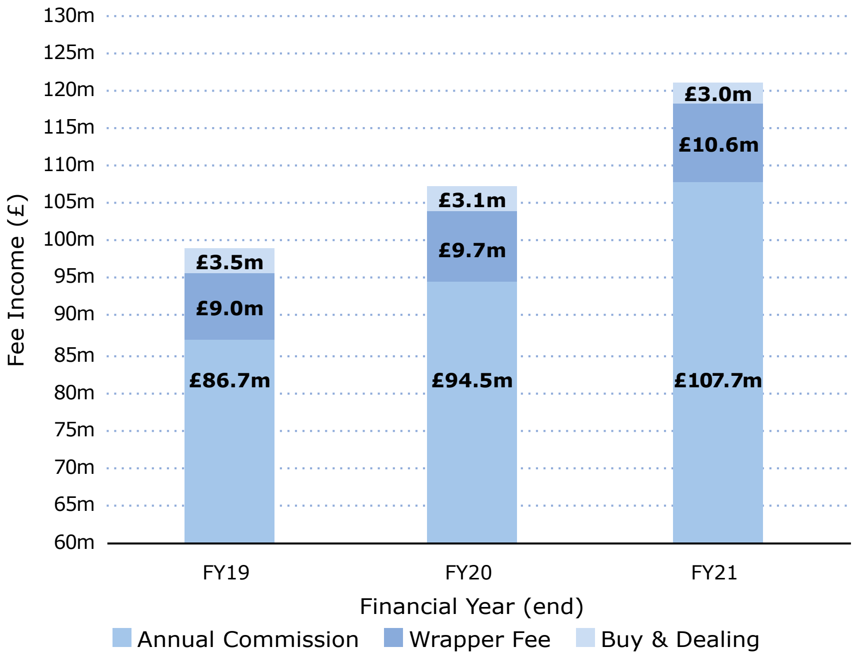
Annual commission income increased by £13.2 million, or 14%, to £107.7 million (2020: £94.5 million). This growth was achieved through growth in net inflows of 38% and growth in average FUD of 27%, reflecting the uplift in financial markets from the start of calendar year 2021.

Wrapper administration fee income increased by £0.9 million, or 9%, to £10.6 million (2020: £9.7 million). This reflects the steady net increase in the number of open tax wrappers on the platform.

Recurring revenue streams constituted 98% (2020: 97%) of total investment platform revenue.

Other income, mainly buy commission and dealing charges, reduced by 3%, £0.1 million, to £3.0 million (2020: £3.1 million). The primary reason for the decrease was a further annual reduction in the buy commission rebate threshold. The portfolio value required for clients to receive the rebate was reduced from £0.4 million to £0.3 million, with effect from March 2021.

PLATFORM REVENUE



The other component of Group revenue, and now included, is the licence fee revenue that T4A earns from advisers using its CURO technology. This was £2.4 million from January 2021 to September 2021. It is the first year that this revenue has been recAognised in IHP Group's accounts and around £1.9 million of it is expected to be recurring. The remaining £0.5 million in the year is revenue from a client whose contract has expired and the client could leave with no notice. We were aware that the client was in run off at the point of acquisition.

Administrative expenses

Total administrative expenses increased by £7.7 million, or 15%, to £58.9 million (2020: £51.0 million). The increase was mainly due to an increase in staff costs, as well as some non-underlying expenses.

Staff costs	41.6	36.9
Occupancy	1.4	2.0
Regulatory and professional fees	7.6	7.0
Other income – tax relief due to shareholders	(2.2)	(1.1)
Non-underlying expenses	3.3	-
Other costs	3.9	3.6
Total expenses	**55.6**	**48.4**
Depreciation and amortisation	3.1	2.6
Total operating expenses	**58.7**	**51.0**

Staff costs
Staff costs increased by £4.7 million, or 13%, to £41.6 million (2020: £36.9 million).

The costs of T4A's staff of £2.4 million are recognised for the first time, and relate to the period from acquisition on 11 January 2021 to 30 September 2021. If we exclude the impact of T4A's staff costs, in order to generate a more meaningful comparison with the prior year, staff costs have risen by £2.3 million, or 6%.

Average staff numbers increased from 494 to 543, an increase of 10%. However, this includes the average number of staff employed by T4A in the period from January to September 2021, which was 42. If we exclude the impact of T4A, the average number of staff increased from 492 to 501, an increase of 2%. This relatively modest rise in staff numbers, in light of such strong inflows, was aided by efficiency gains through software development.

The rise in staff costs in the period, excluding T4A, was attributable to the net effects of general inflationary increases. We maintained our annual staff payrise in June and our FY21 discretionary bonus has been accrued for in the year.

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 has been 9% of annual salary since FY19.

Occupancy
Occupancy costs decreased by £0.6 million, due to the receipt of a backdated rates rebate in FY21 for the head office at Clement's Lane. The rebate will be ongoing to the expiry of the lease in 2023.

Regulatory and professional fees
Regulatory and professional fees increased by £0.6 million, or 9%, to £7.6 million. The most significant increase was in professional fees and was mostly due to the inclusion of T4A's professional fees for the relevant period of £0.4 million.

Other income - tax relief due to shareholders
Following the review of the tax provision methodology in FY20, excess tax provisions that arise, due to the deduction of corporate expenses in the policyholder tax calculation, are returned to shareholders annually. This amounted to £2.2 million in FY21 (2020: £1.1 million) of which £1.1 million is not expected to be recurring.

*Non-underlying expenses**
Non-underlying expenses are those outside the normal course of business, they therefore do not reflect the underlying performance of IHP or the Group. The following non-underlying expenses were incurred throughout the year:

- £1.1 million relating to the acquisition of T4A and consideration of the acquisition of Nucleus; and
- £2.2 million post-combination remuneration paid to the original shareholders of T4A. This is comprised of the deferred and additional consideration payable in relation to the acquisition of T4A and is recognised as remuneration over four years from January 2021 to December 2024. This non-underlying expense is expected to be £3 million in financial years 2022 to 2024, before reducing to £0.8 million in financial year 2025.

Depreciation and amortisation
Depreciation and amortisation charges increased by £0.5 million year-on-year and £0.3 million of this is attributable to the amortisation of the intangible assets that have arisen due to the acquisition of T4A.

The other £0.2 million is due to additional depreciation on property, plant, and equipment acquired throughout the year.

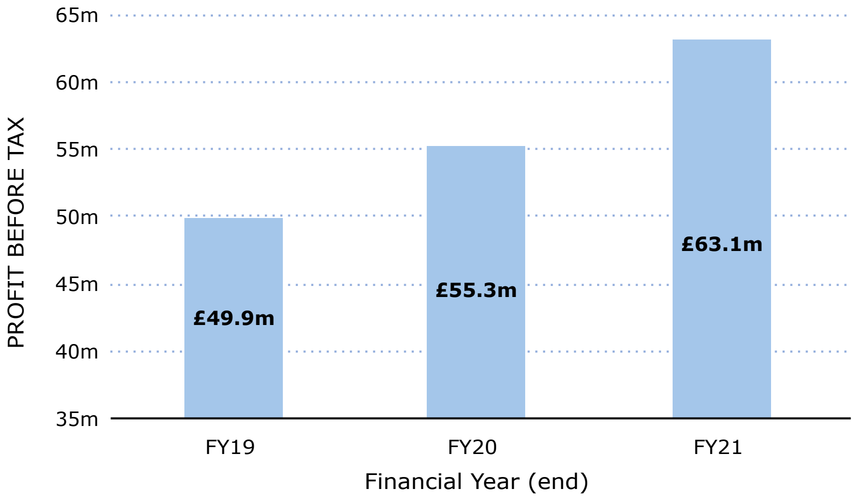
Total capitalised expenditure for the financial year was £0.7 million compared with £0.9 million in the prior year. The main reason for the fall in FY21 was the purchase of equipment in FY20 to facilitate the move to home working, as lockdowns were introduced due to the pandemic.

Net income attributable to policyholder returns, and policyholder tax

Net income attributable to policyholder returns increased by £34.6 million, from an expense of £3.1 million in FY20 to income of £31.5 million in FY21. Correspondingly, policyholder tax increased by £34.6 million, from a tax credit of £3.1m in FY20 to a tax charge of £31.5 million in FY21. Both of these increases were due to large gains on investments held for the benefit of policyholders, as a result of the recovery in financial markets during FY21.

Profit before tax attributable to shareholder returns

IHP - PROFIT BEFORE TAX



In the financial year to 30 September 2021, our operating margin decreased from 52% to 51%. The reduction was due to the non-underlying expenses incurred in FY21. If these expenses are excluded, the operating margin has increased year-on-year to 54%.

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 2021 was £63.1 million, an increase of 14% on the prior year.

Tax

The Group has operations in three tax jurisdictions, being UK, Australia and Isle of Man, resulting in profits being subject to tax at three different rates. However, the vast majority of the Group's income, 96%, 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 on ordinary activities for the year increased by £2.8 million, or 29%, to £12.5 million (2020: £9.8 million) due to increased profits. Our effective rate of tax over the period increased to 20% (2020: 18%). The increase in effective rates compared to FY20 was due to the non-underlying expenses incurred in FY21, which were disallowable for tax purposes.

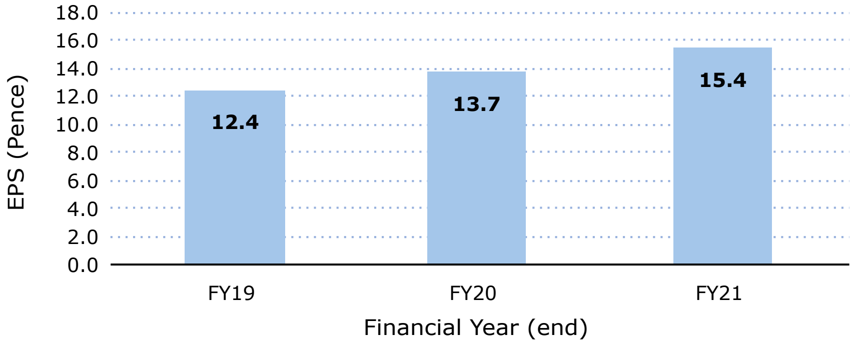
Our tax strategy can be found at: **www.integrafin.co.uk/legal-and-regulatory-information/**

Earnings per share

	2021 £m	**2020 £m**
Profit after tax for the period	51.1	45.5
Average number of shares - basic EPS	331.0m	331.2m
Average number of shares - diluted EPS	331.3m	331.3m
Earnings per share – basic and diluted	15.4p	13.7p

Earnings per share, both basic and diluted, increased by 12.4% on prior year.

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 assets as at 30 September 2021 have increased by £9.3 million, or 72%, to end the financial year at £22.3 million (2020: £13.0 million). The intangible assets comprise goodwill of £13.0 million arising from the purchase of Integrated Application Development Pty Ltd (IAD) in July 2016, plus goodwill of £5.3 million and intangible assets of £4.0 million, both arising from the acquisition of T4A in January 2021. Goodwill is tested for impairment annually.

Right-of-use asset and corresponding lease liability (notes 15 and 26)
The right-of-use assets have been depreciated through the year and end the year at £3.6 million (2020: £4.0 million). The lease liabilities have also reduced from the net effect of rent payments under the terms of the respective lease agreements and interest charges, and end the year at £5.0 million (2020: £6.1 million). An additional right-of-use asset and lease liability was recognised in FY21, as the lease on the office building in Australia was renewed.

Deferred acquisition costs and deferred income liability (note 17)
Following a review of the terms of the agreements relating to establishment charges paid to ILUK and ILInt policyholders' financial advisers, management has concluded that the Group is acting in an agency capacity between the policyholders and their financial advisers, rather than as a principal. It therefore should not recognise the deferred acquisition costs as contract costs, nor does it have future service obligations in respect of the deferred fees to justify the recognition of the corresponding deferred income liability. The deferred acquisition costs and deferred income liabilities have therefore been derecognised in the financial year ended 30 September 2021, to bring accounts in line with the accounting standards.

The impact is a reduction in both assets and liabilities of £53.5m. The treatment has had no impact on the profit or loss or net assets of the Group.

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 comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows, but have zero net effect.

Investments held for the benefit of ILUK policyholders have increased to £19.68 billion (2020: £15.19 billion) and to £2.10 billion (2020: £1.53 billion) for the benefit of ILInt policyholders. Cash held for the benefit of ILUK policyholders has decreased to £1.17 billion (2020: £1.28 billion) and cash held for the benefit of ILInt policyholders has decreased to £97.5 million (2020: £102.7 million). Liabilities for linked investment contracts increased to £23.05 billion (2020: £18.11 billion). This 27% year-on-year increase reflects the growth in the value of FUD held in life insurance wrappers, which was attributable to the net effect of growth in premiums, offset by claims, and the market recovery in 2021.

Deferred tax liabilities (note 27)
Deferred tax liabilities increased by £20.5 million to £29.5 million (2020: £9.0 million). This increase was primarily due to market gains on the assets held in ILUK's life tax wrappers during the year. The unrealised gains are spread over the next seven years, leading to a deferred tax liability. Sufficient cash is held by ILUK to meet this liability. A deferred tax liability of £0.8m has also been recognised in relation to the fair value adjustments upon the acquisition of T4A. *See note 13* for further details.

Provisions (note 29)
Provisions have decreased in FY21 by £7.4 million. This is largely due to tax charges deducted from ILUK policyholders being paid to HMRC in the period, due to the recovery in the financial markets through the year.

Cash flows

Shareholder cash and cash equivalents (note 21)
Shareholder cash increased from £154.1 million at 30 September 2020 to £176.1 million at 30 September 2021. The increase of 14% reflects the cash-generative nature of the business and the continuing strength of liquidity within the Group. The main driver of the increase was operating profit, and the most significant cash outflows came in the form of our equity dividends paid in the year of £27.7m (2020: £26.2m) and our acquisition of T4A, which required a cash outflow of £7.9m (2020: £nil).

Policyholder cash and cash equivalents (note 21)
Cash held for the benefit of policyholders has decreased from £1.39 billion to £1.27 billion. This is a result of the improved market outlook in FY21, which has encouraged policyholders to move their cash holdings into other investments.

Liquidity and capital management

At 30 September 2021 the Group held shareholder cash and cash equivalents of £176.1 million (2020: £154.1 million). Cash generated through trading also covered dividend payments totaling £28.5 million. This comprised £18.6 million second interim dividend in respect of the financial year 2020 (2019: £17.2 million), paid in January 2021 and £9.9 million first interim dividend in respect of the first half of financial year 2021 (2020: £8.9 million), paid in June 2021.

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 2021	Regulatory Capital requirements	Regulatory Capital resources	Regulatory Cover
	£m	£m	%
IFAL	25.4	37.2	146.7
ILUK	214.1	268.7	125.5
ILInt	23.9	43.4	181.1

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

The new investment firm capital regime will apply to IFAL from 1 January 2022. We have performed projections which indicate that from this point we will continue to maintain capital in excess of the new regulatory requirements.

All of the Company's regulated subsidiaries continue to hold regulatory capital resources well 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 2021	£m
Total equity	163.3
Loans and receivables, intangible assets and property, plant and equipment	(31.2)
Available capital pre dividend	132.1
Interim dividend declared	(23.19)
Available capital post dividend	108.91
Additional risk appetite capital	(58.4)
Surplus	50.51

Additional risk appetite capital is capital the 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 52.

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/**

As stated in the Chair's report, the board has declared a second interim dividend for the year of 7.0 pence per ordinary share, taking the total dividend for the year to 10.0 pence per ordinary share (2020: 8.3 pence per ordinary share).

Given the net cash, liquidity and capital coverage positions as set out above, the Group is well-positioned to fund the £23.193 million dividend.

Dividend Type	Share Class	2021 £m	2020 £m
Ordinary	All	33.1	27.5
Per share			
Ordinary – first interim	All	3.0 pence	2.7 pence
Ordinary – second interim	All	7.0 pence	5.6 pence

15 December 2021

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 strategic, financial and operational risks that may prevent us from fulfilling our business objectives. These are set out in the Principal Risks and Uncertainties section below.

How risks are managed

Promoting a culture of risk awareness and risk ownership is essential for ensuring that risk implications are considered and managed. The risk management framework comprises our systems of governance, risk appetite and risk management processes which are developed, managed and embedded throughout the Group. The risk management framework drives a consistent approach for the identification and assessment of risks as part of the evaluation of business opportunities, uncertainties and threats in managing the business on a continuous basis within approved risk appetites.

Governance

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 management, 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.

The board is responsible for establishing the risk strategy and approving the risk appetite statements. We define our risk appetite statements on a quantitative and qualitative basis using the principle risk taxonomy set out in our Risk Management Framework.

This provides a consistent approach from which each of our operating companies set their own risk appetite statements to meet the common aims of the Group. We have generally adopted an overall conservative approach which is reflected in our risk appetite preferences and in the overall approach to risk management. Our risk appetite preferences, aligned to our risk exposures and business strategy, can be articulated as follows:

Risk category	Coverage	Risk appetite preferences
Strategic and Business risk	Risks associated with the implementation of the business plan, brand and reputation. The need for the business to respond to the Environment, Social and Governance (ESG) agenda.	We ensure risks that are taken are aligned with our strategic aims and provide an acceptable level of return. Our business model and investment supports our ambitions for delivering against the Climate and ESG obligations.
Operational risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. ▪ Financial reporting ▪ Legal and regulatory ▪ Client money ▪ Financial crime and fraud ▪ HR failure ▪ Information security and infrastructure ▪ Other operational risks ▪ Outsourced service provider failure ▪ Product ▪ Project ▪ TPA failure ▪ Model risk ▪ Conduct	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 zero risk appetite for material regulatory breaches.

Market risk	The risk of loss arising from fluctuations in the level and/or volatility of market prices of assets, liabilities and financial instruments.	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.
Capital and Liquidity risk	The lack of capital to meet operational and regulatory requirements or the risk that cash is not accessible due to insufficient resources or at excessive cost.	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 savings and pension products with low capital requirements and without financial guarantees.
Insurance risk	The risks of writing and administering insurance business within the Group.	We have a preference for savings and pensions products with low levels of sums assured.
Group risk	The risk that one entity in the Group is negatively affected by the actions of another entity in the IntegraFin Group.	We accept certain risks and ensure that these are appropriately identified, managed, mitigated and monitored through the Group risk register.
Concentration risk	The risk can arise from the uneven distribution of exposures from other risks typically operational risks or liquidity risks.	We accept certain risks and ensure that these are appropriately identified, managed, mitigated and monitored through the Group risk register.

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.

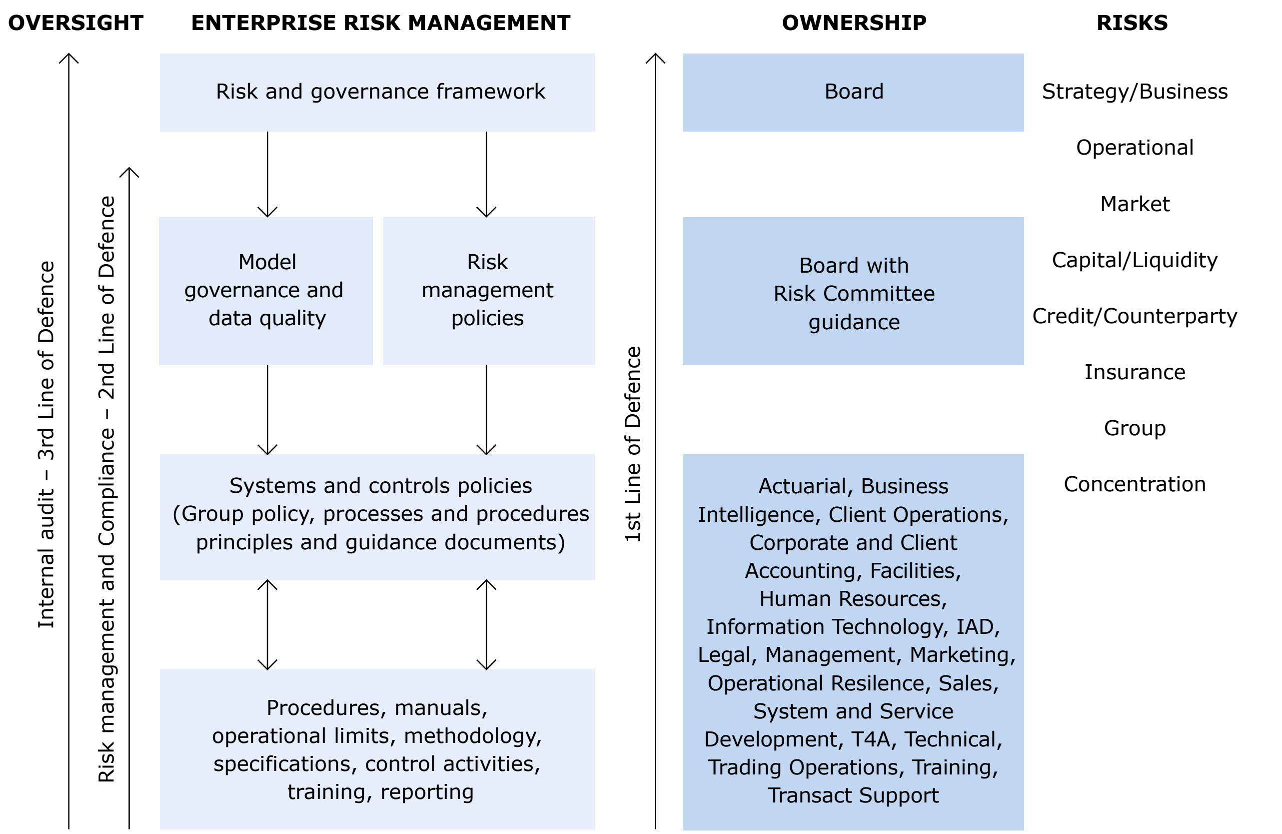
The risk management process

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.

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.

Our stakeholders expect us to be resilient in our operations. We actively manage both our risk exposure against appetite across our defined principle risk categories as well as the emerging risks derived from insight via 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 the Principal Risks and Uncertainties statement.

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.

Common Reporting Framework

Since 11pm on 31 December 2020, IFAL has been subject to the UK Capital Requirements Regulations and FCA prudential rules, including IFPRU – Prudential sourcebook for investment firms (prior to this date IFAL was subject to the EU Capital Requirements Directive and Regulations). Throughout the financial year, IFAL has been classified as an IFPRU limited licence 125K firm and treated as a significant IFPRU firm, and has managed its capital, risk and reporting obligations in line with the prudential regulations relevant to such class and type of firm.

As at 30 September 2021, IFAL has regulatory capital resources of £37.2 million (2020: £34.1 million) and a regulatory capital requirement of £25.4 million (2020: £24.0 million) which gives a capital requirement coverage ratio of 146% (2020: 142%).

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.

The FCA's Investment Firm Prudential Regime (IFPR) comes into force on 1 January 2022 and IFAL will manage its capital and risk requirements under these rules for reporting requirements after the 1 January 2022. IFAL will be subject to new requirements regarding its regulatory capital and liquidity requirements, from a quantitative and a qualitative perspective under the new regime, however expects that it will remain adequately capitalised under the new IFPR requirements.

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 UK and EU Solvency II balance sheet (as applicable during the financial year). As at 30 September 2021, ILUK has own funds of £269 million (2020: £239 million) and an SCR of £214 million (2020: £170 million) which gives a solvency coverage ratio of 126% (2020: 141%).

During the reporting period, ILUK was fully compliant with the SCR. Additionally, the UK and EU Solvency II balance sheet and SCR were regularly monitored and in line with standard regulatory requirements reported to the Prudential Regulation Authority (PRA) as required.

Isle of Man Risk Based Capital regime

As at 30 September 2021, ILInt, an Isle of Man-based life company in the Group, has Own Funds of £43.4 million (2020: £33.4 million) and SCR of £23.9 million (2020: £18.5 million) which gives a SCR coverage ratio of 182% (2020: 180%).

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) as required.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors, in conjunction with the board, have undertaken a review of the potential risks to the Group that could undermine the successful achievement of its strategic objectives, threaten its business model or future performance and considered non-financial risks that might present operational disruption.

The following tables, which have been expanded this year to include a linkage to the strategic objectives, describe the principal risks and uncertainties with a summary of how we manage and mitigate the risks along with an assessment of the change over the year:

BUSINESS and STRATEGIC RISKS

PRINCIPAL RISK AND UNCERTAINTY	ALIGNED TO STRATEGIC OBJECTIVE	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR
Service standard failure - (including unexpected outflow risk) – 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. There is a potential risk for a net outflow (i.e. greater level of withdrawals or transfers) than expected impacting profitability.	**1.** Drive growth **3.** Grow earnings	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.	The steady increase in-inflow volumes from advisers onto our core systems coupled with the remote working model has resulted in an increase in the risk. We however remain a recognised top platform service provider by the industry.
Diversion of platform development 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.	**1.** Drive growth **2.** Invest in the business **3.** Grow earnings	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.	The risk has remained broadly unchanged over the year. We have been proactive throughout the year. There has been an ongoing focus on ensuring that we have assessed and incorporated regulatory changes (e.g. IFPR, Operational Resilience) which have been managed through our business as usual model without undue diversion of resources. We completed the acquisition of Time4Advice (T4A) in January 2021 and our management teams have been engaging actively to identify and deliver operating efficiencies and best practices where appropriate.
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.	**1.** Drive growth **3.** Grow earnings	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. The Group continues to review its business strategy and growth potential. In this regard, it considers both organic and acquisitive opportunities that will enhance or complement its current service offerings to the adviser market.	The risk has remained broadly unchanged over the year. The acquisition of T4A has broadened our service offering to advisers. We also continue to support the diversification of the adviser market through the Vertus scheme which continues to be successful.

FINANCIAL RISKS

PRINCIPAL RISK AND UNCERTAINTY	ALIGNED TO STRATEGIC OBJECTIVE	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR
Stock market volatility (market risk) – External factors continue to influence equity markets which have recovered strongly throughout 2021 following the COVID-19 shock. The measures taken by the UK government to support the economy and business along with the Bank of England implementing and sustaining record low levels of base rate interest have contributed to this position. Stock market volatility impacts the value of our FUD.	**1.** Drive growth **3.** Grow earnings **4.** Maintain cash generation **5.** Maintain strong balance sheet **6.** Deliver on dividend policy	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.	No change; the risk to FUD from stock market volatility remains.
Uncontrolled expense risk – Higher expenses than expected and budgeted for would adversely impact cash profits. Sustained increases in business volumes would require extended operational working hours or additional administrative resources resulting in an increase in the staff cost base. In addition other costs such as levies and legal fees can also unexpectedly impact the base case budget.	**4.** Maintain cash generation **6.** Deliver on dividend policy	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 are expected to emerge through platform development. Any expenditure request that deviates from plan is rigorously challenged and must be approved before it is incurred.	The risk has increased over the year. The platform business has experienced a 38% increase year-on-year in net inflows to FUD. As a consequence, staff costs and system development costs have also increased during the year. In addition, the Group has incurred one- off costs associated with exploring and delivering on acquisition opportunities, which includes the administrative costs of acquiring T4A.
Capital strain (including Liquidity) - Unexpected, additional capital or liquidity requirements imposed by regulators may negatively impact our solvency coverage ratio.	**5.** Maintain strong balance sheet **6.** Deliver on dividend policy	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.	Increasing risk associated with higher level of regulatory expectation.
Credit risk – loss due to defaults from holdings of cash and cash equivalents, deposits, formal loans and reinsurance treaties with banks and financial institutions.	**5.** Maintain strong balance sheet	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. The Vertus loan scheme has an agreed commitment level and the value of the drawn and undrawn balances are monitored regularly. Loans are made on approved business cases.	No change.

NON - FINANCIAL RISKS

PRINCIPAL RISK AND UNCERTAINTY	ALIGNED TO STRATEGIC OBJECTIVE	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR
Reputational risk – the risk that current and potential clients' desire to do business with the Group reduces due to a lower perception in the market place of the Group's offered services covering the Transact platform and T4A adviser support software.	**1.** Drive growth	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, although the Group recognises the wider potential for reputational risk issues following the acquisition of T4A.
Operational risk (including operational resilience and the environment, social and governance (ESG) agenda) – the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.	**1.** Drive growth **2.** Invest in the business **3.** Grow earnings **4.** Maintain cash generation	The continuous and evolving sophistication of the cyber threat means information security, IT infrastructure and maintaining business resilience remain high on the operational risk agenda. In addition, we are very aware of our need to retain and attract experienced and competent people within the business. In this regard we perform salary benchmark reviews, maintain a comprehensive career and training development programme and provide a flexible working environment that meets our staff and business needs. These aspects form an integral part of the ESG agenda and we are embracing the developments by continuing to work towards understanding the impact of climate change on the business operations and ensuring diversity and inclusion is actively embedded across all areas of the business. 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 on-going fraud and cyber risk awareness programme. Additionally, the Group carries out regular IT system maintenance, and system vulnerability testing. The Crisis Management Team (CMT) reviews the Group's business continuity plans during the course of the year. Robust process documentation and assurance reviews capture improvement opportunities in a timely manner. A consistent application of the risk management framework, has supported the Group allowing management to make effective and informed risk-based operational decisions.	Increase during the year. The extended remote working has influenced the current and expected office-based model. A greater level of flexibility is expected by our staff, over working locations, accessing our IT systems and maintaining well controlled agile business processes.

PRINCIPAL RISK AND UNCERTAINTY	ALIGNED TO STRATEGIC OBJECTIVE	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR
Geopolitical risk – the risk of changes in the political landscape disrupting the operations of the business or resulting in significant development costs..	**1.** Drive growth **2.** Invest in the business **3.** Grow earnings **4.** Maintain cash generation **5.** Maintain strong balance sheet **6.** Deliver on dividend policy	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.	No change.

Emerging risk focus

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	Ability to attract and retain experienced people	Shift in staff expectations of flexible working arrangements, resulting in a sustained loss of experienced staff coupled with a difficulty in attracting new joiners. This might impact our ability to maintain and develop the high level of operational service standards.
	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.
	Political and Regulatory changes and a shifting focus	Changing expectations of the UK and Isle of Man regulators. Increasing regulatory scrutiny or focus impacting our platform business model. Shift in tax regime reducing tax benefits of pensions and increasing the tax benefits of ISAs. The EET to TEE shift.
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.
	Generational shift in customers and expectations	The ageing population is shifting the longer term savings habits and expectations. Surveys suggest that Gen-X and millennials are more conservative investors with many indicating a preference to hold cash. The further advancement of technology may well impact the employment markets and our target markets in the longer term.

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 7 to 39.

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 148, 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 5% during the year; the number of clients on the platform increased by 9%; 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. The T4A business also has a level of recurring business through repeat and long-term contracts to provide the CURO service. Maintaining the recurring revenue base across these activities is achieved through retaining client and

advisers through our service delivery. 98% of revenue is of recurring nature (page 30).

We are targeting organic revenue growth across our existing and newly acquired T4A business, with moderate margin improvements that are driven by efficiency delivered from process and systems 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, at both an individual and combined level. The key scenarios are as follows:

Cyber-attack – considers the impact of a hacker gaining network access and extracting data and information which is used for fraudulent purposes attracting significant media attention.

Long-term fee anomaly – a deep-rooted systemic issue is identified in relation to the overcharging of fees to clients requiring system development, client remediation and significant compensation.

Significant disruption of electronic messaging system (supplier failure) – the release of an internal change programme disrupts our messaging system to key market suppliers resulting in down time and leading to manual work arounds causing significant backlog in business processes.

Extended COVID-19 pandemic resulting in further market disruption – considers: prolonged economic downturn, with reduced investor confidence coupled with an HMRC erosion of CGT and inheritance tax thresholds along with the Bank of England raising interest rates. These factors significantly impact the value and inflows to FUD and our revenues.

Combined scenario – considers the impact of the combination of cyber-attack and extended COVID-19 pandemic resulting in continued market uncertainty.

To illustrate the severity of the scenarios modelled, the following table sets out some of the key changes in parameters made in the scenarios. The most severe scenarios modelled assumed a number of these changes occurred within the same scenario during the business planning period.

TABLE: ASSUMPTIONS UNDERLYING THE STRESS SCENARIOS

RISK FACTOR	STRESS APPLIED TO BASE CASE ASSUMPTION
Market downturn	A market fall of 20% over a one month period followed by a flat market for 12 months.
Mass lapse	30% drop in the number of clients over three months, with a further 5% drop the following year.
Increase in outflows	65% increase in outflow rates for up to twelve months.
Decrease in inflows	25% decrease in inflow rates for twelve months.
One-off spikes in operating costs	Up to £20.0m one-off spike in operating costs depending on the underlying stress scenario.
Reduction in fee income	Reduction in fee income by up to 40%.

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 2024 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

15 December 2021

CORPORATE SOCIAL RESPONSIBILITY

We are wholly committed to doing the right thing for our four stakeholder groups: clients, our people, suppliers and shareholders. This encompasses acting ethically and with understanding, integrity and transparency in all business dealings and in the way we treat our colleagues through our employment practices. These are core principles and they are applied by all Group entities.

We embrace our social responsibilities widely in relation to the effects our operations have on environmental and social wellbeing. We embed our social responsibilities primarily through ensuring Group companies operate honestly, we treat our people and other stakeholders equitably and we deliver commercial benefits to all of our stakeholders.

We have a Whistleblowing Policy and a NED with responsibility for whistleblowing. This ensures staff are supported and have an appropriate, confidential reporting channel, should they have concerns about the ethics of behaviour exhibited by colleagues within the Group, that they believe should be escalated and investigated. We have also appointed a NED who is responsible for our staff wellbeing, with a focus on championing and promoting staff welfare and ensuring it has proportionate representation at board level. We respect human rights, supported by our Human Rights Policy.

Our people and our culture

Our main asset, and a key driver of our success, is our people and we aim to ensure they are respected, motivated and safeguarded whilst at work. We want our people to feel their contribution is integral to the success of the Group. We achieve this through a corporate culture of which we are proud, one of:

- empowering colleagues to challenge thinking at all levels of the organisation, in the belief that their personal experience, ideas and voice matters;
- encouraging people to develop and progress. Whether it be through the suite of internal "Learning Central" courses we have developed, on the job training, supporting professional qualifications, promotion, or through opportunities for staff to move to other Group functions;
- encouraging everyone to listen to concerns and opinions raised by any of their colleagues, advisers or clients. We encourage feedback from all both informally and through anonymous surveys;
- ensuring we are aware of, and fully support, any additional requirements colleagues may have, or enhanced support that they may need; and
- ensuring that we have a comprehensive staff handbook, supported by an appropriate range of employment policies, that clearly set out our approach to areas that affect, and are of importance, to all staff.

We believe the culture that is promoted from the board down is one that instills staff engagement. This is due to our open culture and an accessible Leadership and Senior Management Team, which ensures all employees are able to share ideas and suggestions for improving the offering and the way in which we work.

Supporting our people

We encourage all colleagues, at all levels, to talk and listen to each other, not just concerning day-to-day work issues, but other issues that may impact their day at work. We know that the wellbeing of our staff is of paramount importance, as they are the backbone of our proposition. We have zero tolerance for any form of bullying or harassment and our Anti-harassment and Bullying Policy is a mandatory read for all staff.

Our Human Resource business partners are always ready to provide support for our people when they need extra assistance, and are trained mental health first aiders.

There is also a confidential, independent Employee Assistance Programme (EAP) available to all staff. EAP offers help, advice and support on a wide range of life events, from emotional and relationship issues to financial concerns.

We aim for a collegiate, industrious and sociable work environment and, whilst this has been impacted by our people working from home for the majority of the year, we have run some popular initiatives, including: a Christmas cake decorating competition; "Get moving this

March", whereby staff cycled/ran/walked from our London office to our Melbourne office; and, Christmas and Easter hampers for all staff. Our people also reprised the much-enjoyed Transact pub quiz. Many of these initiatives also raised money for a range of charities.

Involving our people
The Executive regularly engages with all staff on future plans that impact the Group and are of relevance to colleagues through e-mail updates. We aim to ensure communication is proportionate, inclusive and addresses issues that may be of concern to our people, but we also like to share and celebrate our successes.

Alex and Jonathan also give all-staff updates to inform colleagues of our financial results and to share general information, as far as we are able, on future strategic initiatives. The all-staff updates also give our people an opportunity to ask questions about future corporate direction and to engage with the Executive.

There are regular 'Meet the Managers' sessions, whereby the Non-Executive Directors meet members of the senior management team to discuss departmental, operational issues, and learn more about working on the 'frontline' within the Group. These meetings are valuable as they give the NEDs more insight and the ability to challenge the Executive.

Our continuing approach to the COVID-19 pandemic

Practical arrangements
Whilst some people have returned to the office due to their role, or on an ad hoc, voluntary basis, the majority of our people have continued to work from home during both the stringent lockdowns early in 2021, and also throughout the relaxation of restrictions. We do however recognize that some staff would prefer to come into the office to work for personal reasons and, whilst respecting government guidelines, we have allowed this where it will benefit individuals and is safe to do so.

We have been mindful and measured in our approach to requiring people to return to the office. We will not rush any decisions, especially as our people have worked hard to ensure the ongoing success of the firm remotely, so any return to the office is still largely voluntary and staff are settled into a working routine that is effective operationally and affords management oversight and contact. We have actively engaged with our staff on this and will continue to do so.

Continuing impact of COVID-19 on our colleagues
We are conscious of the impact on colleagues, as they continue to deal with concern for their family's, and their own, health and wellbeing. We realise the continuous flow of news and social media reports on the pandemic, plus speculation regarding the long-term impact of the pandemic on the global economy, can drive anxiety.

With the above in mind, we continue to ensure all staff in all jurisdictions within the Group are fully supported and have resources they can call upon, should they need additional help.

As mentioned already, we have accessible, fully trained mental health first aiders in our Human Resources Department. We have promoted the Employee Assistance Programme to remind all Group staff it is there and, throughout the Group, directors have continued to give our people frequent updates and assurance on our future plans for working safely, and in line with government guidelines, in each geographical area that we have people working.

We have conducted staff surveys in order to better understand how people are coping with being at home and what sentiment prevails regarding a future return to an office environment, albeit under a new hybrid working model, as adopted by individual Group entities. We have listened to the feedback at company level and it has informed decisions on how we will operate in future, as and when each Group entity transitions more formally back to the office.

We have continued investment in staff engagement and contact through enhancing 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. For example, we have continued our more informal, magazine style bulletin for staff, called the "Transact Together Hub", which has reported some of the challenges departments have faced, as well as celebrating operational successes and some of the more lighthearted aspects of Transact culture emerging from the 'working from home' environment, be it in the UK, Isle of Man, or Australia.

We are proud that the Group's culture continues to develop and flourish, despite ongoing, challenging circumstances for all.

Diversity, equality and inclusion

Our employment strategy is to recruit and promote the best people for roles across all levels within the Group. We seek to ensure we do not exhibit conscious, or unconscious, bias in our selection and promotion process, in line with our core belief in doing the right thing. We recognize, however, that a diverse workforce and board strengthens our corporate culture and that diversity is not restricted to gender, but is multi-faceted and encompasses ethnicity, educational background, age, sexual orientation, disability and religion.

During financial year 2021, we met the Hampton-Alexander Review's target of 33% representation of women on our board (2020: 20%) and 67% female representation in roles which we define internally as our senior management equivalent.

We are committed to further increasing diversity and equality, in all its forms, across our current and future workforce and we believe we can achieve this through initiatives that make working for the Group more agile, such as the proposed hybrid working arrangements that have been agreed in each office location. The office/home proportions have been agreed following consultation with staff, through surveys and conversations. We believe the approach taken in each geographical location is proportionate, recognizes the way individual Group entities work and maintains a judicious work/life balance for many staff. It also recognises the relatively seamless transition from office working to home working from March 2020 onwards, which resulted in little operational disruption, thanks to the commitment and resourcefulness of our people.

As we seek to improve our employment agility, we are also considering other initiatives, such as home working contracts for certain roles, which we believe will increase our ability to recruit from a much wider pool of talent, both geographically and through the Group becoming more accessible to accomplished people who have more challenging personal circumstances.

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

Gender pay gap

Across the Group we employed 574 staff and six NEDs are officers of the Company. The breakdown of our people by gender, as at September 2021, was as follows:

	Male	%	Female	%
Board Directors[1]	6	67	3	33
Senior Managers	2	33	4	67
Direct Reports	19	61	12	39
All Staff	361	67	175	33
Total	**388**	**67**	**194**	**33**

1 Michael Howard, an Executive Director of IHP and John Rundle, an Executive Director of IAD Pty, are included in the gender pay reporting figures, they are however not paid employees and the total paid employee count is 574.

2. In 2020 the Company 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 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.

Our reported mean gender pay gap rose slightly to 13.9%, which still compares favourably with results reported by others in the sector in which we operate and the national average.

IntegraFin Services Ltd, the Company's services provision subsidiary, published its gender pay gap report in April 2021. The report can be found on our website, at **www.integrafin.co.uk/legal-and-regulatory-information/**

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 2021, the Group paid suppliers, on average, within 14 days (2020: 14 days) and the Group paid 92% (2020: 90%) of suppliers within 30 days.

Anti-bribery and anti-corruption

The Group strives to maintain high standards of governance. This encompasses personal and corporate ethics, compliance with laws and regulations and we value integrity, fairness and honesty when dealing with all stakeholders. We have zero tolerance for bribery and corruption and take all reasonable steps to ensure 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/**

Community

Each year events are organized which raise money and awareness of a number of charities, chosen from staff suggestions, to which the Group donates as well as staff donating voluntarily. For example, during the year a staff member walked 28km in aid of a children's cancer charity and raised in excess of £1,000, supported by both staff and the Group.

Further initiatives to increase our contribution to the community are being formulated and is one of the cornerstones of the ESG strategy we are developing.

Environmental impact

Future plans and governance
We have a corporate and moral obligation to manage and minimize the Group's environmental impact as much as is reasonably possible and within our control. Despite the relatively low direct negative environmental impact of the Group, we are committed to making progress in formulating a plan to reduce our carbon footprint where we realistically can.

During the year, Willis Towers Watson (WTW) performed a review in order to gather insight, and provide us with recommendations and benchmarking feedback regarding our climate and Environmental, Social and Governance (ESG) reporting, as well as Taskforce on Climate Related Financial Disclosures (TCFD) gap analysis and readiness assessment.

WTW's findings are being considered and will be used to inform our forward-planning actions, to ensure we can comply with the TCFD reporting framework recommendations by the next financial year end.

Regarding funds that we make available on our platform, we are execution only and as we do not influence investment choice, we cannot recommend that clients invest in ESG funds. We will always ensure that ESG funds are available as an investment choice, providing they meet our product onboarding criteria and are compliant with HMRC rules for tax wrappers.

Our Senior Independent Non-Executive Director, Victoria Cochrane, was appointed as non-executive director for environmental and social sustainability on 1 September 2021.

Financial year 2021 metrics
Financial year 2021 saw the majority of the Group's staff working from home for the duration of the year and refinements to key processes and work streams which were implemented in March 2020, to enable remote working, continued.

We became Energy Savings Opportunities Scheme Phase 2 certified in 2019 and we will aim to become Phase 3 certified in December 2022.

We have transitioned to operating largely in a paperless environment, where paper is only used for business critical work streams. We rely predominantly on electronic signatures and we actively seek to reduce the few processes that do require some form of paperwork. We encourage both clients and their advisers, as well as shareholders to opt for paperless options, with considerable success.

We have switched our energy to renewable energy tariffs from the start of financial year 2022 and we have upgraded our office cleaning systems to chemical free systems.

Over the course of the year we saved 80 trees (FY20: 157) through recycling confidential waste, obviously with remote working there has been a significant reduction in paper consumption; we recycled 41% of total waste (FY20: 41%); and, maintained environmental initiatives previously introduced, such as a green energy supplier and chemical free cleaning systems.

Streamlined Energy and Carbon Reporting (SECR)

The Group has adopted the reporting requirements of the Streamlined Energy and Carbon Reporting (SECR) policy, as implemented by the UK Government in 2019.

The general waste statistics are included below and the movement this year, is attributable to the full reporting year being worked from home and also from our initiatives implemented during the year.

We are pleased to report that we continue to see a fall in emissions due to the reduction in business travel, as a result of staff working from home during the COVID-19 pandemic.

We have maintained the same ratio of waste recycled vs not recycled in the year, however, the volume of waste produced this year has significantly decreased.

SECR data in relation to the acquisition of T4A have been included from the acquisition date, being 11 January 2021.

Our emissions data for the financial year is presented below.

Greenhouse gas emissions data

For the financial year ended 30 September 2021		CO2 Tonnes UK	Aus	IoM	Total
Scope 1	Printer emissions	2	-	-	**2**
Scope 1	Purchase of gas	158	15	2	**175**
Scope 2	Purchase of electricity	131	52	3	**185**
Total Scope 1 and 2		**291**	**67**	**5**	**363**
Scope 3	Business flights	-	-	-	-
Scope 3	Vehicle usage	6	-	-	6
Scope 3	Disposal of waste	-	-	-	-
Total Scope 1, 2 and 3		**297**	**67**	**4**	**368**
Staff numbers		467	101	6	574
Emissions Intensity Ratio (CO2 tonnes per member of staff)		0.6	0.7	0.7	0.6
Square metres of office space		4,637	1,107	160	5,904
Emissions Intensity Ratio (CO2 tonnes per m2 of office space)		0.06	0.06	0.03	0.06
Energy consumption in the UK (Kwh 000's)					**1,323.3**

Waste	CO2 Tonnes 2021	2020
Not recycled	0.1	7
Recycled	0.2	4
Total	**0.3**	**11**

Greenhouse gas emissions data

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 2	Purchase of electricity	189	72	3	**264**
Total Scope 1 and 2		**407**	**96**	**5**	**508**
Scope 3	Business flights	5	11	1	17
Scope 3	Vehicle usage	44	-	-	44
Scope 3	Disposal of waste	7	-	-	7
Total Scope 1, 2 and 3		**463**	**107**	**6**	**576**
Staff numbers		398	81	8	487
Emissions Intensity Ratio (CO2 tonnes per member of staff)		1.1	1.3	0.8	1.2
Square metres of office space		4,637	1,107	161	5,905
Emissions Intensity Ratio (CO2 tonnes per m2 of office space)		0.09	0.07	0.05	0.08
Energy consumption in the UK (Kwh 000's)					**1,469.1**

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

We have calculated the emissions in line with the Greenhouse Gas Protocol Corporate Standard. Each of our emissions have been categorised by 'Scope', in line with the standard, as explained below:

Scope 1 (direct emissions)

These are emissions arising from the combustion of natural gas. We produce these emissions from purchasing gas, printer emissions and from disposing of general waste, as a result of running each of our premises in London, Norwich, Melbourne and Douglas in the Isle of Man.

To calculate emissions from gas, we have taken gas used in KWH and applied a conversion factor to arrive at kilogrammes of CO2 emissions produced and reported in CO2 Tonnes.

To calculate emissions from printing, we have taken waste in CO2 Tonnes directly from supplier reports.

Scope 2 (indirect emissions)

Indirect emissions are those arising from electricity purchased and used to run our operations. We produce these emissions from running each of our premises in London, Norwich, Melbourne and Douglas in the Isle of Man.

To calculate emissions from electricity, we have taken electricity used in KWH and applied a conversion factor to arrive at kilogrammes of CO2 emissions produced and reported in CO2 tonnes.

Scope 3 (other indirect emissions)

Other indirect emissions are those arising from business travel in rental cars or employee owned vehicles, where we are responsible for purchasing the fuel. We produce these emissions from staff business flights and staff driving for work in London, Norwich, Melbourne and Douglas in the Isle of Man.

To calculate emissions from car fuel, we have taken total distance travelled in miles during the course of the business trip and applied a conversion factor to arrive at kilogrammes of CO2 emissions produced and reported in CO2 tonnes.

To calculate emissions from flights we have taken distance travelled in km and applied a conversion factor to arrive at kgs of CO2 emissions produced and reported in CO2 tonnes.

To calculate emissions from waste, we have taken waste in CO2 tonnes directly from supplier reports.

Conversion factors

All conversion factors have been obtained from the UK Government's Greenhouse gas reporting: conversion factors 2021 data set.

Restatement 2020

We have restated the financial year 2020 emission scoping category for the purchase of electricity, from scope 1 to scope 2, as this was incorrectly allocated in the prior year Annual Report. We have added new data to 2021 and the 2020 comparative this year, being the waste not recycled included in scope 3.

Intensity metrics

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 have added a second metric this year, being CO2 per m2 of office space, to enhance our reporting and understanding of our energy usage.

We are aware of and accepting of our duty to reduce our impact on the environment and have commenced the process of developing a feasible environmental strategy, with the clear goal of reducing our relatively low carbon footprint where we can.

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 2021 was £15.5 million (2020: £12.5 million). In addition, other taxes such as VAT and business rates were paid.

Non-financial information statement

The Strategic Report includes non-financial information required in accordance with section 414CB of the Companies Act 2006. The most directly relevant non-financial information is signposted below, however the Strategic Report does touch on these topics briefly in other sections:

S414CB REQUIREMENT	RELEVANT STRATEGIC REPORT SECTION	RELEVANT POLICY
Environmental matters	Corporate and social responsibility – Environmental impact, page 58	We are currently developing our environmental strategy and policy, following consultation with Willis Towers Watson.
Employees	Corporate and social responsibility – Our people and our culture, page 55	Staff Handbook Health and Safety Policy Equal Opportunities Policy Anti-Harassment and Bullying Policy Flexible Working Policy
Social and community	Corporate and social responsibility – Our people and our culture, page 55 and Community page 58	This will be more clearly defined when we progress our ESG strategy and policy.
Human rights	Corporate and social responsibility – page 58	Human Rights Policy Modern Slavery Policy
Anti-bribery and corruption	Corporate and social responsibility – page 58	Anti-Bribery and Corruption policy

S414CB REQUIREMENT	RELEVANT STRATEGIC REPORT SECTION	RELEVANT POLICY
Business model	Transact - Our business model – page 7	
Principal risks and how they are managed	Principal risks and uncertainties – page 47	
Non-financial key performance indicators	Key performance indicators – page 18	

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 should 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 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 board in financial year 2021 include, but are not limited to: ▪ further cuts to our pricing, in line with our responsible pricing strategy, which benefits our clients; ▪ the decision to acquire T4A. This was made after extensive due diligence had been performed and the board was fully informed of the strategic benefit and the financial impact of acquiring T4A. The board voted to proceed with the acquisition, based on the future long-term benefits to investors and staff as the acquisition creates value within the Group; ▪ the decision not to pursue the acquisition of Nucleus. Again, due diligence and due consideration were given to the acquisition and the board was fully involved. The decision not to acquire Nucleus was fully supported by the board, as it was agreed, after significant investigation, that proceeding with the transaction could expose the Group to an unacceptable level of transition risk to current clients and advisers and therefore would not benefit stakeholders in the long-term; ▪ the decision to continue without using 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; ▪ appointing Rita was a decision that will benefit the Group in the long-term, due to Rita's extensive investment and technology experience; ▪ the decision to approve the interim dividend, paid in June 2021 and relating to the first half of financial year 2021, 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 87, 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 55 also outlines the value directors place on staff welfare and the culture of the Group. Key decisions taken by the board in financial year 2021 include: ▪ the decision to appoint a new NED with responsibility for staff wellbeing, following Neil stepping down, is one that the board agreed was necessary and for the benefit of all Group employees; ▪ the decision to award all those employees the annual discretionary bonus, because they have continued to deliver outstanding customer service from home, due to the pandemic; ▪ the decision to award staff a payrise, again in recognition of their critical contribution to the success of the Group in the year; and ▪ the decision to award staff shares under the Share Incentive Plan.
Fostering business relationships	The Group does not tolerate unethical behaviour, as stated on page 55 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. Key decisions taken by the board in financial year 2021 include: ▪ the implementation of a supplier framework during the financial year and the appointment of a Supplier Manager who will assist with the onboarding of new suppliers and ongoing effective relationships.
The impact of operations on the community and environment	The Corporate Social Responsibility report on pages 55 to 62 sets out the impact of operations on the environment. The directors recognise that we have both a corporate and moral responsibility to minimise the impact of the Group's business conduct on the environment and community. Key decisions taken by the board in financial year 2021: ▪ the decision to engage Willis Towers Watson to perform an evaluation and benchmarking exercise and to give us guidance on further developing and planning our ESG strategy, as well as consideration of the requirements of TCFD; and ▪ Appointing a NED with oversight of our ESG strategy, to ensure management focus and progress is maintained.
Maintaining a reputation for high standards of business conduct	The business model and strategic objectives of the Group are set out on pages 7 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 46, 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 2 to 65 meets all relevant statutory objectives and requirements.

By order of the board,

Helen Wakeford
Company Secretary

15 December 2021

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 31 October 2021; currently senior adviser

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

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
- Allchurches Trust Limited – Director and Trustee (2018 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

Appointed Designated non-executive director for environmental and social sustainability as of 15 September 2021.

Experience includes:

- Ninety one plc – Chair of the Audit and Risk Committee 2019 to present
- 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 2014-2015
- 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.

Rita Dhut

Independent Non-Executive Director

Appointed to the board: 22 September 2021

Appointed Designated non-executive director for employee engagement as of 15 December 2021.

Experience includes:

- Financial Times Foundation for Financial Literacy – Founder Trustee and Non – Executive Director 2021 to present
- JP Morgan European Investment Trust Plc – Non-executive director 2019 to present
- Ashoka India Equity Investment trust Plc – Non-executive director 2018 to present
- Newable Ventures – Venture Investor for a range of deep technology funds 2018 to present
- The Girls Day School Trust – Non-executive director and Trustee 2016 to present
- Aviva Investors – various positions including Head of European Equities and Head of Pan European Equity Value Investing 2001 -2012
- M&G – various positions including Director of European Equities 1994 to 2000

Rita Dhut was appointed as a non-executive director on 22 September 2021.

Robert Lister

Independent Non-Executive Director

Appointed to the Board: 26 June 2019

Experience includes:

- finnCap Group plc – Non-executive chair January 2021 to present
- Credit Suisse Asset Management (UK) Limited – Non-Executive Director 2012 to present
- Investec Wealth and Investment Limited – Non-Executive Director 2010 to December 2021
- 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, Remuneration Committee: appointed 1 September 2021

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 2021
- Chris Munro Trading Limited (formerly Beckwith Asset Management) - Director 1994 to present
- Jupiter Enhanced Income Trust – Director 1996-2009
- River & Mercantile Investment Management – CEO 1994-1996
- Robert Fleming Holdings Limited - Director 1988-1994
- Jardine Fleming Holdings – Director 1983-1986.

Committees:

Remuneration Committee (Chair), Nomination Committee.

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.

The 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 55.

We continue to abide by the overriding principles of the 2018 Code 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 63;
- 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 64;
- assist the effective review and monitoring of the Group's activities;
- help identify and mitigate significant risks to the Group, as set out in our Risk Report on page 40; 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's (FRC) 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.

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

- Provision 4: At the Company's last AGM in 2021, several resolutions received 20% or more votes cast against the board's recommendation. The Company is required under the Code to provide an update to the market on the views received by shareholders and actions taken in response to voting feedback within six months of its AGM. The Company was unable to announce this update within six months due to the length of time it took to engage with shareholders and understand the reasons why some shareholders voted against certain resolutions. However, a market announcement was made in November 2021 with an update on shareholders' feedback. A final update, as required under the Code, can be found on page 74.
- Provision 5: The Company, at the date of the financial year ended 30 September 2021, did not yet have a defined employee engagement representative on the board.

However, since the financial year end, the Company has now appointed Rita as non-executive director responsible for employee engagement and ensuring the employee voice is heard in the boardroom.

- Provision 36: The Company's remuneration structure has adopted a vesting period for deferred bonus shares of three years, rather than the Code's recommended five years. The Directors' Remuneration Policy was reviewed earlier this year and is being put forward to shareholders for approval at the 2022 AGM. After consideration, the Company decided to implement minimum shareholding requirements for executive directors during their tenure and to implement post-employment shareholdings for the executive directors as recommended by the Code, but has decided not to extend the vesting period of the deferred bonus shares from three years to the recommended five years. The Company believes that the executive directors are sufficiently invested in the Company's long-term success and that further restrictions are not currently required. We will however keep this under review.
- Provision 38: The Company's remuneration policy allows all employees, including executive directors, the option annually to have a portion of their cash bonus contributed into their pension. This does not comply with the Code's requirement for directors that only basic salary should be pensionable. However, none of the executive directors currently take advantage of this provision in the remuneration policy. The Company does not intend to change its policy on pension sacrifice for the directors at this time as the arrangement is consistent with the Group's pension policy applicable to all employees.

Board composition

The Company has three executive directors and six independent non-executive directors (including the Chair).

Board and committee meetings and attendance

	Board Meetings		Audit and Risk Committee		Nomination Committee		Remuneration Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Caroline Banszky	6	6	7	7	-	-	-	-
Victoria Cochrane	6	6	7	7	5	5	-	-
Richard Cranfield	6	6	-	-	5	5	5	5
Neil Holden(1)	5	5	7	7	-	-	5	5
Michael Howard	6	6	-	-	-	-	-	-
Robert Lister	6	6	7	7	-	-	-	-
Christopher Munro	6	6	-	-	5	5	5	5
Alexander Scott	6	6	-	-	5	5	-	-
Jonathan Gunby	6	6	-	-	-	-	-	-
Rita Dhut(2)	-	-	-	-	-	-	-	-
Ian Taylor(3)	1	1	-	-	-	-	-	-

1 Neil Holden resigned as a director on 1 September 2021.

2 Rita Dhut was appointed as a director on 22 September 2021.

3 Ian Taylor resigned as a director on 26 February 2021.

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 objectives the board reviews, oversees and scrutinises the activities of the executive and senior management in accordance with the board terms of reference and matters reserved which can be found on the Company's website here: **www.integrafin.co.uk/corporate-governance/**. Details of how the board has delivered its responsibilities during the financial year can be found in the s172 report on pages 63 to 64.

Division of responsibilities

The board recognises the importance of a clear division of responsibilities between Executive and Non-Executive roles and, in particular, a clear delineation of the Chair's responsibility to run the Board and the Chief Executive Officer's responsibility for running the Group's business. The roles of Chair, Chief Executive Officer and Senior Independent Director are clearly defined and have been approved by the board. The allocation and division of responsibilities is available on our website here: **www.integrafin.co.uk/corporate-governance/**

Independence

The Code recommends that at least 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.

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. Richard'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 SID, 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 – 2021

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. An external evaluation was done in 2020, with the assistance of Independent Audit. In 2021, the Chair, with the assistance of the Company Secretary, undertook an internal evaluation of the performance of the board, its committees, and individual directors by way of written questionnaires. The following were considered as part of the internal evaluation: 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. The findings and relevant action points were discussed in the September 2021 board meeting and actions agreed. The SID led the performance evaluation of the Chair by meeting separately with each of the executive and non-executive directors. The SID then met with the Chair to discuss the directors' feedback.

Triennial review of non-executive director remuneration

The board determined that a triennial review of non-executive director remuneration be undertaken. The board reviewed the outcome of an external benchmarking exercise using Tyzack Partners and the new arrangements were reviewed by the Committee to ensure that they aligned with the regulatory requirements applicable to non-executives of regulated entities within the Group. Having considered the results of the benchmarking and the review by the Committee, the board agreed with and implemented the proposals with effect from 1 October 2021. Details of the new fees are outlined in the Remuneration Policy on page 90.

Directors' induction

A tailored induction programme is prepared for each new director, based on their individual needs. The programme comprises the following areas:

- Information and materials: a comprehensive library of materials is provided electronically including prior board and committee papers and minutes, strategy materials, regulatory information, and statutory and governance documentation and policies.
- Scheduled meetings: individual meetings are arranged with key stakeholders and employees to explore in more detail significant aspects of the business and to assist with relationship building between the director and management. Save during the periods of the COVID-19 pandemic when work from home was necessary, these meetings take place on site.

Directors' development and training

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

The Chair and Company Secretary ensure continuing training and development for all directors based on individual requirements.

The board carries out periodic 'deep dives' into specific areas of the business in order to broaden the board's understanding of the Group's business and the opportunities and challenges it faces. During the year, training and deep dive sessions were facilitated for the directors which comprised the following topics:

- Platform consolidation
- IT infrastructure
- FCA, PRA and Isle of Man FSA supervisory review
- Review of the Investment Firms Prudential Regime and ICAAP/ICARA

In addition, open Q&A sessions between the directors and management are held after the sessions.

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. Any new directors appointed during the year will be eligible for election at the first AGM post-appointment. Rita will be standing for election at the 2022 AGM.

Relations with shareholders

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

The CEO hosts shareholder roadshows at which the Company's half year and annual results are presented to institutional investors invited by the Company's brokers. These have been held virtually over the last year due to COVID-19 restrictions. The CEO and senior management are also available after each quarterly FUD update to meet with investors.

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 SID, Chair of the Remuneration Committee and Company Secretary met with selected institutional investors to discuss any matters of concern, including in relation to voting feedback from the Annual General Meeting (AGM). In addition, the Chair of the board met with institutional investors upon request. The Company has considered the feedback and taken it into consideration when drafting the disclosures in this Annual Report.

The Chair, SID and other non-executive directors are available for consultation with shareholders upon request and will attend, the Annual General Meeting, making themselves available for question both during and after the meeting.

Annual General Meeting (AGM)

In 2020, the Company's shareholders approved an amendment to the Company's articles to allow for hybrid shareholder meetings.

The Company intends to exercise this meeting option going forward. Allowing for hybrid meetings helps further support engagement by allowing shareholders to attend the AGM electronically, when they would otherwise be unable to attend the meeting in person.

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

Voting results final update - 2021 AGM

At the Company's AGM, held on 8 March 2021, 20% or more of votes were cast against the resolutions listed below:

Resolution		For	Against
2	To re-elect Richard Cranfield	61.85%	38.15%
6	To re-elect Neil Holden	66.79%	33.21%
7	To re-elect Michael Howard	50.20%	49.80%

On 9 November 2021, the Company provided an update on its engagement with shareholders to better understand the reasons why the above resolutions were voted against.

Analysis of the voting activity, along with the matters discussed in investor meetings, indicate that voting against the resolutions reflected:

- board composition concerns, including reaching gender and diversity targets, as set by the Hampton-Alexander and Parker Reviews;
- board tenure;
- inadequate disclosures on ESG matters and not having appointed a non-executive director to have board level oversight of ESG for the Group; and
- past board meeting attendance deemed insufficient for Michael.

Actions taken by the Company to date include those outlined in its announcement of 1 September 2021, which include Neil resigning as non-executive director of the Company on 1 September 2021 and Rita being appointed as a non-executive director on 22 September 2021. In addition, Victoria has been appointed the Non-executive director for environmental and social sustainability and Rita has been appointed the Non-executive director responsible for employee engagement.

With respect to Michael's attendance at board meetings, as he is located in Australia, local travel restrictions imposed due to COVID-19 have made it unfeasible for him to attend board meetings in person. The board meeting times have since been adjusted to allow for Michael to attend remotely from Australia and his attendance for the year had been 100%.

By order of the board,

Richard Cranfield
Chair

15 December 2021

AUDIT AND RISK COMMITTEE REPORT

Statement from the Chair

As Audit and Risk Committee Chair, I am pleased to present the Committee's report for 2021. The report sets out Committee governance and the work the Committee has undertaken this year.

BDO completed ten years as Group Auditor in 2019 and the external audit would ordinarily have been put out for tender in financial year 2020, however due to the pandemic the Company applied for, and was granted, a one year extension by the FRC, which meant the audit tender process was undertaken in the current year.

A rigorous, considered, competitive tender process was overseen by the Committee in the first half of 2021 and it was announced on 28 June 2021 that Ernst & Young LLP had been appointed, with effect from financial year 2022, subject to approval at the Company's 2022 Annual General Meeting. Ernst & Young will audit the entire Group, which includes the two life companies currently audited by KPMG.

We look forward to working with Ernst & Young over the coming years and, on behalf of the Committee, I would like to thank BDO for their contribution and hard work over the last eleven years.

Caroline Banszky
Chair, Audit and Risk Committee

15 December 2021

COMMITTEE GOVERNANCE

We meet at least four times each year, in line with the Company's governance schedule. We met seven times during this financial year, with all committee members in attendance. Apart from meetings to discuss the external auditor tender, we maintained focus on the Group's risk management, internal controls and accounting processes and 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.

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, Head of Actuarial and Risk, external Audit Partner and Head of Assurance at BDO to discuss issued reports and relevant financial reporting and regulatory developments.

Neil resigned from the Committee on 1 September 2021 as he had served 10 years on the ultimate parent company board and was no longer considered independent. The Committee recorded their thanks for Neil's hard work and contribution over the years.

The members of the Committee as at 30 September 2021 were:

	Date of appointment
Caroline Banszky (Chair)	22 August 2018
Victoria Cochrane	28 September 2018
Robert Lister	4 September 2019

Composition of the Audit and Risk Committee

All Committee members are independent non-executive directors. In adherence with the Code, both the Audit and Risk Committee Chair and Neil 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.

Role of the Audit and Risk Committee

Our purpose is to provide oversight and advice to the IHP board and we have overall responsibility for the risk management (including fraud risk) 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 the IHP Group.

We report our findings to the board, identifying any matters in respect of which we consider action or improvement is needed, and we make recommendations on the steps to be taken.

The Audit and Risk Committee terms of reference can be found at: **https://www.integrafin.co.uk/corporate-governance/**.

Internal audits

There were a number of internal audit engagements completed during the year. The results of these internal audit engagements were discussed, and follow up actions were reviewed or requested where necessary. The internal audit engagements included: audits of the Group's monitoring of key system-automated processing; corporate actions processes; key management information reported to the Group's boards; the Financial Projections Model, including viability testing; the system change testing process; UK and Isle of Man tax reporting; and client assets and client money compliance.

Furthermore, co-source internal audit engagements, using external IT security testing experts, were completed on IT security across the Group's sites and IT environments. In addition, the Group's IT security was also assessed and benchmarked against good practice IT Security standards. The results of these audit engagements and assessments were presented to the Committee, and the Committee asked additional questions, and received appropriate answers, on the robustness of the Group's IT Security arrangements.

The Internal Audit function also completed a review of the Group's major business operational processes and assessed the risk management and internal controls for these business processes.

During the year, we engaged an external party to perform an external quality assessment of the Internal Audit function. The assessment considered the effectiveness and independence of the Internal Audit function, and its adherence to the International Internal Audit Standards and the UK Code for Internal Audit in Financial Services. Overall, the Committee was satisfied that the results of the external quality assessment concluded that the Internal Audit function was independent and effective.

THE COMMITTEE'S WORK THROUGH THE YEAR

Area of focus	Work conducted
Going concern and viability	▪ The directors are required to make a statement in the Annual Report 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 the 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 2021 and included consideration of an extended COVID-19 scenario and other scenarios as set out on pages 53 to 54, 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. The Committee has therefore concluded that the going concern basis is appropriate.
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 regular quarterly risk reports presented by Risk Management to ensure the business continues to operate effectively with the appropriate risk profile under the home working environment. ▪ Reviewed and challenged the Risk Reports presented 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 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 accounting for, and reporting of, the acquisition of T4A in the year. ▪ 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 49 to 51. ▪ 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 the new disclosures under IFRS 3.

Accounting judgements and estimates	The Committee assessed and challenged the appropriateness of the judgements and estimates applied by management in the preparation of the Annual Report. This included consideration of the following:
	▪ Deferred acquisition costs and deferred income liability
	  ▪ Considered the revised treatment of the above balances, and management's conclusion that no prior year restatement was required.
	▪ T4A acquisition
	  ▪ Reviewed the key assumptions used in the identification and measurement of the intangibles and goodwill upon the acquisition of T4A, as well as the fair value measurement of the different types of consideration.
	▪ Investments held for policyholder and linked liabilities
	  ▪ Reviewed the key assumptions used in the valuation of the above balances, including the methodology for valuing assets based on unobservable market inputs.
	▪ ILUK tax provisions
	  ▪ Considered the response to the prior year overstatement in respect of the calculation and treatment of the policyholder tax provision. The Committee was satisfied that the assumptions and judgements used in the current year are appropriate.
	Following consideration of the above, the Committee concluded that there are no items that should be classified as critical accounting estimates or judgements in the Annual Report and financial statements.

Internal audit effectiveness and reporting	▪ Received and challenged Internal Audit reports at Committee meetings. The reports detailed audits of IHP (and related Group entities) recently completed, including the co-sourced IT Audits and any control recommendations made to management, and management response. ▪ Reviewed all internal audit reporting escalated by the IFAL Group 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. ▪ Noted the conclusion of the Internal Audit report that there were no significant deficiencies that would need to be disclosed in the Annual Report. ▪ 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 results of an external quality assessment of the Internal Audit function completed during the year, the Committee concluded that the Internal Audit function is working effectively and independently and that the team is appropriately qualified and staffed.
Effectiveness and independence of the external auditor	▪ Evaluated the external auditor's independence, objectivity and compliance with ethical and regulatory requirements. ▪ BDO has been the Group External Auditor for eleven years and Justin Chait has been the lead audit partner for two years. The Company put the external audit contract out for competitive tender during 2021. Following the tender process, we made a recommendation for the appointment of Ernst & Young to the board, to be put to shareholders for approval at the AGM. ▪ Reviewed the current 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. IHP's external auditor, BDO, has confirmed that it remains independent. ▪ 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 2021. ▪ 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 insurance 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, as a member of the IFAL Audit Committee, is a key contact in the Whistleblowing Policy and fulfils the role of "whistleblower's champion" under the Senior Managers' Regime whilst Caroline as Chair of the Audit and Risk Committee has oversight of Whistleblowing for the Group. ▪ We reviewed the Whistleblowing Policy and the framework for reporting, and confirmed that they are appropriate to the Group structure and organisation.

Committee self-evaluation

We conducted a self-assessment of our own effectiveness in September. The Committee has considered the outputs and will seek to implement improvements as deemed necessary.

NOMINATION COMMITTEE REPORT

Statement from the Chair of the Nomination Committee

I am pleased to present the Nomination Committee's report for 2021.

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 five times during the financial year due to increased board and senior management succession planning.

Succession planning

There were a few board changes during the year. On 26 February 2021 Ian Taylor retired from the board after twenty years with the Group. We thank Ian for his tireless work and dedication to the Company's success, and wish him well in his retirement. On 1 September 2021, Neil resigned as independent non-executive director and on 22 September Rita was appointed as independent non-executive director. Neil still remains an independent non-executive director on the board of the Group's main operating regulated subsidiary, IFAL, and Chair of the UK life company subsidiary, ILUK.

Senior management succession planning continues to be a key focus of the Committee. Tom Dunbar was appointed Chief Development Officer of IFAL in April 2021, a role previously held by Jonathan, prior to his appointment to the board. This appointment forms part of the Company's ongoing leadership succession plan and will help support the execution of the Group's long-term strategic goals. The Committee's focus has now turned to strengthening the succession plan to other executive and senior management roles as the recent changes have become established.

Diversity and inclusion

Inclusivity throughout the business is important to us and we continue to focus on this by developing our diverse talent pipeline. I am pleased to report that we have met the Hampton-Alexander Review's target of 33% representation of women on our board (2020: 20%) and 67% female representation in roles which we define internally as our senior management equivalent. Since Rita's appointment, we have also met the Parker Review's recommended target. We are aware that there is still some work to be done on developing diverse talent at the executive, senior management and direct report levels and this is being considered in the Group's ongoing leadership succession plans.

The Group is proud to have a culture of promoting from within the organisation. This not only includes traditional vertical promotions, but in many cases opportunities to move to different departments within the Group and learn new skills or undertake professional development. This approach ensures that we develop a pool of talented individuals who may have the potential for succession into senior roles. We support staff by providing relevant training, assistance and resources to help them succeed in their new roles. In the last year, 55 employees accepted internal job opportunities.

Effectiveness

An internal board evaluation effectiveness review was conducted during the year. It concluded that the board and its Committees continued to operate effectively. The Senior Independent Director also met with the directors to appraise my own performance, and Victoria and I have discussed the feedback received.

Richard Cranfield
Chair, Nomination Committee

15 December 2021

Committee Governance

Committee membership during the year

The members of the Nomination Committee at 30 September 2021 were:

Name	Date of appointment
Richard Cranfield (Chair)	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 CEO is a member of the committee as permitted by the Code. We note that some proxy advisory companies advise a vote against. However, we believe that the CEO contributes valuable insight into the composition of the management team, interaction of the board with management and cultural fit of candidates to the board and senior management team and that his membership of the Committee does not affect the independent decision making by the Committee. The CEO will always recuse himself from any discussion or recommendation as to his own successor. During the year the Company, through the SID, engaged with shareholders to understand their views on the composition of the Committee. The feedback did not indicate any concern with the current composition. We will continue to listen to our shareholders and keep the position under review but no change to the Committee's composition is proposed at this time.

The Group 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.

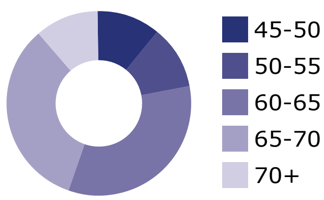
The Committee's work through the year

Area of focus	Work conducted
Board appointments	▪ Considered the independence of the non-executive directors and made recommendations to the board.
Internal evaluation of the board	▪ The Company Secretary assisted the Chair in preparing internal evaluations for completion by all board members. The evaluations were for the Board, all Committees, individual board members, and for the Chair. A written report was then provided to the Chair, which was shared with the Board and actions were agreed, with the exception of the evaluation of the Chair which was provided to the SID and discussed directly with the Chair.
Succession planning	▪ Reviewed the skills, experience, expertise and composition of the board with a view to recommending to the board, succession plans for the board and senior management team. ▪ The Committee met with candidates for the role of independent non-executive director and provided a recommendation to the board. Diversity was a key consideration in the Committee's recommendation for appointment of a new board member, whilst still taking into account finding a candidate with the most appropriate skills and experience.

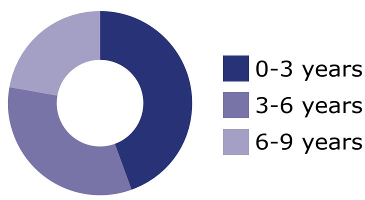
Composition of the board

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

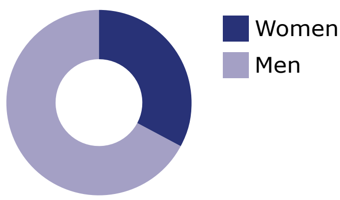
Age profile of the board (number of directors)



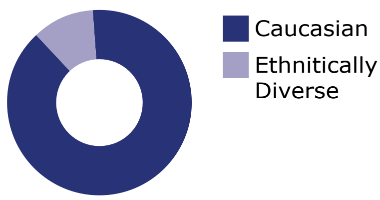
Tenure of board (number of directors)



Board gender split (%)



Ethnic diversity of the board (%)



BOARD SKILLS MATRIX DISCLOSURE (number of directors)

Diversity

The board has a Diversity Policy which is reviewed and assessed annually. It is the Board's policy that new appointments to any group or subsidiary 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.

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.

During the search process for the appointment of a new independent non-executive director in 2021, the board took into consideration the above factors when assessing suitable candidates. An external search firm, Tyzack Partners, was retained to assist with the director search.

Tyzack Partners provided an initial longlist of seventeen candidates. From this list we interviewed five candidates and selected Rita Dhut. We felt that Rita brought a greater understanding of IT skills to the board, as well as having experience of managing assets.

The owner of Tyzack Partners is known to Richard Cranfield but the Committee is satisfied that there was no conflict of interest in the appointment of Tyzack Partners to undertake the search.

Committee self-evaluation

The Nomination Committee conducted a self-assessment of its own effectiveness in 2021 with the assistance of the Company Secretary. In addition to considering the composition of the Committee as described above, the internal evaluation considered the performance of the Committee and concluded that the Committee continues to be effective.

DIRECTORS' REMUNERATION REPORT

Statement by the Chair of the Remuneration Committee

Remuneration overview

On behalf of the board, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2021.

Our current Directors Remuneration Policy ('Policy') was approved by over 98% of shareholders at the 2019 AGM. In line with the three-year renewal cycle, we will be seeking shareholder approval for a new Policy at the AGM in early 2022. The proposed new Policy is set out on pages 94 to 101 and we believe that the Policy reflects the Company's approach to responsible executive remuneration which is aligned with the workforce.

Since the 2020 report, Transact has continued to grow despite the effects of the COVID-19 pandemic and, as at 30 September 2021 has 208,600 client investment portfolios, £52.11 billion of funds under direction and 574 staff across the Group companies.

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

Committee member changes

On 1 September 2021, Neil stepped down as a Committee member and from the board. Neil joined the Group in 2011 and joined the Committee at the time of the IPO and held the position of Chair from 2018 until 2020. I would like to thank Neil for his support and contribution to the Committee both as Chair and as a member. We are pleased that Neil remains with the Group as a non-executive director of our main operating subsidiary, IFAL.

Following Neil's resignation, Robert was appointed to the Committee. Robert has extensive relevant experience of remuneration having been a member of the Investec Wealth and Investment Remuneration Committee for the duration of his appointment, and chaired the Committee for five years. Robert is also currently a member of the finnCap plc Remuneration Committee. I know that Robert will bring new perspective to the Committee discussions.

Reviewing the Directors' Remuneration Policy

During 2021, the Committee undertook a review of the executive remuneration framework. This review included meeting with significant shareholders and other stakeholders to discuss the Policy and the proposed changes. We concluded that the current framework has served the business and shareholders well, and as a result, we are not proposing any fundamental changes to the framework nor seeking increases to quantum.

In the new Policy, target shareholdings and post-employment shareholdings will be required by executive directors going forward. Further details of this are included in the new Policy and can be found on pages 96, 111 and 116.

The Committee also recommended to the board that a triennial review of non-executive director remuneration be undertaken. The board reviewed the outcome of an external benchmarking exercise and the new arrangements were agreed and implemented. Further details are set out on page 73.

It remains one of our key principles to create, maintain and improve value provided to our 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.

Our reward philosophy remains unchanged. We take a very distinctive approach to remuneration. We have set out further rationale to our approach to executive director remuneration on pages 91 and 92. The key features of our reward framework are as follows:

- **Base salary –** Our remuneration is structured in such a way that the level of base salary represents a sufficiently high proportion of the total remuneration. As a result employees are not required to maximise their income through significant variable remuneration awards. The Group pays basic salaries which are benchmarked regularly and are set at a level to attract and retain staff but the Group does not remunerate above market rate. Senior roles' fixed remuneration does currently sit in the lower quartile of the FTSE250 which ultimately reduces the directors' total remuneration compared to other listed firms.
- **Relatively modest additional incentives –** Above basic salary, our maximum total additional incentive opportunity is 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 both 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. Executive directors received basic pay increases in line with those awarded to the wider workforce. Our incentive structure is aligned across the workforce and all employees are made awards under the same performance framework. The pension policy for executive directors is equivalent to that of the workforce and at 1% for Alex and 1% for Jonathan, the actual employer pension contributions made in respect of executive directors are well below the 12.3% of salary contribution available to all employees. Employees (including the executive directors) may elect to sacrifice their remuneration and receive additional employer contributions. Our current pension arrangements therefore align with the new Corporate Governance Code.
- **Share ownership –** Our executive directors are significant shareholders in the Company and with the exception of employees of T4A, 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 2021, has once again had a 100% uptake for Free Shares

and has had an 85.75% uptake for Partnership and Matching shares.

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:

- We have designed our remuneration structure to be inclusive and to align executive remuneration with that of the work force.
- We encourage share ownership by our executive directors and senior management to align the success of the business with their own and support this by way of Company-operated share ownership plans.
- We operate an HM Revenue & Customs tax-advantaged Share Incentive Plan (SIP) for UK and Isle of Man employees, as well as a parallel scheme for our Australian employees.
- The Group's deferred bonus share option plan has a maximum award opportunity of 33% of salary.
- We do not operate a long-term incentive plan as we believe long-term targets have the potential to drive inadvertent behaviours.
- For executive directors, we reference performance against four key areas – financial performance; stakeholder outcomes; risk, regulation and ESG; and strategy delivery, taking a holistic approach to reviewing performance.

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.

Remuneration outcomes for year ended 30 September 2021

The Company achieved strong financial results with an increase in profit before tax of £7.8 million (14%). Directors' salary and bonus awards were made in accordance with the Policy. Salary increases were in line with the pay rise awarded to all staff at 2.5% for Alex and Jonathan, compared to the award of 3.2% to all those UK and IoM based staff who were eligible for an award. Directors' bonuses were awarded within the parameters of the Policy. Alex was awarded a cash bonus of 30% and a bonus award deferred into shares of 31%. Jonathan was awarded a cash bonus of 30% and a bonus award deferred into shares of 31%. Michael 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 other ESG factors such as maintenance of staff engagement as evidenced by the stable turnover levels.

Alignment with shareholders

We are mindful of our shareholders' interests and are keen to ensure a demonstrable link between reward and value creation. We remain committed to an open and ongoing dialogue with our shareholders regarding executive remuneration and we welcome feedback on the updated Policy.

We are pleased with the support we have received in the past from shareholders with over 98% approval for our previous Remuneration Policy in 2019 and over 81% for the Annual Remuneration Report at the 2021 AGM. We have engaged with shareholders who voted against the 2020 report and have enhanced our disclosures in response to feedback received. I hope that you find this year's report informative and look forward to receiving your continued support at the forthcoming AGM.

Signed on behalf of the IHP Remuneration Committee

Christopher Munro
Chair, IHP Remuneration Committee

15 December 2021

REMUNERATION 'AT A GLANCE'

Element	Operation	Out-turns 2021 and implementation in 2022
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 2.5% for Alex and 2.5% for Jonathan which was in line with the UK and IoM workforce increase of 3.2%. Salary with effect from 1 June 2021: ▪ Alex Scott, CEO: £433,000 ▪ Jonathan Gunby, Executive Director: £433,000.
Benefits[1]	▪ Includes, for example, death in service and private medical insurance.	▪ Benefits for Alex and Jonathan comprise private healthcare.
Pension	▪ The pension policy is equivalent to that of the wider workforce. ▪ The executive directors' current pension arrangements are lower than those of the workforce.	▪ Alex received a £4,000 pension contribution (0.9%). ▪ Jonathan received a £4,000 pension contribution (0.9%).
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 within the parameters set out in this policy and the scheme rules. ▪ 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 2021 Alex was awarded a cash bonus of 30% and a bonus award deferred into shares of 31%. Jonathan was awarded a cash bonus of 30% and a bonus award deferred into shares of 31%.
All employee share 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.
Shareholding guidelines	▪ Executives are expected to build up and hold 100% of salary in shares over four years, for in-employment shareholding guidelines. ▪ Post-employment, these guidelines will apply in full (i.e. 100% of salary) for the first year post departure and taper down to half (i.e. 50% of salary) for the second year post departure. This policy does not apply to shares purchased with an Executive's own funds and will apply only to awards that vest after this Remuneration Policy is approved.	
Non-executive director fees	▪ Fees are paid quarterly	Fees with effect from 1 October 2021: ▪ Board Chair: £140,000 ▪ Base fee for non-executive director: £70,000 ▪ Additional fee for chairing a Committee: £10,000 ▪ Additional fee for role of Senior Independent Director: £7,500

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

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 for the last two annual meetings:

YEAR	RESOLUTION	VOTES FOR / DISCRETIONARY	% OF VOTE	VOTES AGAINST	% OF VOTE	VOTES WITHHELD
2021	Approve the Remuneration Report	181,687,872	81.57	41,040,519	18.43	4,742,263
2020	Approve the Remuneration Report	190,331,885	96.47	6,967,430	3.53	4,682,400

Policy review - The IntegraFin approach to executive remuneration

Our approach to executive director remuneration is distinctive and, we believe, aligned to our culture, our strategy and our success to date. We considered it afresh as part of our triennial Policy review and still believe that it supports our success.

Modest incentive quantum

Our incentives are exceptionally modest when compared to other FTSE 250 companies. We operate only an annual bonus with a portion deferred into shares, and the level normally does not exceed 65% of salary. This approach aligns to our values and culture. A comparison with a more typical FTSE 250 package is illustrated below.

ILLUSTRATIVE FTSE 250 PACKAGE		INTEGRAFIN APPROACH TO EXECUTIVE PAY	
Salary	▪ Market rate	**Salary**	▪ No more than market rate
Bonus max 150% of salary	▪ Deferral of half for 3 years ▪ Targets set up front	**Bonus max 100% of salary**	▪ Maximum of 100% of salary, but ordinarily not expected to exceed 65% of salary
Performance shares max 175% of salary	▪ Performance period of 3 years + 2-year holding period ▪ Targets set up front	**No long term incentive**	▪ Typical deferral of half for 3 years (33% of salary max) ▪ Performance assessed on "look-back" basis

As illustrated above, our overall incentive levels are exceptionally modest, and we believe that our distinctive approach to incentives and assessing performance should be viewed in this context.

Why we do not operate a traditional long term incentive plan (LTIP)

We firmly believe that a traditional LTIP with three year time horizons would, for our business model, drive the wrong behaviours and potentially have unintended consequences. We do not believe that high performance pay upside, measured over just three years, is a pay model which aligns to proper long-term thinking and stewardship of our business.

The low level of variable remuneration enables us to be flexible in the balance of immediate and deferred reward without driving behaviours which are predicated on enhancing short-term outcomes. Our experience is that this policy does not impair executive performance or the recruitment or retention of talent in key roles in the organisation.

Approach to performance measurement

We use a "look-back" approach when it comes to assessing performance and determining bonus outcomes. This is designed to promote long-term thinking, and to promote actions which deliver long-term success.

A critical contributor to the success of the Group is the high standard of client service delivered, collectively, by our staff. Our unique business model and focus on customer service makes it difficult for us to set "hard" targets. For example, even with strong inflows, short-term movements in the FTSE can have an impact on our short-term profit. We want to focus on growing inflows in a controlled and responsible trajectory in order to maintain the level of customer satisfaction. Our approach is to drive sustainable long-term value for all of our stakeholders.

We believe that our performance measurement framework is the best way to achieve this and support our culture.

Performance is assessed within a framework which includes consideration of four quantitative anchors. Individual performance is also considered. There are no prescribed pre-set targets. Instead, the Committee considers qualitative and quantitative actual performance within a pre-agreed framework.

PERFORMANCE ASSESSMENT - OUR FOUR QUANTITATIVE ANCHORS

Financial performance	Stakeholder outcomes	Risk and regulation (including ESG)	Strategy delivery

Approach to performance assessment is underpinned by the Remuneration Committee considering qualitative and quantitative performance within this framework (individual performance is also considered)

The Committee considers this to be a controlled, responsible and modest approach to executive pay in the round, particularly in the context of low overall quantum

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy set out below is proposed for shareholder approval at the Annual General Meeting to be held in early 2022. Subject to shareholder approval, the 2022 Remuneration Policy will take effect from the date of the 2022 AGM.

We have reviewed our existing Remuneration Policy in light of IntegraFin's evolving strategy and shareholder feedback, however we have not proposed to make any significant changes. There is only one key change from the Policy approved at the 2019 AGM and that is the addition of in-employment (and post-employment) shareholding guidelines. Other minor changes have been made to either aid administration or further clarify information.

The Policy was developed over the course of 2021. The Committee undertook a thorough review of arrangements with a particular focus on alignment to IntegraFin's forward looking strategy and aspirations. Input was received from the Chairman and management while ensuring that conflicts of interest were suitably mitigated. The Remuneration Committee Chair met with a number of shareholders to understand their perspective on the Remuneration Policy. The Committee also considered carefully corporate governance developments. Input was provided by the Committee's appointed independent advisers.

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 normally reviewed annually.	There is no overall maximum monetary opportunity or cap on annual increase. Increases will take into account a number of factors including, but not limited to, the scale of the role and the individual's experience, and increases awarded to other staff.	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 to all staff 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 both participated in the medical insurance and life assurance schemes. 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 amendment from time to time by the Committee within this policy. Additional benefits may be provided from time to time (for example in circumstances where an executive director is deployed to, or recruited from overseas). The Committee will consider whether any additional benefits are appropriate and proportionate.	There is no maximum monetary value.	None

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 in respect of salary-based employer pension contributions is 12.3% of salary. This is currently in line with that of the wider workforce. In line with our approach for all employees, executive directors may also sacrifice an element of their annual bonus into their pension, subject to a prescribed limit. The companywide policy is that in these circumstances, and up to a prescribed limit, a match is made in part to reflect the benefit of the employer National Insurance Contribution saving. It is anticipated that the maximum additional pension under this arrangement would be 7.5% of salary. The pension contribution for executive directors will not exceed that of the wider workforce. Wider workforce for the purposes of pension contributions is defined by the Committee as it considers appropriate.	None
Annual bonus and deferred bonus	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 the long-term delivery of the Group's strategy aligned with stakeholder interests.	Bonus 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 of the bonus in cash and in deferred shares, and any performance condition if authorised by the board. Where awarded, vesting of a bonus award deferred into shares will usually be on the third anniversary of the grant date. Dividends do not accrue on the shares that are the subject of deferred bonus awards, although the Committee has the discretion to award dividend equivalents as further described below. In certain circumstances the Committee has the right to reduce or withhold the deferred bonus award and has limited rights to recover deferred bonus awards already made, as further described below.	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: ▪ Financial Performance Stakeholder outcomes ▪ Risk and Regulation (including ESG) ▪ 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. The Committee 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 Partnership Shares up to the value of 1.5% of salary or £1,800 (whichever is lower). For every Partnership Share purchased, the Company has agreed to award two Matching Shares. 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.	None

In addition to the above, executive directors are expected to build up and hold shares equivalent to 100% of salary over four years whilst they are in employment. Post-employment, this guideline will continue to apply in full for the first year post departure and at half of this level for the second year post departure, reducing to zero after two years. This policy does not apply to shares purchased with an executive's own funds and will apply only to awards that are awarded after this Remuneration Policy is approved.

Michael receives nil remuneration from the Company for his executive appointment to the Company, but his employer ObjectMastery Services Pty Ltd receives a fee of AUD80,000 for his executive appointment to Integrated Application Development Pty Ltd (IAD Pty), a company within the Group.

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 periodically but at least triennially. The review is by reference to the time commitment and responsibility of the role and will not necessarily result in an increase. 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.	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 and independent professional advice.

Approved payments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with this Policy where the terms of the payment were (i) in line with the previously approved Directors' Remuneration Policy (ii) agreed before the 2019 AGM (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect) or (iii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

Minor amendments

The Committee may make minor amendments to the Policy (for regulatory, exchange control, tax, administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Share plan operation and discretion

The Committee has discretion in several areas of the Policy. The Committee may also exercise operational and administrative discretions under the relevant plan rules approved by shareholders as set out in those rules.

The deferred bonus share awards will be governed by the rules adopted by the board from time to time. Awards under any of the Company's share plans referred to in this report may:

- Have any performance conditions applicable to them waived or amended by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy.
- Incorporate the right to receive an amount (in cash or additional shares) equal to the value of dividends which would have been paid on the shares under an award that vest up to the time of vesting.

- Be settled in cash at the Committee's discretion.

Awards granted under the deferred bonus share plan will not be subject to performance conditions unless the board determines otherwise, in which case the Committee will determine the performance conditions that apply to any awards to executive directors.

Malus and clawback

The plan under which deferred bonus awards are intended to be made contains malus and limited clawback provisions, whereby the Company can reduce an unvested award, or clawback from a vested or unvested cash bonus, SIP or deferred bonus award during any period when the employee has an unvested deferred bonus award. This ability is limited to the following circumstances:

(i) the employee's gross misconduct;

(ii) a material misstatement and/or significant downward revision in financial results;

(iii) an error in relation to the extent to which an award has vested and/or been granted;

(iv) any other circumstance which the Committee considers has (or would have if made public) a sufficiently significant impact on the reputation of the Company to justify clawback applying; or

(v) if the Company is required to operate clawback by any relevant regulator. Clawback only applies when there are unvested awards.

Performance measures and targets

Under our performance measurement framework, the Committee considers detailed management information which is linked to the Group's 'quantitative anchors'.

The quantitative anchors are designed to support our key principle to create, maintain and improve value to our four groups of stakeholders – customers, shareholders, suppliers and employees. They have been developed to reflect our commitment to our stakeholders, support the Company's culture and ensure alignment with our strategy.

They may include factors such as financial performance, risk, compliance, conduct, internal controls, ESG, stakeholder outcomes and delivery of strategy.

The anchors are not linked to numeric targets and no portion of an executive director's variable remuneration is allocated to the delivery of an individual target. Rather, the Committee considers the holistic performance of the executive director across all of the anchors and takes into consideration external factors outside the Company's control. The Company believes that by looking at the performance of the directors by reference to delivery of all of the anchors, the directors are focused on the delivery of sustainable performance in the context of internal and external factors, rather than managing delivery of any one or more outcome to the detriment of others.

Recruitment remuneration

When determining the remuneration package for a newly appointed executive director, the Committee would seek to apply the following principles:

- The package should be market-competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. However, the Committee would intend to pay no more than it believes is necessary to secure the required talent.
- When determining the design and composition of the package, the Committee will consider the size, content and scope of the role, the candidate's skills, experience and expertise and the market rate for the role.
- New executive directors will normally receive a base salary, benefits and pension contributions in line with the policy described on pages 94 to 101 and would also be eligible to join the annual bonus and deferred bonus share option plan up to the limits set out in the Policy.
- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities.
- The maximum level of variable remuneration which may be awarded (excluding any "buyout" awards referred to above) in respect of recruitment is in line with the current maximum limit under the Policy table above.
- Where an executive director is required to relocate from their home location to take up their role, the Committee may provide assistance and include benefits such as relocation (either via one-off or on-going payments or benefits) or tax equalisation.
- In the event that an internal candidate is promoted to the board, legacy terms and conditions would normally be honoured, including pension entitlements and any outstanding incentive awards.

To facilitate any buyout awards outlined above, in the event of recruitment the Committee may grant awards to a new executive director relying on the exemption in the Listing Rules which allows for the grant of awards, to facilitate, in unusual circumstances, the recruitment of an executive director, without seeking prior shareholder approval or under any other appropriate Group incentive plan.

The remuneration package for a newly appointed non-executive director would be in line with the structure set out in the policy table for non-executive directors on pages 90 and 97.

The Committee is aware that the Policy and its limits may put it at a competitive disadvantage should the Company need to hire a new executive director externally. If a higher maximum award level is required on the basis of recruitment the Company will put forward a new policy for shareholder approval at that time.

Service contracts and appointment letters

All executive directors have written service contracts in place with an employing company in the Group. All non-executive directors have written appointment letters with the Company. Shareholders may inspect the terms of the executive directors' contracts or non-executive directors terms of appointment at the Company's registered offices.

Executive directors' service contracts are terminable on six months' notice on either side. In the event that notice is given to terminate an 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 this Policy.

Executive directors' service contracts do not make any other provision for termination payments. Provision is made for salary, life insurance, private medical insurance, pension arrangements, holiday and sick pay.

The Chair and the non-executive directors have been appointed for three year terms, subject to renewal thereafter. The Chair and non-executive directors each have notice periods of three months and may receive fees during their notice period. The Chair and non-executive directors may receive independent professional advice.

The Chair and the non-executive directors receive no benefits from their office other than their fees and the reimbursement of expenses incurred in the performance of their duties and the benefit of directors' and officers' liability insurance. They are not eligible to participate in the Group pension arrangements or life insurance arrangements.

Payment for loss of office

In the event that the employment of an executive director is terminated, any compensation payment will be determined by reference to the terms of the individual director's service agreement and the individual's statutory rights. The Company may at its discretion make a payment in lieu of notice equal to base salary, pension, contributions (or cash equivalent) and the cost of providing life assurance and private medical benefits only. The Company may, at the Committee's discretion, make the payment by way of a lump sum or by instalments over what would have been the notice period and might be subject to mitigation.

The Company may place the executive director on gardening leave for the duration of their notice period.

It is the Company's intention that the service contracts for any new executive directors will contain equivalent provisions.

The Company reserves the right to make such payment as may be necessary to discharge its legal obligations to the director, or by way of settlement of any claim arising in connection with the cessation of a director's office or service, including reimbursement of legal expenses.

Annual bonus
Annual bonus payments may be made if the Committee consider it appropriate. Any payment would be pro-rated for time and normal performance considerations would apply. In line with the normal policy, the award may be in cash or deferred shares.

Deferred bonus awards
If an executive director dies, the Committee may permit deferred bonus awards to be exercised within the 12 month period immediately following death.

If an executive director is a good leaver, unvested deferred bonus share awards will normally vest on the vesting date. The Committee has discretion to permit awards to vest early on cessation of employment. "Good leaver" means ceasing employment due to injury, ill-health, disability, redundancy, or the employing company or undertaking ceasing to be under the control of the Company, or any other reason at the discretion of the Committee.

If a director leaves other than as a good leaver or on death, any unvested deferred bonus share awards may ordinarily lapse on termination of employment. The Committee has discretion to permit the executive director to retain and exercise such awards until the end of the exercise period, or such earlier date as the Committee may determine.

In any case, where the executive director ceases to be an employee before the vesting date of an award, the award will be reduced pro-rata to the proportion of the vesting period worked, unless the Committee determines otherwise and, if the award is subject to performance conditions, the Committee shall also have the discretion to determine the extent to which performance conditions have been met or may waive the performance conditions.

All Staff Share Incentive Plan (SIP)
SIP awards are not forfeitable on leaving and SIP shares will be transferred to the executive director upon leaving.

Change of control

On a change of control or voluntary wind-up of the Company, deferred bonus awards, which have been earned in respect of previous performance periods, will normally vest in full, but may be reduced pro-rata to the proportion of the vesting period up to the relevant corporate event, unless the Committee determine otherwise. If the awards are subject to performance conditions, the Committee will also have the discretion to determine the extent to which performance conditions have been met, or may waive the performance conditions. The Committee may determine an annual bonus in respect of the performance period within which the change of control occurs may be made, taking into account the performance framework and pro-rated for time. The Committee has the discretion to treat a demerger of the Company that is an exempt distribution as an early vesting event on the same basis as a change of control.

Consideration of employment conditions elsewhere in the Company

Remuneration arrangements are determined throughout the Group based on the same principle, which is to create, maintain and improve our value to our four groups of stakeholders – customers, shareholders, suppliers and employees. Whenever possible we are committed to sharing our success between employees, customers and shareholders through a balanced approach to responsible pricing, balanced remuneration and sustainable dividends.

Our commitment to our stakeholders is reflected in our approach to remuneration which is consistent for all employees. The Committee is focused on ensuring reward is aligned to our culture and our strategy, and alignment with the wider workforce is a key feature of our distinctive approach to remuneration.

Our incentive structure is aligned across the workforce and all employees are made awards under the same performance framework. In line with our remuneration principles, pension contributions for executive directors are aligned with those available to the wider workforce and executive directors do not receive any benefits which are not available to all employees.

Whilst the Committee does not specifically consult with employees on its Remuneration Policy for executive directors, we are mindful of the salary increases, the pension and benefits framework and bonus awards applying across the whole business when considering the remuneration package of executive directors.

Consideration of shareholder views

Whilst the Committee did not directly consult with shareholders in the shaping of the Remuneration Policy, the Chair of the Committee met with several investors to share the ethos behind the Policy to explain the rationale for the structure of executive remuneration, and to better understand shareholders' perspective. The Committee welcomes shareholders' views on executive remuneration. In the formulation of the Remuneration Policy, the Committee took into account general good governance, best practice and shareholder and investor guidance.

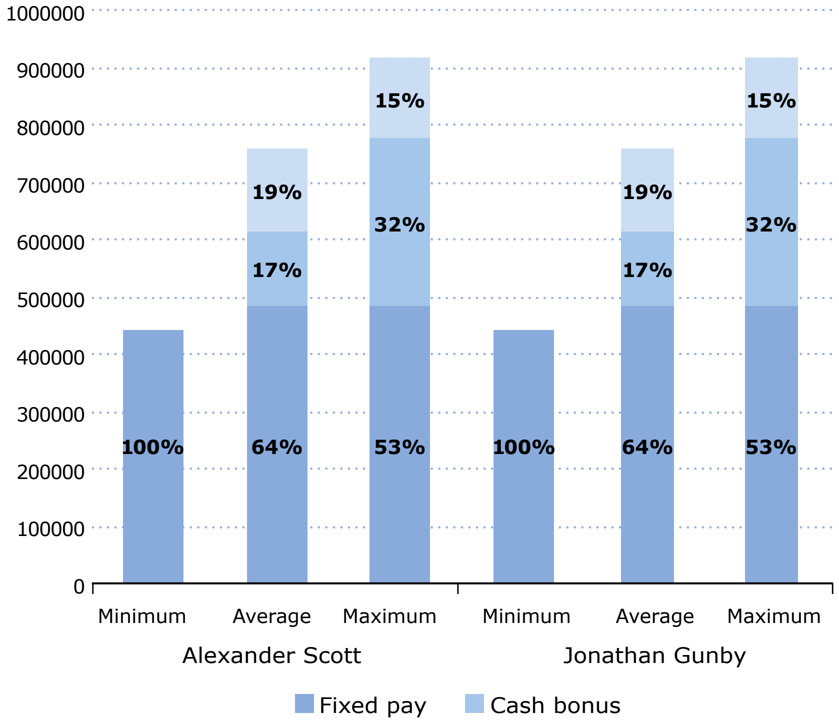
The Remuneration Committee takes the view of shareholders very seriously when making any changes to executive remuneration, and it is the Committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

Scenario charts

The chart below illustrates the amount the executive directors could receive in the first year in which the policy is in operation. The charts are based on the following assumptions:

PAY SCENARIO	BASIS OF CALCULATION
Minimum	Fixed pay only, consisting of the salaries as at the beginning of 2022, benefits received in 2021 and £4,000 pension
Average	Fixed pay as at the beginning of 2022, plus the expected value of cash bonus (30%) and the deferred bonus share option plan vesting at threshold (33%)
Maximum	Fixed pay as at the beginning of 2022, plus the maximum combined cash bonus and deferred bonus share option plan at 100%

All scenarios exclude share price growth and dividends.



Effect of share price increase

(1) Were the Company's share price to increase by 50%, Alex Scott's total actual remuneration would increase to £919.8k under a 'maximum' scenario – driven by the increased value of deferred bonus awards (granted under the deferred bonus share option plan and SIP).

(2) Were the Company's share price to increase by 50%, Jonathan's total actual remuneration would increase to £919.8k under a 'maximum' scenario – driven by the increased value of deferred bonus awards (granted under the deferred bonus share option plan and SIP).

DIRECTORS' REMUNERATION ANNUAL REPORT

This report details the remuneration arrangements in place for people who were directors of the Company during the financial year. Ian Taylor resigned from the board of the Company on 26 February 2021.

There have been no changes to directors' remuneration throughout the year save for the annual bonus award made in December 2020 and the annual pay award made in June 2021.

Wider workforce/T4A

Note that throughout this report, there are various references and/or comparatives to the wider workforce or the wider UK workforce. In all instances, at this point in time, this currently excludes T4A employees whilst their pay arrangements continue to be integrated into and aligned with the IntegraFin business. It is anticipated that in the future these references will include T4A employees.

How the Policy was applied in 2021

Summary of total remuneration – executive directors (audited)

		Gross Basic Salary	Benefits	Pension	Total fixed pay	Annual Bonus		LTIP	Other[2]	Total variable pay	Total
						Cash bonus	Deferred shares				
Director	**Year**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Alexander Scott	2021	426	1	4	**431**	130	136	0	7	**273**	**704**
	2020	356	1	7	**364**	135	132	0	8	**275**	**639**
Jonathan Gunby	2021	425	1	4	**430**	130	136	0	7	**273**	**703**
	2020	351	1	7	**359**	134	130	0	8	**272**	**631**
Michael Howard[3]	2021	0	0	0	**0**	0	0	0	0	**0**	**0**
	2020	0	0	0	**0**	0	0	0	0	**0**	**0**
Ian Taylor	2021	116	0	0	**116**	0	0	0	2	**2**	**118**
	2020	331	28	0	**359**	83	85	0	8	**176**	**535**

1 Benefits for Alex and Jonathan were £795 for 2021 and £665 for 2020. Benefits for Ian were £412 for 2021 and £27,553 for 2020. The difference in the 2020 values is the value of overnight accommodation for Ian. The difference in the 2021 values for Alex and Jonathan and the value for Ian reflects Ian's resignation part way through the year.

2 Other remuneration relates to Share Incentive Plan awards and the employee discount on platform charges.

3 Michael received 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 Ltd, a company within the Group.

Base salary

The executive directors' basic annual salaries are reviewed annually. The basic annual salaries for Alex Scott and Jonathan were reviewed in June 2021 in accordance with the Company's all-employee pay review resulting in the following changes to the annualised salary figures:

Director	Basic annual salary at 1 June 2021 £'000	Salary effective at 1 June 2020 £'000
Alexander Scott	433	422
Jonathan Gunby	433	417[1]
Ian Taylor	n/a	278[2]

1 Jonathan and Alex were awarded the same basic salary in 2020 however Jonathan gave up salary to purchase additional annual leave. Jonathan did not purchase annual leave in 2021 because of the travel restrictions applying during the COVID-19 pandemic.

2 Ian Taylor did not receive a pay rise as the review occurred subsequent to his resignation from office.

Benefits

Executive directors do not receive any benefits which are not available to all employees. Benefits for executive directors comprise private health care and an employee discount on platform charges.

Incentives

The Company has a distinctive culture focused on 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 bonus award. Our incentive structure is fully aligned across the workforce and all employees are made awards under the same performance framework.
- **Aligned pension provision -** The majority of UK and Isle of Man employees, including executive directors have access to three pension arrangements which interrelate. It is key that, except for employees of T4A, which was acquired by the Company in January 2021, the Company's executive directors are not eligible for pension benefits which differ from or exceed those available to other UK staff.

  i) Salary Sacrifice pension. Employee (incl directors) can fund as much as they wish. The Company will match 1% of basic annual salary for every 2% of basic annual salary sacrificed, up to a maximum of 4% employer contributions.

  ii) Employer-funded contractual-enrolment company pension scheme. Employer contributions are 9% of post-pension-sacrifice salary but participants may elect to reduce that if contributions would exceed HMRC tax-free contribution allowance. If an employee does not sacrifice into (i) above, the employer contribution to the contractual enrolment company pension scheme will be 9% of basic or lower.

  iii) Staff are eligible to sacrifice a maximum of 25% of any variable cash bonus award into their pension. Any such contribution will receive 30% employer contribution. We believe that it is appropriate to allow directors to continue to sacrifice cash bonus into their pension if they so wish. The Company's directors' pension funding arrangements are not excessive and align completely with those available to the wider workforce. We believe that facilitating directors to contribute to their pension on the same basis as the all-staff plan is consistent with encouraging socially diverse applicants to the board.

Australian-based employees of the Group's software development company participate in a comparable arrangement structured to comply with the Australian tax rules.

In January 2021, the Company acquired T4A, a wholly-owned subsidiary providing adviser back office support technology. T4A operates an employer and employee funded auto-enrolment scheme. All employees of T4A, including executive directors who do not hold executive office elsewhere in the Group, are able to participate on equivalent terms.

We continue to look at the synergies between the T4A remuneration structure and that of the wider workforce, but will not make any significant changes to the arrangements currently in place without due consideration of the Company's and employees' interests.

- **Modest incentive opportunity – ** Our maximum total incentive opportunity for executive directors is 100% of salary, and in practice we do not expect awards to exceed 65% of salary.
- **Cash bonus and deferred shares – ** The Company operates a directors' discretionary bonus arrangement with the anticipated award of 65% of basic salary arranged as follows:

  i) Immediate Cash bonus
  Target 10% of salary awarded in November and settled in December.

  ii) Deferred cash bonus
  10% of salary paid in February and a further 10% in April provided the director remains in service and not in their notice period by reason of being a "bad leaver".

Each element is only payable if the employee remains employed on the payment date. We believe that this both rewards performance and encourages loyalty.

  iii) Deferred bonus into shares
  The Company operates a discretionary deferred bonus share option plan by which cash bonuses of up to 33% of salary, less employer-funded Free and Matching SIP shares, are deferred into share options. The holding period is three years and there is no post vesting holding period.

  The plan therefore does not comply with the components specified in the Code relating to a phased release of awards and a five year holding period. We believe that a three year vesting period is adequate.

We maintain flexibility on the proportion of each element of the awards. Deferred bonus awards is our preferred long-term alignment mechanism and we do not operate a long-term incentive plan. The Company is focused on the long-term delivery of outcomes which balance the interests of customers, employees and shareholders and this is not best served by managing share price outcomes linked to vesting and exercise dates but rather by ensuring that executive behaviour is focused on investment in the platform and ancillary activity in accordance with the Group's strategy and purpose.

Our performance framework is also distinctive. We do not set predefined targets. Instead the Committee considers qualitative and quantitative actual performance against four 'quantitative anchors':

- Financial Performance
- Stakeholder outcomes
- Risk and Regulation and ESG
- Strategy delivery

as well as individual performance.

Within these broad categories, the 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 qualitative anchors to arrive at a balanced judgment as to whether an award is warranted and, if so, at what level.

Annual bonus (cash and deferred share) awards for the 2020/2021 financial year were as follows:

Director	Cash award		Deferred award	
Alexander Scott	£130,000	30% of salary	£136,000	31% of salary
Jonathan Gunby	£130,000	30% of salary	£136,000	31% of salary

The cash and deferred award percentages are by reference to the basic salary on 30 September 2021. This is aligned to the approach taken for all employees.

The bonus for Alex is recommended by the board Chair. The bonus for Jonathan is recommended by Alex. We 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, we 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. We believe 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, we exercise independent judgement and discretion when considering remuneration outcomes.

For 2021, the assessment of whether cash and deferred bonus awards were justified was informed by the following metrics and performance in the year:

QUANTITATIVE ANCHORS

Financial performance	The Committee will look for delivery of financial performance against forecast (original and adjusted), in accordance with projections and market expectations, but will take into account any external factors outside of the Company's control which might impact final results e.g. sudden FTSE or global market movements. In the context of delivery of those financial results, the Committee will look for sustained service excellence within the context of managed expenses. In 2021, the Company delivered: ▪ Well managed costs in a challenging market. ▪ Financial performance was delivered against both original and adjusted forecasts. ▪ Dividend flow and distributable reserves/regulatory capital from subsidiaries to support Group dividend managed effectively. ▪ Forward-looking projections indicate that the Company is well placed to sustain performance over the coming year taking into account stress-tested scenarios. In addition improved financial performance in other metrics (net inflows, earnings per share, expense ratio, profit margin, share price and market cap) have also been delivered.

Stakeholder outcomes	Clients and advisers – we look for consistent growth in gross and net inflows and sustained or improved market share of net inflows; sustained net promoter score and adviser-voted industry awards as an indicator of adviser satisfaction with the Company's proposition; and the results of feedback through market research conducted by the Company and by independent third parties. In 2021, the Company delivered the following: ▪ Market share of gross inflows remained above 12% and net flows make up approximately one fifth of the market. ▪ We have one of the strongest adviser ratings for Net Promoter Score of mainstream adviser platforms and continue to sign up new advisers every month (these are a mix of firms who are new to Transact and new advisers at existing firms). ▪ The Group received the 5 Star Investment award in the Financial Adviser Service Awards. ▪ Topped the Platforum User Leaderboard in November 2021. ▪ Achieved top position in both the CoreData Investment Platform Study and the Investment Trends UK Adviser Technology & Business Report for the eleventh year running. ▪ Continued development of online application tools in response to demand for paperless processes. **Employees -** we review attrition rates and employee loyalty and seek feedback on staff engagement from the CEO. In 2021: ▪ Employees remain loyal and committed to the organisation with 48% having service of more than 5 years and 27% having service of more than 10 years. ▪ 100% of eligible employees took up the SIP free share award and 86% took up the Partnership Share award. ▪ Employee surveys testing return to office and adaptations made to the plans in response to feedback received. **Shareholders -** we consider the distribution of dividends in line with projections and the dividend policy. ▪ In 2021, the Company distributed dividends in accordance with its dividend policy. **Suppliers –** we consider evidence of the performance and management of third party suppliers, as well as the Company's fair treatment of those suppliers. ▪ The Group settled 92% of its invoices within 30 days of receipt in the last fiscal year. ▪ The Company conducted a review of the supplier management process, appointed a supplier manager and implemented a refreshed policy and procedure. No one stakeholder is prioritised over the others and the Committee considers the balance of the outcomes for stakeholders when determining the appropriateness of variable remuneration awards.

Risk, regulation and ESG	We consider the executive leadership of risk management by reference to capital liquidity, operational resilience and compliance with regulatory requirements. Metrics considered by the Committee as indicators of good or poor risk management include complaint and error metrics, internal audit reports and findings, and the resolution thereof. The Committee considers delivery against all regulatory requirements applicable to the Group, including those applicable to the Company as a UK listed plc and those applicable to our UK investment firm, UK insurance and Isle of Man insurance subsidiaries, as well as regulations applicable to the Group as employers and data managers. When determining variable remuneration the Committee will consider any non-compliance or sanction affecting the Group. The Committee considers the internal governance of the Group both at board level and through the subsidiaries and management structure and the interrelationship with the delivery of the strategy and financial performance. The Committee acknowledges that the Company is developing its environmental response plan. In 2021 the Company delivered: ▪ Continuation of successful remote working arrangements and development of hybrid working capability in preparation for return to office working. ▪ Maintenance of capital liquidity and operational resilience during alternative working arrangements. ▪ Ongoing engagement with the FCA, the PRA and the IoM FSA. ▪ Low and stable complaint and error and fraud rates despite an up-turn in the number and frequency of fraud attempts both in the industry and against the Group. ▪ Internal Audit programme completed. ▪ Risks including regulatory compliance managed within appetite and minor risk appetite breaches promptly identified and addressed. The above achievements are also underpinned by the following: ▪ 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. The Committee considers all of these aspects when determining the appropriateness of a variable remuneration award. No individual weighting is applied to one or more of these aspects so that the Committee has the flexibility to adjust the award by reference to the impact of internal and external constraints on the delivery of each. For example, delivery of a response to a regulatory market study or implementation of a new regulatory regime may be prioritised over development of Task Force on Climate-Related Financial Disclosures (TCFD) reporting. The Committee will consider the appropriateness of that risk-based decision when determining the appropriateness of an award, rather than being constrained by numeric targets, having cognisance of decisions made by other Group committees that may have influenced executive direction.

	The Company has appointed Willis Towers Watson to advise on our TCFD and environmental reporting and the Company is developing an action plan. Further information is provided in the Chief Executives statement. The Company has also appointed Victoria Cochrane as non-executive director for environmental and social sustainability. When the action plan has been established, the Committee will receive input from Victoria and consider this alongside evidence of delivery of the plan when assessing appropriateness of variable remuneration awards to executive directors. The Committee considers the steps taken to recruit and retain talent within the organisation. In doing so, the Committee receives reports on staff numbers, recruitment and retention, internal development opportunities by way of promotions and movement between departments and business functions. The Committee also receives reports on the outcomes of staff surveys and the steps taken by management to respond to survey and unsolicited feedback. The Committee considers the appropriateness of executive reward in the context of these measures.
Strategy delivery	We will look for continuous improvement in platform functionality responding to customer feedback and delivering the objective of being the best platform provider. Consideration will be given to the enhancement of the resilience of core platform and associated services and the growth of ancillary services to enhance the adviser and client experience. Consideration will also be given to the measures in place to facilitate client and adviser retention and loyalty, and their relative success. We consider evidence of growth in both the number of advisers and clients choosing to use or remain with the platform and the number of advisers and groups using CURO but will do so in the context of ongoing management of expenses. The balance of these measures will be considered in the context of the overall delivery of the platform strategy and the ancillary services offered to the client and adviser community such that any award does not reward inappropriate emphasis on any one aspect of delivery. In 2021, the key strategic deliverables by the Company were: ▪ Acquisition of T4A adding adviser back office service to the ancillary service offering to our customers. ▪ 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.

How the Committee's discretion was applied

In determining the award for the executive directors, we considered the performance of the Group in difficult market conditions, in particular the effects of the continued reliance on remote working and the extent to which the Group met its strategic objectives. The Committee weighed up the performance of the Company in 2021 and the future projections in 2022 in the context of the ongoing COVID-19 pandemic and the objective of superior customer service in a flexible working environment and considered whether the awards were sustainable given the projections.

We 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 considering the anchors we reviewed the performance of the external market and the impact of factors that the Group could and could not control.

We reviewed the Company's response to the increased inflows, the response to the prolongation of the remote working model and the way in which the executive directors lead the business in ensuring that the Company continued to delivery service in the context of the volume of activity and the agile working environment.

We considered and challenged on matters such as the external employment market and the Company's preparedness for and response to fluctuations in the retention and attrition rate amongst the work force, and to the growing expectation that the hybrid working model is a normal working pattern, how the Group is responding to this shift in employee expectations and whether this has an effect on the ability to recruit and retain talent.

We considered the impact of stock market volatility on the Company's financial performance.

We considered the success of the acquisition of T4A and the Company's steps to align the independent businesses to deliver optimum outcomes for customers.

Based on a holistic assessment of Group performance, including consideration of the 2021 outcomes set out in the quantitative anchors table above, and individual performance, the Committee granted Alex an overall award (cash and deferred bonus shares) equal to 61% of salary and Jonathan an overall award (cash and deferred bonus shares) equal to 61% of salary.

The deferred bonus award is 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 Directors 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.

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 2021.

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 2021, the maximum SIP award was granted to qualifying employees (including Alex 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 2021 the board has not revoked that award. The board has considered the Group's performance in financial year 2021 and, with the approval of the Remuneration Committee, has approved the making of a further maximum SIP Free Share award to qualifying employees (including Alex 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 Alex and Jonathan are currently made by reference to the relevant personal allowance. In the 2021 performance year the employer's pension contribution for both Alex and for Jonathan was £4,000. In line with our remuneration principles, pension contributions for executive directors are aligned with those available to the wider workforce.

The minimum employer contribution available to all-employees in 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.

Shareholding guidelines

In employment
In this year's directors' remuneration policy the Company proposes to adopt in-employment shareholding guidelines pursuant to which a serving executive director must build up and maintain a holding of IntegraFin shares with a value (as determined by the Committee) at least equal to 100% of salary over a period of four years. Unvested share options awarded under deferred bonus arrangements and shares subject to other share awards which are no longer subject to any performance condition (including any exercisable but unexercised awards) count towards the requirement, on a net of assumed tax basis where relevant.

Post-employment
The Company has adopted post-employment shareholding guidelines pursuant to which an executive director must retain for 12 months following cessation of employment such of their 'relevant shares' as have a value (as determined by the Committee) equal to the in-employment guidelines most recently applicable to them, and for a further 12 months such of their 'relevant shares' as have a value (as determined by the Committee) equal to 50% of the in-employment guidelines most recently applicable to them. Shares which the executive director has purchased or which they acquire pursuant to share plan awards granted before this Policy came into effect are not "relevant shares" for these purposes. The Committee retains discretion to vary the shareholding guidelines to take account of compassionate circumstances.

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, FY2019 to FY2020 and FY2020 to FY2021. The Company has no employees and so this has been performed at Group level.

	SALARY AND FEES			BENEFITS			ANNUAL BONUS		
Director	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**	**2019**	**2020**	**2021**
Alexander Scott	4%	56%	3%	n/a	0.0%	20%	(9%)	64%	(-1%)
Ian Taylor	4%	(32%)	n/a	(3%)	(41%)	n/a	(10%)	(43%)	n/a
Jonathan Gunby	n/a	n/a	3%[1]	n/a	n/a	20%	n/a	n/a	1%
Mike Howard	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Caroline Banszky	119%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a
Robert Lister	n/a	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a
Christopher Munro	26%	(30%)	(14%)	n/a	n/a	n/a	n/a	n/a	n/a
Neil Holden	0%	0%	(100%)	n/a	n/a	n/a	n/a	n/a	n/a
Richard Cranfield	n/a	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a
Victoria Cochrane	0%	0%	0%	n/a	n/a	n/a	n/a	n/a	n/a
Rita Dhut	n/a	n/a	0%	n/a	n/a	n/a	n/a	n/a	n/a
Average employee	4%	3%	3%	27%	6%	20%	1%	13%	18%

[1]Jonathan's basic salary increased 2.5% year-on-year however in 2020 Jonathan purchased annual leave and therefore received lower basic and variable remuneration in 2020 than Alex.

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

Notes to the table:

Ian Taylor resigned from the board in February 2021. Ian 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 was appointed in 2020 and there is therefore no comparable data for 2019.

Mike receives nil remuneration from the Group.

Chris was appointed interim chair in 2019 and then stood down from this position in 2020, which is why there is a salary differential year-on-year.

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

Some staff received a deferred share bonus award in 2020 and 2021 which is why there is a significant increase from 2019.

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 for the last three years.

FINANCIAL YEAR		METHOD	25TH PERCENTILE PAY RATIO	MEDIAN PAY RATIO	75TH PERCENTILE PAY RATIO
2021	Total Remuneration	Method A	14:1 16:1	11.1 13.1	7.1 9.1
2020	Salary Total Remuneration	Method A	17:1 18:1	13.1 15.1	9.1 10.1
2019	Salary Total Remuneration	Method A	n/a 18:1	n/a 15:1	n/a 10:1

The reduction in the pay ratios between 2020 and 2021 are attributed to:

1) additional staff headcount in the year including those employees acquired with T4A;

2) the grandfathering of remuneration and benefits for T4A employees; and

3) a change in distribution of earnings and demographic of employees within the Group.

The salary and total remuneration ratios for 2021 above are based on the following figures:

Financial year 2021	CEO*	25th Percentile Pay Ratio	Median Pay Ratio	75th Percentile Pay Ratio
Salary	426,000	31,467	40,333	58,383
Total remuneration	704,000	43,202	55,004	79,335

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 2021. 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 2021 was 14%. 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 1% 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 dividends and overall spend on pay in the year ending 30 September 2021, compared to the year ending 30 September 2020. As in previous years, the percentage change in profit has also been included as it is considered an additional relevant indicator of relative importance of spend on pay.

	2021 £’000	2020 £’000	Percentage change %
IFRS profit	51,106	45,484	12
Dividends	28,500	26,165	9
Employee remuneration costs	34,590	30,946	12

Payments to past directors (audited)

Ian and Neil resigned during the policy year. Neither director received a payment in respect of any period after their contractual termination date. No non-contractual payments were made to either director either before or after their termination date.

Payments for loss of office (audited)

No director received payment for loss of office in 2021.

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	14.01.21	£132,159	100%	23,985	14.01.2024
	SIP	Free Shares Partnership Shares Matching Shares Dividend Shares	3% (Free and Matching shares) of Salary subject to maximum of £3600 each per annum and 1.5% (for Partnership Shares) subject to a maximum of £1800 per annum	21.01.21 21.01.21 21.01.21 22.01.21 25.06.21	£3,598 £1,800 £3,600	100%	638 343 686 41 30	N/A[4]
Jonathan Gunby	Deferred bonus	Conditional share award	33% salary less award of SIP Free and Matching shares	14.01.21	£130,446	100%	23,674	14.01.2024
	SIP	Free Shares Partnership Shares Matching Shares Dividend Shares	3% (Free and Matching shares) of Salary subject to maximum of £3600 each per annum and 1.5% (for Partnership Shares) subject to a maximum of £1800 per annum	21.01.21 21.01.21 21.01.21 22.01.21 25.06.21	£3,598 £1,800 £3,600	100%	638 343 686 41 30	N/A[4]
Ian Taylor	Deferred bonus	Conditional share award	33% salary less award of SIP Free and Matching shares	14.01.21	£84,573	100%	15,349	14.01.2024
	SIP	Free Shares Partnership Shares Matching Shares Dividend Shares	3% (Free shares) of Salary subject to maximum of £3600 3% for Matching Shares subject to a maximum of £3,600 per annum and 1.5% for Partnership Shares subject to a maximum of £1800 per annum, both pro-rated for the period in office	21.01.21 21.01.21 21.01.21 22.01.21	£3,598 £750 £1,500	100%	638 146 292 41	N/A[4]

[1] Deferred share awards form part of the annual incentive, for which awards were determined based on performance to 30 September 2020.

[2] SIP Free Share awards were determined based on Group performance to 30 September 2020. SIP Partnership and Matching awards are loyalty awards. The awards are evergreen and are purchased monthly and will continue unless revoked by the Remuneration Committee. The award date shown is the first purchase date following publication of the Company's annual report and financial statements but the amount reflects the award for the full financial year.

[3] The face-value of the deferred bonus share award is calculated using average share price from 11 January 2021 to 13 January 2021 which was £5.51. 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 £5.64. 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 Share Option Plan award were awarded to executive directors during the financial year.

In prior years, the Company has not imposed minimum shareholding requirements by its executive directors. During the 2021 policy review, the Company considered the Investor Association guidance which recommends that executive directors are required to hold two year's basic salary equivalent in shares, and the relative shareholdings of incumbent directors.

After consideration, the Company has determined that a target shareholding of one year's basic salary is appropriate given the long-term commitment of the directors to the Group to be achieved within a four year period from appointment and has proposed this change in this year's Directors' Remuneration Policy which is being presented to shareholders for approval. The Company will include shares held in the director's own name, those held in any pension over which the director directs the investment profile, and those unvested shares held in an employee share plan when determining whether the level has been met.

The Company believes that it is incompatible with social diversity to require a new director to acquire one year's salary equivalent in shares in a period any less than four years from appointment. To do so would require the director to be so economically advantaged that it would exclude individuals from wider, more diverse backgrounds from taking up an appointment with the board. The Company believes that by limiting the requirement to one year's basic salary, permitting the inclusion of a wider range of shares and providing a period of four years for the accrual of those shares, the appropriate balance is struck between inclusion, and directors' personal investment in the long-term outcomes of the Company.

Director/ Connected person	1p ordinary shares	SIP shares	Deferred bonus share scheme (no performance conditions)	Vested but unexercised	Options exercised	Shares held at 30.09.2021 Total	Shares held at 30.09.2020 Total
Alexander Scott	1,148,260	5,518	71,137	0	0	1,224,915	1,199,192
Jonathan Gunby(2)	803,665	5,518	70,351	0	0	879,534	886,488
Michael Howard	32,000,000	0	0	0	0	32,000,000	35,538,247
Christopher Munro	1,003,324	0	0	0	0	1,003,324	1,003,324
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
Rita Dhut	0	0	0	0	0	0	0
Robert Lister	6,015	0	0	0	0	6.015	6,015

(1) Includes dividend reinvestment shares relating to SIP shares.

(2) Includes Cheryl Gunby shareholdings and family trusts controlled by Jonathan.

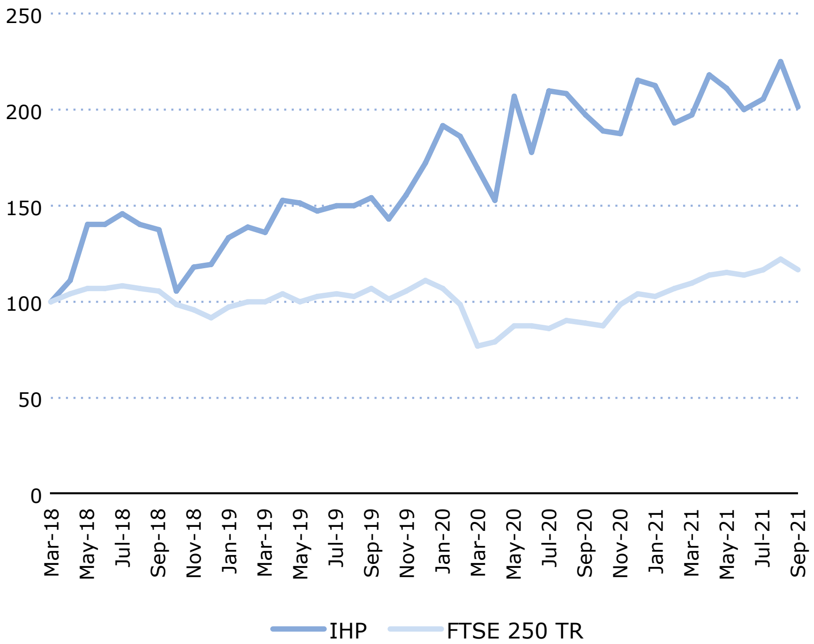
No directors have any vested or unvested share options as at the end of the 2021 Financial Year.

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 2021.

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

TSR performance vs FTSE 250 since 2 March 2018



The following table shows the Chief Executive Officer's remuneration for FY2021:

CEO remuneration	CEO single figure of remuneration	Annual bonus payout (as a % of maximum opportunity)	LTIP vesting out-turn (as a % of maximum opportunity)
2021	£704	62%	N/A
2020[1]	£639	72%	N/A
2019[1]	£751	82%	N/A
2018	£769	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 2021 the amounts are as follows:

Element of remuneration by director	Year	Fees £'000	Expenses £'000
Richard Cranfield	2021	100	0
	2020	100	1
Caroline Banszky	2021	60	0
	2020	60	0
Victoria Cochrane	2021	60	0
	2020	60	0
Neil Holden	2021	60	0
	2020	60	0
Robert Lister	2021	60	0
	2020	60	0
Christopher Munro	2021	60	0
	2020	70	0
Rita Dhut	2021	2	0
	2020	n/a	n/a

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

Committee membership during the year

	DATE OF APPOINTMENT
Christopher Munro (Chair)	19 January 2018
Richard Cranfield	11 December 2019
Robert Lister	1 September 2021

Role of the Remuneration Committee

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

The Group monitors the list of employees who are considered to be Code Staff by reference to the Financial Conduct Authority (FCA), Remuneration Code and the Prudential Regulation Authority (PRA) remuneration requirements for insurers. To the extent that the Committee does not approve the remuneration of Code Staff individually, we consider 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 Robert to the Committee, with Neil stepping down as member. The Remuneration Committee composition therefore complies with the requirements of the Code.

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

Committee meetings and attendance

The Remuneration Committee meets at least twice annually and more frequently when required. The Committee has met five times during this financial year. Attendance by each member as at 30 September 2021 is set out in the board and committee attendance table on page 70 of this report.

Only members 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.

We have undertaken the following this financial year:

AREA OF FOCUS	WORK CONDUCTED
Governance	▪ Reviewing the Committee Terms of Reference to ensure their continuing appropriateness. ▪ Reviewing the matters considered by the Committee and their alignment to the responsibilities set out in the Terms of Reference. ▪ Evaluation of the performance of the Committee. ▪ Considering the membership of the Committee and the provisions of the Code. ▪ Reviewing appropriateness of the framework for NED and Chair fees prior to consideration by the board. ▪ Reviewing the arrangements for delivery of the Committee's responsibility for compliance with the regulatory obligations applicable to Group entities and interaction with the regulated entity boards.
Remuneration Policy	▪ Reviewing and recommending to the board for approval of the Directors Remuneration Report. ▪ Reviewing Directors' Remuneration Policy for 2022-2025 and proxy adviser feedback in relation thereto. ▪ Considering the Group staff remuneration policy and its alignment with directors' remuneration.
Pay and Awards	▪ Reviewing the appropriateness of the proposed annual staff pay award by reference to the RPS and the Remuneration Policy. ▪ Approving the proposed remuneration for the Company's executive directors and senior managers. ▪ Considering the appropriateness of remuneration for Code staff and the staff pay award. ▪ Reviewing and, where appropriate, approving the making of PSP awards to executive directors and senior managers. ▪ Approving the grant of the 2020 Free Share Award. ▪ Recommending to the board a review of the Non-executive pay structure and confirming that the proposed structure is compliant with regulatory requirements.

Committee self-evaluation

The Remuneration Committee conducted a self-assessment of its own effectiveness and a review of the delivery of its responsibilities under the committee Terms of Reference. There were no material findings.

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	OUR APPROACH
Clarity	▪ Our distinctive approach to remuneration supports the strategic objectives of the Company, and we seek to communicate with stakeholders, including 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 all-employee share incentive plan and a deferred bonus share option award.
Risk	▪ We believe our distinctive approach to performance measurement supports appropriate consideration of risk management and a long-term view of the business. Total remuneration is structured in a way which does not encourage short-term risk taking in order to deliver financial outcomes for executives. 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 Directors 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. As there have not been any changes to the executive remuneration structure, there has been limited need to engage with the wider workforce on this matter. However, the Company does engage with staff on annual salary increases and reiterates that the level of increase is consistent across the Group (including executive directors).
Alignment to culture	▪ Our approach to remuneration for executive directors is consistent with that for all employees. Our remuneration structure is designed to be responsible, inclusive and to ensure that we reward on merit. Our incentive structure and pension policy is aligned across the workforce. We consider that our approach is fully aligned with our culture.

Advisers

Deloitte LLP (Deloitte) is retained as an 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 2021, total fees were £2,150, 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 2021.

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 69 to 74 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
Non-executive directors' terms of appointment	Directors' Report
Directors transactions in the Company's Shares	Directors' Report
Details of non-financial reporting	Corporate Social Responsibility Report

Principal risks and uncertainties

The review of the business and principal risks and uncertainties are disclosed in the Strategic Report at pages 2 to 65.

Internal control and risk management systems

A description of the Group's internal control and risk management systems in relation to the financial reporting process is set out on pages 40 to 51 of the Strategic Report.

Directors

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

Richard Cranfield

Alexander Scott

Jonathan Gunby

Mike Howard

Ian Taylor
(resigned 26 February 2021)

Caroline Banszky

Victoria Cochrane

Christopher Munro

Neil Holden
(resigned 1 September 2021)

Robert Lister

Rita Dhut
(appointed 22 September 2021)

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 Alex, Jonathan and Ian, under the Company's deferred bonus Share Option Plan.

Rita is standing for election at the upcoming AGM and all other current directors are standing for re-election.

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.

Service contracts and letters of appointment

All executive directors have written service contracts in place with an employing company in the Group. Although the executive directors' service contracts do not have fixed end dates, they may be terminated with six months' notice from 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.

Non-executive directors do not have service contracts, but are bound by letters of appointment which are available for inspection on request at the Company's registered office.

Non-executive directors are appointed for a three-year term, subject to confirmation by shareholders at the following annual general meeting and annual re-election at each subsequent annual general meeting.

Details of non-executive directors' terms of appointment

Details of the non-executive directors' terms of appointment are set out below:

Non-executive director	Date of first appointment	Date of latest renewal term	Date for further renewal term
Christopher Munro	1 February 2017	13 February 2020	13 February 2023
Caroline Banszky	22 August 2018	22 August 2021	22 August 2024
Victoria Cochrane	28 September 2018	28 September 2021	28 September 2024
Richard Cranfield	25 June 2019	25 June 2019	25 June 2022
Robert Lister	26 June 2019	26 June 2019	26 June 2022
Rita Dhut	22 September 2021	22 September 2021	22 September 2024

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 Transact platform and CURO, the employees of the Group, its key suppliers and the Company's shareholders. The Group also has longstanding relationships with a number of key suppliers.

Diversity and inclusion

The Company 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 Board Diversity Policy dealing with appointments to the board.

The objective of the Group's Board 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. The Policy also states that the Company will only use executive search firms that have signed up to the Voluntary Code for Executive Search Firms.

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

S**tructure of the company's capital**

As at 30 September 2021, the Company's issued and fully paid up share capital was 331,322,014 ordinary shares of £0.01 each. The Company does not hold any treasury shares. The ordinary shares have attached to them equal voting, dividend and capital distribution rights.

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.

Two employee benefit trusts (EBTs) operate in connection with the Group's deferred bonus share option plan. The Trustees of the EBTs may exercise all rights attaching to the shares in accordance with their fiduciary duties other than as specifically restricted in the relevant Plan governing documents. The Trustees of the EBTs have informed the Company that their normal policy is to abstain from voting in respect of the Company's shares held in trust. The Trustees of the Company's two Share Incentive Plans (SIPs) will vote as directed by SIP participants in respect of the allocated shares but the Trustees will not otherwise vote in respect of the unallocated shares held in the SIP Trusts.

Restrictions on share transfers

There are restrictions on share transfers, all of which are set out in the Company's Articles. The Board may decline to register: a transfer of uncertificated shares in the circumstances set out in the Uncertificated Securities Regulations 2001; a transfer of certificated shares that are not fully paid; a transfer to more than four joint holders; a transfer of certificated shares which is not in respect of only one class of share; a transfer which is not accompanied by the certificate for the shares to which it relates; a transfer which is not duly stamped and deposited at the Transfer Office (or such other place in England and Wales as the directors may from time to time decide); or a transfer where in accordance with section 794 of the Companies Act 2006 a notice (under section 793 of that Act) has been served by the Company on a shareholder who has then failed to give the information required within the specified time.

In addition, Mike sold 3,538,247 ordinary shares in the Company on 6 September 2021 via an accelerated bookbuilt offering to institutional investors. Following the sale, Michael's residual shareholdings are subject to a 180-day lockup undertaking with Barclays Bank PLC.

Purchase of own shares

At the 2021 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 2022.

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. However, the Employee Benefit Trusts purchase the Company's shares from time to time as authorised under the Trust Deeds in respect of awards granted under the Company's employee share schemes.

Substantial shareholders

As at 15 December 2021, 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 2021	% of voting rights at 30 September 2021	Number of Ordinary Shares at 15 December 2021	% of voting rights at 15 December 2021
Michael Howard	Direct	25,911,753	7.82%	25,911,753	7.82%
	Indirect	6,088,247	1.84%	6,088,247	1.84%
BlackRock Inc	Indirect	29,061,050	8.77%	29,061,050	8.77%
	Securities Lending	364,140	0.11%	364,140	0.11%
	Contracts for difference	3,722,612	1.12%	3,722,612	1.12%
Liontrust Investment Partners LLP	Direct	16,910,112	5.1%	16,910,112	5.1%

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 115.

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 2021, 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 5.6 pence per share - £18.6 million - was paid on 22 January 2021.

An interim dividend of 3.0 pence per share - £9.9 million - was paid on 25 June 2021.

An interim dividend of 7.0 pence per share - £23.2 million - has been declared by the board and will be paid in January 2022.

The Trustees of the EBTs have each waived dividends on shares declared in the Company held by those trusts and the Trustees of the SIPs have waived dividends on unallocated shares in the Company held by it.

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 (2020: nil), but the Group had 574 employees at year end (2020: 487). The Group continues to promote a culture whereby employees are encouraged to develop and to contribute to the overall aims of the business.

The Company has considered the requirements of s.172 of the Companies Act on pages 63 to 64, 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, formal and regular basis. Alex Scott communicates with all staff following each quarterly market announcement and in the event of any developments within the business, and Jonathan shares a monthly update with staff on the performance of the investment platform and key messages from different departments and divisions across the Group. This facilitates the continuing cohesion of the organisation as remote working persists. Alex and Jonathan, along with the wider Senior Management Team, are available to all staff and the Group's culture is one of openness and inclusivity.

Given the size and location of the workforce, the flat and accessible 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, continual collaboration, combined with more formal staff surveys as deemed appropriate. In addition, the board has recently appointed Rita as the designated non-executive director, responsible for board oversight of employee engagement and ensuring the employee voice is heard in the boardroom.

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.

During the year, staff were consulted on returning to the offices. The feedback received from colleagues was considered and draft return to the office plans were revised in order to address concerns raised.

Significant agreements and change of control

All the Company's share plans contain provisions relating to a change of control. In the event of a change of control, outstanding awards and options may be lapsed and replaced with equivalent awards over shares in the new company, subject to the Remuneration Committee's discretion.

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 pages 58 and 61 above.

Articles of Association

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

Emissions

For commentary on emissions, please see the Corporate Social Responsibility report on pages 58 to 61.

Political donations

As per the Corporate Social Responsibility report on page 61, 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 56.

Post year end events

Events after the reporting date are detailed in note 37. There are no reportable events (2020: none).

Auditor

BDO LLP undertook the audit for the year ending 30 September 2021, having been re-appointed at the 2021 AGM.

On 28 June 2021, the Company announced that following a competitive tender process, overseen by the Audit and Risk Committee and in compliance with The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, the Board approved the appointment of Ernst & Young LLP as its external auditor for the year ending 30 September 2022.

This appointment remains subject to approval by shareholders at the Company's 2022 AGM. The formal appointment will effect from the reporting period commencing 1 October 2021.

In addition to the statutory audit, BDO LLP have provided permissible audit related services and non-audit services to the Group in the period. The audit related services were an interim review for the Group; quarterly profit reviews, country by country reporting review and a client money audit for the subsidiary Integrated Financial Arrangements Limited. The non-audit services provided related to two Self-Invested Personal Pensions (SIPP) audits.

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

15 December 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 66 to 68, 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

15 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEGRAFIN HOLDINGS PLC

Opinion on the financial statements

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 2021 and of the Group's and Parent Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union; and
- the financial statements 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.

We have audited the financial statements of IntegraFin Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021 which comprise the Consolidated Statement of Comprehensive Income, Company Statement of 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 accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of directors to audit the financial statements for the year ending 30 September 2011 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 11 years, covering the years ending 30 September 2011 to 30 September 2021. We remain 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. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtained the directors' assessment of the entity as a going concern over a period of 12 months from the date of approval of the financial statements which covered performance, position, cash flows and solvency;
- Considered the consistency of the going concern assessment with the directors' assessment of viability which covers a 3 year period;
- Corroborating inputs in the assessment to supporting documentation where appropriate and considering and challenged the reasonableness of estimates made within the forecasts;
- Reviewed the prior year forecasts for the current year against actuals to determine whether management historically has been able to reasonably forecast the financial information; and
- Considered other factors including the compliance with laws and regulation in determining whether the going concern assessment was appropriate.

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

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

Coverage	99.57% (2020: 99.10%) of Group profit before tax 100% (2020: 100%) of Group revenue 99.98% (2020: 99.98%) of Group total assets		
Key audit matters		2021	2020
	Completeness, existence and accuracy of revenue	✓	✓
	Accuracy of the provision for IntegraLife UK Limited ('ILUK') policyholder tax	✗	✓
	Accuracy of the provision for IntegraLife UK Limited ('ILUK') policyholder tax is no longer a KAM because this related to a non-reoccurring error in the 2020 and earlier financial years which resulted in a prior period adjustment related to the 2019 financial year. Since the error was corrected in the prior year the KAM is no longer relevant for the current year.		
Materiality	Group financial statements as a whole Overall materiality: £3.15m (2020: £2.71m) based on 5% (2020: 5%) of profit before tax. Policyholder assets and liabilities: £233.45m (2020: £183.65m) based on 1% (2020: 1%) of total assets. Parent Company financial statements £660k (2020: £460k) based on 1% (2020: 1%) of total assets.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. 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. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of 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. Furthermore, we identified which components were significant due to risk.

Four components were considered to be financially significant to the Group, all four of them being located in the United Kingdom. Two components were considered to be significant due to risk factors, one being located in the United Kingdom and one being located in the Isle of Man. All six components were subject to a full scope audit. The work for four of the significant components: IntegraFin Holdings Plc, Integrated Financial Arrangements Limited, IntegraFin Services Limited and Time for Advice Limited (all within the United Kingdom) were performed by the Group audit team and the other two: IntegraLife UK Limited 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.

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter		How the scope of our audit addressed the key audit matter
Completeness, existence, and accuracy of revenue As disclosed in note 1b and note 5 of the financial statements	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 Limited’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 1b and note 5 of the financial statements, management and the Board categorise revenue into four 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; ▪ Other income comprising buy commission and dealing charges; and ▪ Adviser back-office technology.	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 adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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.

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.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed.

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 our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	GROUP FINANCIAL STATEMENTS		PARENT COMPANY FINANCIAL STATEMENTS	
	2021 **£**	**2020** **£**	**2021** **£**	**2020** **£**
Materiality	3.15m	2.71m	660k	460k
Basis for determining materiality	5% of profit on ordinary activities before taxation attributable to shareholders of £63.12m	5% of profit on ordinary activities before taxation attributable to shareholders of £55.32m	We used 1% of Parent Company total assets as the basis of materiality.	
Rationale for the benchmark applied	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.		As the Company is the parent entity of the Group it does not earn any income other than dividends from subsidiary entities.	
Performance materiality	2.362m	2.033m	495k	345k
Basis for determining performance materiality	Performance materiality was calculated using 75% of overall materiality based on our risk assessment procedures and the expectation of a low level of misstatements.			
Specific higher materiality level for relevant balances including policyholder assets and liabilities'	233.45m	183.65m	Not applicable	Not applicable
Basis for determining materiality	Based on the guidance on the audit of insurers issued in the United Kingdom issued by the Financial Reporting Council we have applied a higher materiality for policyholder and related 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.		Not applicable	Not applicable
Rationale for the benchmark applied	Therefore using 1% of Group total assets is appropriate for determining this materiality level.		Not applicable	Not applicable
Specific higher performance materiality level for relevant balances including policyholder assets and liabilities' materiality	175.087m	137.74m	Not applicable	Not applicable
Basis for determining performance materiality	Performance materiality was calculated using 75% of overall materiality based on our risk assessment procedures and the expectation of a low level of misstatements.		Not applicable	Not applicable

For the six significant components in the Group, we allocated a materiality that is less than our overall Group materiality. The materialities for these entities ranged from £48,300 to £1,660,000, the performance materialities ranged from £36,200 to £1,245,000. In respect of the specific higher material level for relevant balances including policyholder assets and liabilities' materiality ranged from £22,210,000 to £210,080,000 and the respective performance materialities from £16,657,000 to £157,560,000.

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.

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 £63,000 (2020: £54,000). 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 £4.67m (2020: £3.31m). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

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

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

Going concern and longer-term viability	▪ The directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified; and ▪ The directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	▪ Directors' statement on fair, balanced and understandable; ▪ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; ▪ The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and ▪ The section describing the work of the audit committee.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and directors' report	In our opinion, based on the work undertaken in the course of the audit: ▪ the information given in the Strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ▪ the Strategic report and the directors' report have been prepared in accordance with applicable legal requirements. In 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.
Directors' remuneration	In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ▪ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ▪ the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ▪ certain disclosures of directors' remuneration specified by law are not made; or ▪ we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and Group and industry in which the Company and Group operates and considered the risk of acts by the Company and Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code and IFRSs.

We considered compliance with this framework through discussions with the Audit Committee and performed audit procedures on these areas as considered necessary.

We gained an understanding of the relevant laws and regulations impacting the entity and the Group and the susceptibility of the financial statements to fraud through our brought forward knowledge of the Company and the Group, review of the prior year financial statements and discussions with management at the audit planning meeting.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements and the susceptibility of the financial statements to material misstatement including fraud. We considered the main areas for potential misstatement were the risk of fraud with respect to revenue recognition and the risk of fraud associated with management override of controls which could arise through inappropriate journals, estimates or judgements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and Those Charged With Governance regarding compliance with laws and regulations and potential contingencies and commitments;
- testing of a risk-based sample of journal postings made during the year to identify potential management override of controls;
- the procedures in respect of revenue recognition as outlined in our key audit matters above;
- review of legal invoices and legal correspondence;
- review of minutes of board meetings throughout the period;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations through undertaking walkthroughs, review of Board meeting minutes and where relevant review of the component auditor's audit file;
- communication to the audit team with respect to audit procedures to undertake to test compliance with laws and regulations and identification of fraud was undertaken at the planning phase in directing the audit approach; and
- we requested the component auditors to communicate to us identified significant risks due to fraud, evidence of fraud, illegal or questionable acts and other issues relating to fraud or error.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, 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. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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

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

15 December 2021

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2021 £'000	2020 £'000
Revenue			
Fee income	**5**	123,670	107,320
Cost of sales		(1,490)	(865)
Gross profit		122,180	106,455
Administrative expenses	**8**	(58,738)	(51,016)
Credit loss allowance on financial assets	**23**	(230)	(176)
Net income attributable to policyholder returns	**12**	31,526	(3,066)
Operating profit		**94,738**	**52,197**
Operating profit/(loss) attributable to policyholder returns	**12**	**31,526**	**(3,066)**
Operating profit/(loss) attributable to policyholder returns		**63,212**	**55,263**
Change in investment contract liabilities		(2,736,063)	82,895
Fee and commission expenses	**20**	(204,123)	(137,536)
Investment returns	**10**	2,940,167	54,677
Interest expense	**26**	(167)	(233)
Interest income	**9**	94	256
Profit on ordinary activities before taxation		**94,646**	**52,256**
Profit on ordinary activities before taxation attributable to policyholder returns	**12**	**31,526**	**(3,066)**
Profit on ordinary activities before taxation attributable to shareholder returns		**63,120**	**55,322**
Policyholder tax	**12**	(31,015)	3,066
Tax on profit on ordinary activities	**11**	(12,525)	(9,838)
Profit for the financial year		**51,106**	**45,484**
Other comprehensive income			
Exchange gains/(losses) arising on translation of foreign operations		(72)	22
Total other comprehensive income for the financial year		**(72)**	**22**
Total comprehensive income for the financial year		**51,034**	**45,506**
Earnings per share			
Earnings per share – basic and diluted	**7**	15.4p	13.7p

All activities of the Group are classed as continuing.
Notes 1 to 38 form part of these Financial Statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	2021 £'000	2020 £'000
Revenue		-	-
Cost of sales		-	-
Gross profit		**-**	**-**
Administrative expenses	**8**	(4,739)	(1,208)
Credit loss allowance on financial assets		(32)	(85)
Operating loss		**(4,771)**	**(1,293)**
Dividend income	**37**	42,103	32,326
Interest expense		(235)	-
Interest income	**9**	76	91
Profit on ordinary activities before taxation		**37,173**	**31,124**
Tax on profit on ordinary activities	**11**	-	-
Profit for the financial year		**37,173**	**31,124**
Other comprehensive income		-	-
Total comprehensive income for the financial year		**37,173**	**31,124**

All activities of the Company are classed as continuing.

Notes 1 to 38 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021 £'000	2020 £'000
Non-current assets			
Loans	**18**	3,420	2,647
Intangible assets	**13**	22,286	12,951
Property, plant and equipment	**14**	1,827	2,313
Right of use assets	**15**	3,632	3,961
Deferred tax asset	**27**	716	489
Deferred acquisition costs	**17**	-	53,482
		31,881	**75,843**
Current assets			
Financial assets at fair value through profit or loss	**22**	5,134	5,051
Other prepayments and accrued income	**23**	15,951	14,412
Trade and other receivables	**24**	3,719	3,556
Investments held for the benefit of policyholders	**19**	21,787,106	16,727,208
Cash and cash equivalents	**21**	1,442,362	1,539,843
Current tax asset		1,122	53
		23,255,394	18,290,123
Current liabilities			
Trade and other payables	**25**	17,466	18,366
Provisions	**29**	11,624	**-**
Lease liabilities	**26**	2,362	2,375
Liabilities for linked investment contracts	**20**	23,053,390	18,112,935
		23,084,842	**18,133,676**
Non-current liabilities			
Provisions	**29**	6,180	25,208
Contingent consideration	**30**	791	**-**
Lease liabilities	**26**	2,675	3,712
Deferred income liability	**17**	-	53,482
Deferred tax liabilities	**27**	29,518	8,968
		39,164	**91,370**
Net assets		**163,269**	**140,920**
Capital and reserves			
Called up equity share capital		3,313	3,313
Capital redemption reserve	**31**	2	2
Share-based payment reserve	**32**	2,404	1,698
Employee Benefit Trust reserve	**33**	(2,055)	(1,103)
Foreign exchange reserve	**34**	(94)	(22)
Non-distributable reserves	**34**	5,722	5,722
Non-distributable insurance reserves	**34**	501	501
Profit or loss account		153,476	130,809
Total equity		**163,269**	**140,920**

These Financial Statements were approved by the Board of Directors on 15 December 2021 and are signed on their behalf by:

Alexander Scott
Director
Company Registration Number: 08860879
Notes 1 to 38 form part of these Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2021 £'000	2020 £'000
Non-current assets			
Investment in subsidiaries	**16**	31,563	16,832
Loans receivable	**18**	3,420	2,647
		34,983	**19,479**
Current assets			
Prepayments	**23**	45	56
Other receivables	**24**	133	342
Cash and cash equivalents		30,962	26,090
		31,140	**26,488**
Current liabilities			
Trade and other payables	**25**	2,420	491
Loans payable	**18**	1,000	-
		3,420	**491**
Non-current liabilities			
Contingent consideration	**30**	791	**-**
Loans payable	**18**	8,000	**-**
		8,791	**-**
Net assets			
		53,912	**45,476**
Capital and reserves			
Called up equity share capital		3,313	3,313
Profit or loss account		50,673	41,962
Share-based payment reserve	**32**	1,715	1,070
Employee Benefit Trust reserve	**33**	(1,789)	(869)
Total equity		**53,912**	**45,476**

These Financial Statements were approved by the Board of Directors on 15 December 2021 and are signed on their behalf by:

Alexander Scott
Director
Company Registration Number: 08860879
Notes 1 to 38 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit before tax		94,646	52,256
Adjustments for:			
Amortisation and depreciation		3,077	2,571
Share-based payment charge		1,879	1,776
Interest on cash held		(94)	(256)
Interest charged on lease		167	234
Investment returns		18	(36)
Decrease in policyholder tax recoverable		(11,692)	(1,515)
(Increase)/decrease in current asset investments		(83)	15
		87,918	**55,045**
(Increase)/decrease in trade and other receivables		(1,306)	2,305
(Decrease)/increase in trade and other payables		(2,130)	3,858
(Decrease)/increase in provisions		(7,405)	6,978
Increase in contingent consideration		676	-
Decrease in share-based payment reserve		(1,166)	(1,126)
Increase in investments held for the benefit of policyholders		(5,059,898)	(1,272,440)
Increase in liabilities for linked investment contracts		**4,940,454**	**1,447,887**
Cash generated from operations		**(42,857)**	**242,507**
Income taxes paid		(13,396)	(13,803)
Interest paid on lease liabilities		(167)	(234)
Net cash flows from operating activities		**(56,420)**	**228,470**
Investing activities			
Acquisition of tangible assets		(660)	(859)
Acquisition of subsidiary, net of cash acquired	**13**	(7,903)	-
Increase in loans		(773)	(1,462)
Interest on cash held		94	256
Investment returns		(18)	36
Net cash used in investing activities		**(9,260)**	**(2,029)**
Financing activities			
Purchase of own shares in Employee Benefit Trust		(951)	(828)
Equity dividends paid		(28,452)	(26,158)
Repayment of lease liabilities		(2,326)	(2,244)
Net cash used in financing activities		**(31,729)**	**(29,230)**
Net (decrease)/increase in cash and cash equivalents		**(97,409)**	**197,211**
Cash and cash equivalents at beginning of year		**1,539,843**	**1,342,619**
Exchange gain/(losses) on cash and cash equivalents		(72)	13
Cash and cash equivalents at end of year		**1,442,362**	**1,539,843**

Notes 1 to 38 form part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Loss before interest and dividends		(4,771)	(1,293)
Adjustments for:			
		(4,771)	**(1,293)**
Decrease/(increase) in trade and other receivables		220	(306)
Increase/(decrease) in trade and other payables		1,688	(4)
Increase in contingent consideration		676	-
Settlement of share-based payment reserve		(1,131)	-
Net cash flows (used in)/generate from operating activities		**(3,318)**	**(1,603)**
Investing activities			
Acquisition of subsidiary, net of cash acquired	**13**	(8,600)	-
Purchase of subsidiary share capital	**13**	(4,000)	-
Dividends received		42,103	32,326
Interest received		76	91
(Increase) in loans receivable		(773)	(1,462)
Net cash generated from investing activities		**28,806**	**30,955**
Financing activities			
Purchase of own shares in Employee Benefit Trust		(920)	(594)
Settlement of share-based payment reserve		-	(843)
Increase in loans payable		10,000	-
Repayment of loans		(1,000)	-
Interest expense on loans		(234)	-
Equity dividends paid		(28,462)	(26,167)
Net cash used in financing activities		**(20,616)**	**(27,604)**
Net increase in cash and cash equivalents		**4,872**	**1,748**
Cash and cash equivalents at beginning of year		**26,090**	**24,342**
Cash and cash equivalents at end of year		**30,962**	**26,090**

Notes 1 to 38 form part of these Financial Statements.

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 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 1 October 2020	**3,313**	**5,722**	**(20)**	**1,698**	**501**	**(1,103)**	**130,809**	**140,920**
Comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	51,106	51,106
Movement in currency translation	-	-	(72)	-	-	-	-	(72)
Total comprehensive income for the year	**-**	**-**	**(72)**	**-**	**-**	**-**	**51,106**	**51,034**
Distributions to owners:								
Share-based payment expense	-	-	-	1,878	-	-	-	1,878
Settlement of share based payment	-	-	-	(1,166)	-	-	-	(1,166)
Purchase of own shares in EBT	-	-	-	-	-	(952)	-	(952)
Excess tax relief charged to equity	-	-	-	20	-	-	-	19
Other movement	-	-	-	(26)	-	-	26	-
Dividends paid	-	-	-	-	-	-	(28,465)	(28,465)
Total distributions to owners	**-**	**-**	**-**	**706**	**-**	**(952)**	**(28,439)**	**(28,685)**
Balance at 30 September 2021	**3,313**	**5,722**	**(92)**	**2,404**	**501**	**(2,055)**	**153,476**	**163,269**

Notes 1 to 38 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 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	-	-	1,032
Settlement of share-based payments	-	(843)	-	-	(843)
Purchase of own shares in EBT	-	-	(594)	-	(594)
Total distributions to owners	**-**	**189**	**(594)**	**(26,167)**	**(26,572)**
Balance at 1 October 2020	**3,313**	**1,069**	**(869)**	**41,963**	**45,476**
Comprehensive income for the year:					
Profit for the year	-	-	-	37,173	37,173
Total comprehensive income for the year	**-**	**-**	**-**	**37,173**	**37,173**
Distributions to owners:					
Dividends	-	-	-	(28,463)	(28,463)
Share-based payment expense	-	-	-	-	-
Settlement of share-based payments	-	646	-	-	646
Purchase of own shares in EBT	-	-	(920)	-	(920)
Total distributions to owners	**-**	**646**	**(920)**	**(28,463)**	**(28,737)**
Balance at 30 September 2021	**3,313**	**1,715**	**(1,789)**	**50,673**	**53,912**

Notes 1 to 38 form part of these Financial Statements.

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 Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 2021, the Group had £176 million of shareholder cash on the statement of financial position, 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 52), stress and scenario testing has been carried out, in order to understand the potential financial impacts of severe, yet plausible, scenarios on the Group. This assessment incorporated a number of stress tests covering a broad range of scenarios, including external market shocks, internal system and security failures, and the worsening of the COVID-19 pandemic.

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 LTD (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.

Changes in accounting policies

i) There have been no new standards, amendments to standards or interpretations adopted from 1 October 2020 that had a material effect.

ii) Future standards, amendments to standards, and interpretations not yet effective are noted below.

The following amendments are effective for the period beginning 1 October 2023:

IFRS 17 Insurance Contracts

In June 2022, the IASB issued amendments to IFRS 17 which will replace IFRS 4 Insurance Contracts. 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 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.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1 regarding the presentation of liabilities in the statement of financial position. Presentation between current and non-current liabilities is to be based on rights in existence at year end to defer settlement. The standard now explains that settlement includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument, separate from the liability component the instrument. The surrounding wording is expected to reflect any right to defer the settlement by at least 12 months. Classifications are not expected to be impacted by expectations on whether the right to defer settlement will be exercised or not.

The Group is assessing the impact of this amendment, however it does not anticipate any significant change to the current classifications of liabilities.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS 1 to assist in determining which accounting policies to disclose, with reference to materiality and how to determine which policies fall into this category. IFRS Practice Statement 2 includes guidance to support this.

The Group is assessing the impact of this amendment, however it does not anticipate any significant change to the current assessment of significant accounting policies.

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the IASB issued amendments to IAS 8 to clarify how to distinguish changes in accounting policies from changes in accounting estimates. That distinction being that changes in accounting estimates are applied prospectively to future transactions and events, but changes in accounting policies are applied retrospectively to past transactions and events.

The Group is assessing the impact of this amendment, however it does not anticipate any significant change to the current assessment of accounting estimates and accounting policies.

Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

(Amendments to IAS 12)

In May 2021, the ISAB issued amendments to IAS 12 which will require recognition of deferred taxes on particular transactions which, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Group is assessing the impact of this amendment, however it does not anticipate any significant impact.

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

b) 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 on-going basis, and revenue is therefore recognised on an on-going 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

In prior years, incremental costs directly attributable to securing investment contracts were deferred. These costs consist of fees paid to policyholders’ financial advisers. The costs, relating to Pension, Onshore Life and Offshore Life contracts, were capitalised as deferred acquisition costs and amortised over the directors’ best estimates of the lives of the contracts which were deemed to be fourteen, sixteen and eighteen years respectively (2020: fourteen, sixteen and eighteen years), over which the services are provided.

A corresponding deferred income liability was 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 were also amortised over the directors’ best estimates of the lives of the contract, which were again deemed to be fourteen, sixteen and eighteen years.

Following a review of the terms of the agreements relating to establishment charges paid to policyholders' financial advisers, management has concluded that the Group is acting in an agency capacity between the policyholders and their financial advisers, rather than as a principal. It therefore should not recognise the deferred acquisition costs as contract costs, nor does it have future service obligations in respect of the deferred fees to justify the recognition of the corresponding deferred income liability. The deferred acquisition costs and deferred income liabilities have therefore been derecognised in the financial year ended 30 September 2021, to bring the accounts in line with the accounting standards.

Further details of this change can be seen in note 17.

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.

Fee and commission expenses

Fee and commission expenses are paid by ILUK and ILInt policyholders to their financial advisers. Expenses comprise annual commission which is levied monthly in arrears on the average value of assets and cash held on the platform in the month and upfront fees charged on new premiums on the platform.

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.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the statement of comprehensive income.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in the statement of comprehensive income.

Contingent arrangements payable to selling shareholders that continue providing services are assessed to determine if there is an element of payment for post-combination services. The element that is determined to relate to post-combination services is recognised in in the statement of comprehensive income across the periods to which the services relate.

Goodwill and goodwill impairment

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired entity at the date of acquisition. Goodwill is recognised as an asset at cost at the date when control is achieved and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is allocated to one or more cash generating units (CGUs) expected to benefit from the synergies of the combination, where the CGU represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Goodwill is reviewed for impairment at least once annually, and also whenever circumstances or events indicate there may be uncertainty over this value. The impairment assessment compares the carrying value of goodwill to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

Intangible assets acquired as part of a business combination

Intangible assets acquired as part of a business combination are recognised where they are separately identifiable and can be measured reliably.

Acquired intangible assets consist of contractual customer relationships, software and brand. These items are capitalised at their fair value, which are based on either the 'Relief from Royalty' valuation methodology or the 'Multi-period Excess Earnings Method', as appropriate for each asset. Subsequent to initial recognition, acquired intangible assets are measured at cost less accumulated amortisation and any recognised impairment losses.

Amortisation is recognised on a straight line basis over the estimated useful lives of the assets, which are as follows:

ASSET CLASS	USEFUL LIFE
Customer relationships	15 years
Software	7 years
Brand	10 years

The method of amortisation 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.

Policyholder Tax

This is based on the "Income minus Expenses plus Gains" (I-E) tax regime and enables HMRC to collect basic rate income tax from ILUK on its life insurance policies without having to contact the policyholders. Policyholder profits are calculated as total I-E profits less shareholder profits multiplied by the current policyholder tax rate of 20% (2020: 20%).

Policyholder tax is recorded as an expense in the statement of comprehensive income, with a corresponding liability recognised on the statement of financial position (under IAS12).

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 2021, 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 28) as they are owned by the clients of IFAL.

Lease assets and lease liabilities

IFRS 16 leases accounting policy applied from 1 October 2019.

Right-of-use assets
The Group recognises right-of-use assets on the date the leased asset is made available for use by the Group. These assets relate to rental leases for the office of the Group, which have varying terms clauses and renewal rights. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date.

Depreciation is applied in accordance with IAS16: Property, Plant and Equipment. Right-of-use assets are depreciated over the lease term. See note 14 and 15.

Lease liabilities
The Group measures lease liabilities in line with IFRS 16 on the balance sheet as the present value of all future lease payments, discounted using the incremental borrowing rate of 3.2% at the date of commencement. After the commencement date, the amount of lease liabilities is increased to reflect the addition of interest and reduced for the lease payments made. 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. See note 26.

Short-term leases
The Group defines short-term leases as those 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.

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, comprising of listed shares and securities and investments in quoted debt instruments.

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 and loans. These are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities due to their short-term nature. The loan is split between current and non-current liabilities, based on the repayment terms.

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.

The ILUK tax provision, which is part of the provisions balance, arises from tax reserve charges collected from life insurance policyholders, which are held to cover possible future tax liabilities. If no tax liability arises the charges are refunded to policyholders, where possible. As these liabilities are of uncertain timing or amounts, they are recognised as provisions on the statement of financial position.

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.

Estimates and judgements are reviewed on an ongoing basis and revisions are recognised in the period in which the estimate is revised. In the prior year financial statements the Group disclosed that the tax provision for its subsidiary, ILUK, was an area where judgements and estimates had the most significant effect. During the year the Group has obtained data which allows us to eliminate the need for material judgements and assumptions in our calculations of amounts payable to HMRC and policyholder. The tax provision is therefore no longer considered a critical accounting estimate.

There are no assumptions made about the future, or other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 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**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	-	-	1,442,362	1,539,843
Listed shares and securities	165	92	-	-
Loans	-	-	3,420	2,647
Investments in quoted debt instruments	4,969	4,959	-	-
Accrued income	-	-	12,030	10,244
Trade and other receivables	-	-	934	786
Investments held for the policyholders	21,787,106	16,727,208	-	-
Total financial assets	**21,792,240**	**16,732,259**	**1,458,746**	**1,553,520**

FINANCIAL LIABILITIES:

	FAIR VALUE THROUGH PROFIT OR LOSS		**AMORTISED COST**	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Trade and other payables	-	-	7,056	8,660
Accruals	-	-	7,906	7,792
Lease liabilities	-	-	5,037	6,087
Deferred consideration	-	-	1,741	-
Contingent consideration	791	-	-	-
Liabilities for linked investments contracts	23,053,390	18,112,935	-	-
Total financial liabilities	**23,054,181**	**18,112,935**	**21,740**	**22,539**

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	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Cash and cash equivalents	-	-	30,962	26,090
Loans	-	-	3,420	2,647
Total financial assets	**-**	**-**	**34,382**	**28,737**

FINANCIAL LIABILITIES:

	FAIR VALUE THROUGH PROFIT OR LOSS		AMORTISED COST	
	2021	**2020**	**2021**	**2020**
	£'000	**£'000**	**£'000**	**£'000**
Trade and other payables	-	-	22	56
Loans	-	-	9,000	-
Deferred consideration	-	-	2,533	-
Contingent consideration	791	-	-	-
Accruals	-	-	359	311
Total financial liabilities	**791**	**-**	**11,914**	**367**

(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 on the next page.

Investments held for the benefit of policyholders are stated at fair value and reported on a separate line in the statement of financial position. The assets are classified using the 'fair value through profit or loss' option with any resultant gain or loss recognised through the statement of 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 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 current observable market information is no longer available. Where these assets arise management will value them based on the last known observable market price. No other valuation techniques are applied.

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

2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments and assets held for the benefit of policyholders				
Investments and securities	633,602	163,940	440	797,982
Bonds and other fixed-income securities	14,846	589	-	15,435
Holdings in collective investment schemes	20,858,948	113,265	1,476	20,973,689
	21,507,396	**277,794**	**1,916**	**21,787,106**
Other investments	4,964	-	-	4,964
Total	**21,512,360**	**277,794**	**1,916**	**21,792,070**

2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments and assets held for the benefit of policyholders				
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
	16,448,796	**276,727**	**1,676**	**16,727,199**
Other investments	4,959	-	-	4,959
Total	**16,453,755**	**276,727**	**1,676**	**16,732,158**

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 2021 and 30 September 2020 are presented in the table below at their valuation at 30 September 2021:

Transfers from	Transfers to	£'000
Level 1	Level 2	524
Level 2	Level 1	7,613

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

	2021 £'000	2020 £'000
Opening balance	**1,676**	**11,529**
Unrealised gains or losses in the year ended 30 September 2021	(236)	(57)
Transfers in to Level 3 at 30 September 2021 valuation	1,114	224
Transfers out of Level 3 at 30 September 2021 valuation	(578)	(8,280)
Purchases, sales, issues and settlement	(60)	(1,740)
Closing balance	**1,916**	**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 on page 28 in the Financial Review, Group capital requirements for 2021 were £263.4 million (2020: £212.9 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 40 to 51.

Risk assessment

The board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's risk function.

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	
	2021 £'000	**2020 £'000**
10% increase in asset values	7,869	6,931
10% decrease in asset values	(7,869)	(6,931)

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	**2021 £'000**	**2021 %**	**2020 £'000**	**2020 %**
GBP	22,914,615	99.4	17,983,651	99.3
USD	111,003	0.5	106,532	0.6
EUR	18,074	0.1	13,862	0.1
Others	9,698	0.0	8,890	0.0
Total	**23,053,390**	**100.0**	**18,112,935**	**100.0**

99.4% of investments and cash held for the benefit of policyholders are denominated in GBP, its base currency. Remaining currency holdings greater than 0.1% of the total are shown separately in the table.

A significant rise or fall in sterling exchange rates would not have a significant first order impact on its results since any adverse or 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 £3.6million (2020: £2.7million). While there remains a level of 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.

In addition to the above, the Company has committed a further £7.8m in undrawn loans.

Details of the ECLs recognised in relation to loans can be seen in note 18. No ECLs have been recognised on the undrawn loan commitments, as they not considered to be material.

(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 provide 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 £3.4million (2020: £2.6million). 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 £130k (2020: £342k) 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 £12.0 million (2020: £10.2 million) 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. This does not represent a financial liability for the Company, but an increase in the amount of the loan that is drawn down would lead to a reduction in the cash available to meet the Company's financial liabilities.

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 a number of forms – clients' liabilities coming due, other liabilities (e.g. expenses) coming due, insufficient liquid assets to meet loan repayments to subsidiary companies and future payment commitments over the next four years following the acquisition of T4A.

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 payment of loan obligations is covered by the upward dividends from subsidiary entities which were assessed against the financial plans and capital projections of the regulated entity to ensure the level of affordability of the future dividends.

The purchase price for T4A comprised three elements, a fixed sum payable on deal completion which has been settled, a further fixed sum to be paid in equal instalments over the next four years and a variable amount by reference to T4A's performance over that four year period. The payment of these future obligations is expected to be met from the Company's own reserves and dividends it expects to receive from its subsidiaries.

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 tables show an analysis of the financial assets and financial liabilities by remaining expected maturities as at 30 September 2020 and 30 September 2021.

In addition to the financial assets and financial liabilities shown in the tables below, the Company committed a further £7.8m in undrawn loans. These are available to be drawn down immediately.

Financial assets:

2020	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'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**

2021	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Investments held for the policyholders	21,787,106	-	-	-	21,787,106
Investments	165	-	4,969	-	5,134
Accrued income	12,030	-	-	-	12,030
Trade and other receivables	762	165	7	-	934
Loans	-	-	3,420	-	3,420
Cash	1,442,362	-	-	-	1,442,362
Total	**23,242,425**	**165**	**8,396**	**-**	**23,250,986**

Financial liabilities:

2020	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'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**	**-**	**18,135,474**

2021	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Investments held for the policyholders	23,053,389	-	-	-	23,053,389
Investments	9,871	5,090	-	-	14,961
Accrued income	622	1,867	2,766	-	5,255
Trade and other receivables	-	1,568	193	-	1,761
Loans	-	-	791	-	791
Total	**23,063,882**	**8,525**	**3,750**	**-**	**23,076,157**

(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

The Group has disaggregated revenue into the four categories below to enable the users to better understand the relationship with the segmental information provided in note 6.

	For the financial year ended 30 September	
	2021 £'000	**2020 £'000**
Annual commission income	107,658	94,468
Wrapper fee income	10,626	9,743
Other income	3,015	3,109
Adviser back-office technology	2,371	-
Total fee income	**123,670**	**107,320**

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 have three classes of business as follows:

- provision of investment administration services;
- transaction of ordinary long-term insurance and underwriting life assurance; and
- Adviser back-office technology.

Adviser back-office technology relates to the acquisition of T4A during the financial period.

Analysis by class of business is given below.

Statement of comprehensive income – segmental information for the year ended 30 September 2021:

	Investment administration services	Insurance and life assurance business	Adviser back-office technology	Consolidated adjustments	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue					
Annual commission income	58,896	48,762	-	-	107,658
Wrapper fee income	2,571	8,055	-	-	10,626
Adviser back-office technology	-	-	2,371	-	2,371
Other income	1,757	1,258	-	-	3,015
Total fee income	**63,224**	**58,075**	**2,371**	**-**	**123,670**
Cost of sales	(708)	(480)	(302)	-	(1,490)
Expenses					
Admin expenses	(64,776)	(49,616)	(4,502)	60,156	(58,738)
Impairment losses	(200)	(30)	-	-	(230)
Net income attributable to policyholders	-	31,526	-	-	31,526
Change in investment contract liabilities	-	(2,736,063)	-	-	(2,736,063)
Fee and commission expenses	-	(204,123)	-	-	(204,123)
Investment returns	-	2,940,167	-	-	2,940,167
Interest expense	(209)	(193)	-	235	(167)
Interest income	45	283	-	(235)	94
Profit/(loss) before tax	**(3,219)**	**39,001**	**(1,293)**	**60,157**	**94,646**
Policyholder tax	-	(31,015)	-	-	(31,015)
Tax on profit on ordinary activities	(5,776)	(7,061)	312	-	(12,525)
Profit for the financial year	**44,089**	**49,605**	**(164)**	**(42,424)**	**51,106**

Statement of comprehensive income – segmental information for the year ended 30 September 2020:

	Investment administration services £'000	Insurance and life assurance business £'000	Other income £'000	Consolidated adjustments £'000	Total £'000
Revenue					
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**
Cost of sales	(543)	(323)	-	-	(865)
Expenses					
Admin expenses	(61,170)	(55,760)	-	65,914	(51,016)
Amortisation of deferred acquisition costs	-	(7,576)	-	-	(7,576)
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**

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.

Statement of financial position – segmental information for the year ended 30 September 2021:

	Investment administration services	Insurance and life assurance business	Adviser back-office technology	Total
	£'000	**£'000**	**£'000**	**£'000**
Assets				
Non-current assets	11,884	19,967	30	31,881
Current assets	67,309	23,184,219	3,866	23,255,394
Total assets	**79,193**	**23,204,186**	**3,896**	**23,287,275**
Liabilities				
Current liabilities	8,163	23,075,931	748	23,084,842
Non-current liabilities	2,616	36,548	-	39,164
Total liabilities	**10,779**	**23,112,479**	**748**	**23,124,006**
Net assets	**68,414**	**91,707**	**3,148**	**163,269**
Non-current assets additions	**329**	**304**	**26**	**660**

Statement of financial position – segmental information for the year ended 30 September 2020:

	Investment administration services	Insurance and life assurance business	Total
	£'000	**£'000**	**£'000**
Assets			
Non-current assets	11,611	64,232	75,843
Current assets	60,597	18,229,525	18,290,123
Total assets	**72,209**	**18,293,757**	**18,365,966**
Liabilities			
Current liabilities	7,763	18,125,913	18,133,676
Non-current liabilities	2,208	89,162	91,370
Total liabilities	**9,971**	**18,215,075**	**18,225,046**
Net assets	**62,237**	**78,682**	**140,920**
Non-current assets additions	**438**	**421**	**859**

Segmental information: Split by geographical location

	2021 £'000	2020 £'000
Revenue		
United Kingdom	118,893	103,089
Isle of Man	4,763	4,231
Australia	14	-
Total	**123,670**	**107,320**

	2020 £'000	2019 £'000
Non-current assets		
United Kingdom	26,873	19,128
Isle of Man	51	97
Total	**26,924**	**19,225**

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

7. Earnings per share

	2021 £'000	2020 £'000
Profit		
Profit for the year and earnings used in basic and diluted earnings per share	£51.1m	£45.5m
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	(0.3m)	(0.1m)
Weighted average number of Ordinary Shares for the purposes of basic EPS	**331.0m**	**331.2m**
Adjustment for dilutive share option awards	0.3m	0.1m
Weighted average number of Ordinary Shares for the purposes of diluted EPS	**331.3m**	**331.3m**
Earnings per share		
Earnings per share – basic and diluted	15.4p	13.7p

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.

8. Expenses by nature

The following expenses are included within administrative expenses

	2021 £'000	2020 £'000
Group		
Depreciation	2,755	2,561
Amortisation	321	-
Wages and employee benefits expense	41,018	36,732
Other staff costs	2,840	200
Auditor's remuneration:		
▪ Auditing of the financial statements of the Company pursuant to the legislation	164	78
▪ Auditing of the financial statements of subsidiaries	202	99
▪ Other assurance services	149	118
Other Auditor's remuneration:		
▪ Auditing of the financial statements of subsidiaries	184	154
▪ Other assurance services	138	97
Other professional fees	4,326	2,808
Regulatory fees	3,531	3,643
Short-term lease payments:		
▪ Land and buildings	141	4
▪ Equipment	2	3
Other occupancy costs	1,234	2,001
Other costs	3,980	3,589
Other income – tax relief due to shareholders	(2,208)	(1,071)
Total administrative expenses	**58,738**	**51,016**

"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.

	2021 £'000	2020 £'000
Company		
Wages and employee benefits expense	424	475
Other staff costs	2,227	24
Auditor's remuneration:		
▪ Auditing of the financial statements of the Company pursuant to the legislation	319	78
▪ Other assurance services	18	18
Other professional fees	1,228	422
Regulatory fees	34	30
Other costs	489	161
Total administrative expenses	**4,739**	**1,208**

Wages and employee benefits expense

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

	2021 No.	2020 No.
CEO	2	1
Client services staff	231	213
Finance staff	61	60
Legal and compliance staff	33	31
Sales, marketing and product development staff	45	40
Software development staff	122	104
Technical and support staff	49	45
	543	**494**

The Company has no employees (2020: nil).

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

	2021 £'000	2020 £'000
Wages and salaries	32,908	29,307
Social security costs	3,400	3,085
Other pension costs	2,815	2,714
Share-based payment costs	1,895	1,626
	41,018	**36,732**

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.

	2021 £'000	2020 £'000
Short term employee benefits*	2,880	2,622
Post employment benefits	139	40
Share based payment	414	522
Other benefits	4	33
Social security costs	447	211
	3,884	**3,428**
Highest paid Director:		
Short-term employee benefits*	555	491
Other benefits	143	140
Post employment benefits	4	7
Number of directors for whom pension contributions are paid	2	2

*Short term employee benefits comprise salary and cash bonus.

9. Interest income

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Interest income on bank deposits	19	2	194	29
Interest income on loans	75	74	62	62
	94	**76**	**256**	**91**

10. Investment returns

	2021 £'000	2020 £'000
Interest on fixed-interest securities	16	80
Realised losses on fixed-interest securities	(7)	-
Unrealised losses on fixed-interest securities	(27)	(44)
Change in fair value of underlying assets	2,810,061	(73,093)
Investment income	130,124	127,734
Total investment returns	**2,940,167**	**54,677**

11. Tax on profit on ordinary activities

Group

a) Analysis of charge in year

The income tax expense comprises:

	2021 £'000	2020 £'000
Corporation tax		
Current year – corporation tax	12,185	9,879
Adjustment in respect of prior years	418	125
	12,603	**10,004**
Deferred tax		
Current year	(232)	(38)
Adjustment in respect of prior years		(113)
Change in deferred tax charge/(credit) as a result of lowered tax rate	154	(15)
Total tax charge for the year	**12,525**	**9,838**

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:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	94,646	52,256
Policyholder tax	(31,015)	3,066
	63,631	55,322
Profit on ordinary activities multiplied by effective rate of Corporation Tax 19% (2020: 19%)	12,090	10,511
Effects of:		
Non-taxable dividends	(76)	(187)
Income / expenses not taxable/deductible for tax purposes multiplied by effective rate of corporation tax	691	(17)
Adjustments in respect of prior years	(92)	(356)
Effect of change in tax rate	155	(15)
Rate differences	(38)	30
Other adjustments	(205)	(128)
	12,525	**9,838**

Company

a) Analysis of charge in year

	2021 £'000	2020 £'000
Deferred tax charge/(credit) (see note 27)	-	-
Total	**-**	**-**

b) Factors affecting tax charge for the year

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	37,173	31,124
Profit on ordinary activities multiplied by effective rate of Corporation Tax 19% (2020: 19%)	7,063	5,914
Effects of:		
Non-taxable dividends	(8,000)	(6,142)
Income/expenses not taxable/deductible for tax purposes multiplied by effective rate of Corporation Tax	614	9
Group loss relief to ISL	323	219
	-	**-**

12. Policyholder income and expenses – Group

	2021 £'000	2020 £'000
Net income attributable to policyholder returns	31,526	(3,066)
Policyholder tax	(31,015)	3,066

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	Customer relationships	Software	Brand	Total £'000
At 1 October 2020	12,505	12,951	-	-	-	25,456
Acquisitions through business combinations	-	5,335	2,086	1,975	260	9,656
At 30 September 2021	**12,505**	**18,286**	**2,086**	**1,975**	**260**	**35,112**
Amortisation						
At 1 October 2020	12,505	-	-	-	-	12,505
Charge for the year	-	-	100	203	18	321
At 30 September 2021	**12,505**	**-**	**100**	**203**	**18**	**12,826**
Net Book Value						
At 30 September 2020	-	12,951	-	-	-	12,951
At 30 September 2021	-	18,286	1,986	1,772	242	22,286
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'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

Business combinations - acquisition of Time for Advice Limited (T4A)

On 11 January 2021, the Company acquired 100% of the voting equity instruments of T4A, a specialist software provider for financial planning and wealth management. The principal reason for the acquisition was to support IHP's strategy of providing platform and associated services to clients and their advisers.

With effect from the date of acquisition, T4A's accounts have been consolidated into the Group's consolidated results, resulting in the inclusion of £2,371k of revenue achieved from that date to 30 September 2021, and losses after tax of £968k in the same period.

Had the acquisition of T4A taken place at the beginning of the reporting period, the consolidated revenue of the Group for the year to 30 September 2021 would have been £124.7 million, and the consolidated profit after tax would have been £49.9 million.

T4A generates cash inflows that are independent of the cash inflows from the rest of the Group, and it is therefore considered to be a separate cash generating unit.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value	**Fair value adjustments**	**Fair value**
	£'000	**£'000**	**£'000**
Cash and cash equivalents	697	-	697
Trade and other receivables	391	-	391
Property, plant and equipment	22	-	22
Current liabilities	(990)	-	(990)
Customer relationships	-	2,086	2,086
Software	-	1,975	1,975
Brand	-	260	260
Deferred tax liability	-	(821)	(821)
Total net assets	120	3,500	3,620
Fair value of consideration			8,955
Goodwill			**5,335**

All contractual cash flows are expected to be received, and the gross contractual amounts receivable therefore equal the fair value of receivables shown above.

The intangibles assets recognised relate to T4A's CURO software, the CURO brand and T4A's customer relationships obtained through the acquisition, all of which meet the requirement to be separately identifiable under IFRS 3. A deferred tax liability of £821k has been recognised in relation to these fair value adjustments.

The acquisition cost comprised up-front cash payments of £8.6 million, plus £8.6 million of deferred consideration, payable in phases over the next four years. Additional consideration between £0 and £8.6 million is also payable in January 2025. The amount is contingent on T4A meeting certain performance targets over the next four years, and management have estimated the fair value as £3,882k.

The allocation of the above costs between consideration and post-combination remuneration can be seen below:

	Consideration	**Remuneration**
	£'000	**£'000**
Up-front cash consideration	8,600	-
Deferred consideration	239	8,342
Additional consideration	116	3,766
Total	**8,955**	**12,108**

An assessment has been performed by management regarding the deferred and contingent arrangements payable to selling shareholders that continue providing services, and it has been determined that these relate to payment for post-combination services and should therefore be treated as remuneration across the four year period to which the services relate, from January 2021 to December 2024. The deferred and additional arrangements that have been treated as consideration relate to amounts payable to a selling shareholder who does not provide services to T4A.

The overall cash outflow upon acquisition of T4A can be seen below:

	£'000
Up-front cash consideration	8,600
T4A cash and cash equivalents at acquisition date	(697)
Total cash outflow	**7,903**

The main factors leading to the recognition of goodwill are:

- The presence of certain intangible assets, such as the assembled workforce of T4A, which do not qualify for separate recognition.
- The fact that the investment supports the Group's strategy of delivering the highest quality financial services infrastructure and associated services to advisers and clients. Management sees the T4A offering, CURO, as complementary to Transact. Whilst still undergoing further development CURO has already proven to be highly capable and, with the Company's support, providing the necessary investment and direction, it is believed that T4A will be a great long-term fit that will deliver positive outcomes for all.

The goodwill will be tested for impairment annually going forward.

Goodwill impairment assessment

In accordance with IFRS, goodwill is not amortised, but is assessed for impairment on an annual basis. The impairment assessment compares the carrying value of goodwill to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. 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 and T4A in January 2021.

The carrying amount of goodwill is allocated to the two cash generating units ("CGUs") that are benefitting from the acquisition as follows:

IAD Pty

	2021 £'000	2020 £'000
Investment administration services	7,217	7,256
Insurance and life assurance business	5,734	5,695
Total	**12,951**	**12,951**

T4A

	2021 £'000	2020 £'000
Adviser back-office technology	5,335	-

Other assumptions are as follows:

	2021	2020
Discount rate	10.0%	8.8%
Period on which detailed forecasts are based	5 years	5 years
Long-term growth rate	1.0%	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 2026. 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 tests relating to both acquisitions indicated that there is 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

	Leasehold improvements	Equipment	Fixtures and Fittings	Motor Vehicles	Total
		£'000	**£'000**	**£'000**	**£'000**
At 1 October 2020	1,732	3,314	186	103	5,335
Acquisition of subsidiary	-	12	6	-	18
Additions	-	642	-	18	660
Disposals	-	(325)	(12)	(38)	(375)
Foreign exchange	(12)	(19)	-	(4)	(35)
At 30 September 2021	**1,720**	**3,624**	**180**	**79**	**5,603**
Depreciation					
At 1 October 2020	1,157	1,634	145	86	3,022
Reclassification	2	32	-	(34)	-
Charge in the year	146	960	16	14	1,136
Disposals	-	(325)	(12)	(26)	(363)
Foreign exchange	(2)	(12)	-	(5)	(19)
At 30 September 2021	**1,303**	**2,289**	**149**	**35**	**3,776**
Net Book Value					
At 30 September 2020	575	1,680	41	17	2,313
At 30 September 2021	417	1,335	31	44	1,827
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'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

The Company holds no property, plant and equipment.

15. Right of use assets – Property – Group

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

Cost	**£'000**
At 1 October 2020	5,586
Additions	1,301
Disposals	(412)
Foreign exchange	(15)
At 30 September 2021	6,460

Depreciation	**£'000**
At 1 October 2020	1,625
Charge in the year	1,623
Disposals	(412)
Foreign exchange	(8)
At 30 September 2021	**2,828**

Net Book Value	
At 30 September 2020	3,961
At 30 September 2021	3,632

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

16. Investment in subsidiaries

	2021 £'000	2020 £'000
Carrying value at 1 October	16,832	15,799
Additions	12,955	-
Share-based payments	1,776	1,033
Carrying value at 30 September	**31,563**	**16,832**

The Company has investments in the ordinary share capital of the following subsidiaries at 30 September 2021:

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
Time For Advice Limited	Ordinary Shares	100%	United Kingdom	Financial planning software

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.

Time For Advice Limited is a specialist software provider for financial planning and wealth management.

17. Deferred acquisition costs

	2021 £'000	2020 £'000
Opening balance	53,482	50,443
Capitalisation of deferred acquisition costs and deferred income liabilities	-	10,615
Amortisation of deferred acquisition costs and deferred income liabilities	-	(7,576)
Derecognition of deferred acquisition costs and deferred income liabilities	(53,482)	-
Change in deferred acquisition costs and deferred income liabilities	**(53,482)**	**3,039**
Closing balance	**-**	**53,482**

Following a review of the terms of the agreements relating to establishment charges paid to ILUK and ILInt policyholders' financial advisers, management has concluded that the Group is acting in an agency capacity between the policyholders and their financial advisers, rather than as a principal. It therefore should not recognise the deferred acquisition costs as contract costs, nor does it have future service obligations in respect of the deferred fees to justify the recognition of the corresponding deferred income liability. The deferred acquisition costs and deferred income liabilities have therefore been derecognised in the financial year ended 30 September 2021, to bring the accounts in line with the accounting standards.

The impact is a reduction in both assets and liabilities of £53.5million. The treatment has had no impact on the profit or loss or net assets of the Group.

Management has considered the qualitative and quantitative impact of the above change, and has concluded that this does not have a material effect on the prior year financial statements, and a prior year adjustment is therefore not required. This is due to the fact that:

- the net impact on the statement of comprehensive income and on net assets is nil;
- all balances being derecognised on the statement of financial position are equal and opposite;
- the total balances are not material in the context of total policyholder assets and linked liabilities; and
- the users would not reasonably have any expectations regarding the measurement or disclosure of these items, as it fundamentally does not relate to them.

18. Loans

This note analyses the loans payable by and receivable to the Company. The carrying amounts of loans are as follows:

Loans receivable

	2021 £'000	2020 £'000
Loans to third parties	3,540	2,716
Interest receivable on loans	21	16
Total gross loans	**3,561**	**2,732**
Credit loss allowance	(141)	(85)
Total net loans	**3,420**	**2,647**

The loans receivable are measured at amortised cost with the credit loss allowance charged straight to the statement of comprehensive income. The total movement in the credit loss allowance can be seen in Note 23.

Loans payable

	2021 £'000	2020 £'000
Loan payable to subsidiary	9,000	-
To be settled within 12 months	**1,000**	**-**
To be settled after 12 months	8,000	-
Total loan payable	**9,000**	**-**

The loans payable are initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest method. The interest charge is recognised on the statement of comprehensive income.

Interest on the loan is paid quarterly, whilst the remaining capital repayments are annual over the next 9 years.

19. Investments held for the benefit of policyholders

ILInt	2021 Cost £'000	2021 Fair value £'000	2020 Cost £'000	2020 Fair value £'000
Investments held for the benefit of policyholders	1,737,512	2,102,209	1,346,990	1,534,080
	1,737,512	**2,102,209**	**1,346,990**	**1,534,080**
ILUK				
Investments held for the benefit of policyholders	16,146,376	19,684,897	13,482,294	15,193,128
	16,146,376	**19,684,897**	**13,482,294**	**15,193,128**
Total		**21,787,106**		**16,727,208**

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	2021 Fair value £'000	2020 Fair value £'000
Unit linked liabilities	2,199,700	1,636,781
	2,199,700	**1,636,781**
ILUK		
Unit linked liabilities	20,853,690	16,476,154
	20,853,690	**16,476,154**
Total	**23,053,390**	**18,112,935**

Analysis of change in liabilities for linked investment contracts

	2021 £'000	2020 £'000
Opening balance	18,112,935	16,665,048
Investment inflows	3,391,318	2,415,445
Investment outflows	(1,130,468)	(834,454)
Compensation	163	47
Changes in fair value of underlying assets	2,940,185	(72,990)
Investment income	-	127,735
Other fees and charges - Transact	(56,620)	(50,360)
Other fees and charges – third parties	(204,123)	(137,536)
Closing balance	**23,053,390**	**18,112,935**

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

	2021 £'000	2020 £'000
Bank balances – Instant access	169,578	148,617
Bank balances – Notice accounts	6,502	5,500
Cash and cash equivalents held for the benefit of the policyholders – instant access - ILUK	1,131,567	1,231,043
Cash and cash equivalents held for the benefit of the policyholders – term deposits - ILUK	37,225	51,982
Cash and cash equivalents held for the benefit of the policyholders – instant access - ILINT	96,458	100,716
Cash and cash equivalents held for the benefit of the policyholders – term deposits - ILINT	1,032	1,985
Total	**1,442,362**	**1,539,843**

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 2021 £'000	Group 2020 £'000
Listed shares and securities	165	92
Gilts	4,969	4,959
Total	**5,134**	**5,051**

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

23. Other prepayments and accrued income

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Accrued income	12,819	-	10,956	**-**
Less: credit loss allowance	(789)	-	(712)	-
Accrued income - net	**12,030**	**-**	**10,244**	**-**
Prepayments	3,921	45	4,168	56
Total	**15,951**	**45**	**14,412**	**56**

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

	2021 £'000	2020 £'000
Opening credit loss allowance	(822)	(646)
Reduction in credit loss allowance	-	-
(Increase) during the year	(230)	(176)
Balance at 30 September	**(1,052)**	**(822)**

24. Trade and other receivables

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Other receivables	935	3	1,329	-
Less: credit loss allowance	(123)	-	-	-
Other receivables net	**812**	**3**	**1,329**	**-**
Amounts owed by Group undertakings	-	130	-	342
Amounts due from HMRC	1,800	-	2,227	-
Amount due from policyholders to meet current tax liability	1,107	-	-	-
Total	**3,719**	**133**	**3,556**	**342**

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 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Trade payables	437	27	1,716	7
PAYE and other taxation	1,610	61	1,420	67
Due to Group undertakings	-	22	-	56
Other payables	5,460	210	7,436	49
Accruals and deferred income	8,216	359	7,794	312
Deferred consideration	1,741	1,741	-	-
Total	**17,466**	**2,420**	**18,366**	**491**

Other payables mainly comprises £4.2million (2020: £6.2million) in relation to bonds awaiting approval.

26. Lease liabilities

Lease liabilities – Property:

	2021 £'000	2020 £'000
Opening balance	6,087	8,336
Additions	1,283	-
Lease payments	(2,491)	(2,477)
Interest expense	167	233
Foreign exchange adjustment	(9)	(5)
Balance at 30 September	**5,037**	**6,087**
Amounts falling due within one year	2,362	2,375
Amounts falling due after one year	2,675	3,712

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

The Group has various leases in respect of property as a lessee. Lease terms are negotiated on an individual basis and run for a period of one to five years.

27. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2020: 19%). The increase in the UK corporation tax rate to 25% was substantively enacted in May 2021. This new rate has been applied to deferred tax balances which are expected to reverse after 1 April 2023, the date on which that new rate becomes effective.

Deferred Tax Asset	**Share based payments £'000**	**Other deductible temporary differences £'000**	**Total £'000**
At 1 October 2019	110	47	157
Adjustment in respect of prior year	108	18	126
Adjustment to opening balances	-	32	32
Excess tax relief charged to equity	60	-	60
Charge to income	124	(10)	114
At 30 September 2020	**402**	**87**	**489**
Charge to income	192	16	208
Excess tax relief charged to equity	19	-	19
Charge to income	192	16	208
At 30 September 2021	**613**	**103**	**716**

Deferred Tax Liability	**Accelerated capital allowances £'000**	**Policyholder tax £'000**	**Other deductible differences £'000**	**Total £'000**
At 1 October 2019	60	13,188	-	**13,248**
Charge to income	61	(4,341)	-	(4,280)
At 30 September 2020	**121**	**8,847**	**-**	**8,968**
Charge to income	(49)	19,599	179	19,729
Deferred tax acquired through business combination	-	-	821	821
At 30 September 2021	**72**	**28,446**	**1,000**	**29,518**

The Company has no deferred tax assets or liabilities.

28. Client monies and client assets

2021	£'000		£'000
Client monies	2,901,487	Amounts due to clients	2,901,487
Client assets	49,210,125	Corresponding liability	49,210,125

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

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.

29. Provisions - Group

	2021	2020
	£'000	£'000
Balance brought forward	25,208	18,230
Increase in dilapidations provision	52	52
Increase in ILInt non-linked unit provision	13	2
(Decrease)/increase in ILUK tax provision	(7,469)	6,924
Balance carried forward	**17,804**	**25,208**
Amounts falling due within one year	11,624	-
Amounts falling due after one year	6,180	25,208
Dilapidations provisions	516	464
ILInt non-linked unit provision	54	41
Current ILUK tax provision	11,626	-
Non-current ILUK tax provision	5,608	24,703
Total	**17,804**	**25,208**

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.

30. Contingent consideration – Group and company

	2021 £'000	2020 £'000
Contingent consideration	**791**	**-**

As explained in note 13, the T4A acquisition cost included additional consideration between £0 and £8.6 million, which is payable in January 2025 and contingent on T4A meeting certain performance targets over the next four years.

Management have estimated the fair value as £3.9 million, and this is being recognised across the four year period from January 2021 to December 2024. The contingent consideration balance relates to the element of the additional consideration that has been recognised up to 30 September 2021.

31. Capital redemption reserve – Group

	2021 £'000	2020 £'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 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Balance brought forward	1,698	1,070	1,008	880
Movement in the year	732	645	723	190
Transfer to profit and loss reserve	(26)	-	(33)	-
Balance carried forward	**2,404**	**1,715**	**1,698**	**1,070**

The reduction in reserves of £26k (2020: £33k) 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 2021 was £nil (2020: £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 2021 was £669k (2020: £649k).

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 2021 was £539k (2020: £555k).

(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 2021 was £687k (2020: £423k). 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	**2021 Shares (number)**	**2020 Shares (number)**
Shares in the plan at start of the year	473,683	251,541
Granted	295,210	275,249
Shares withdrawn from the plan	(76,210)	(53,107)
Shares in the plan at end of year	**692,683**	**473,683**
Available to withdraw from the plan at end of year	**148,543**	**83,569**

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

SIP 2005	**2021 Weighted average exercise price (pence)**	**2021 Shares (number)**	**2020 Weighted average exercise price (pence)**	**2020 Shares (number)**
Outstanding at start of the year	0.00	1,201,223	0.00	1,630,190
Shares withdrawn from the plan	0.00	(328,514)	0.00	(428,967)
Shares in the plan at end of year	**0.00**	**872,709**	**0.00**	**1,201,223**
Available to withdraw from the plan at end of year	**0.00**	**872,709**	**0.00**	**1,201,223**

The weighted average share price at the date of withdrawal for shares withdrawn from the plan during the year was 507.35pence (2020: 487.76pence).

At 30 September 2021 the exercise price was £nil as they were all nil cost options.

PSP	**2021 Weighted average exercise price (pence)**	**2021 Shares (number)**	**2020 Weighted average exercise price (pence)**	**2020 Shares (number)**
Outstanding at start of the year	0.00	434,643	0.00	269,511
Granted	0.00	141,445	0.00	165,132
Forfeited	0.00	-	0.00	-
Outstanding at end of year	**0.00**	**576,088**	**0.00**	**434,643**
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	2021	2020
Share price at date of grant	555.0	454.5
Exercise price	Nil	Nil
Expected life	3 years	3 years
Risk free rate	0.00%	0.52%
Dividend yield	1.50%	1.7%
Weighted average fair value per option	**530.7p**	**431.7 p**

33. Employee Benefit Trust reserve

Group:

	2021 £'000	2020 £'000
Balance brought forward	(1,103)	(275)
Purchase of own shares	(952)	(828)
Balance carried forward	**(2,055)**	**(1,103)**

Company:

	2021 £'000	2020 £'000
Balance brought forward	(869)	(275)
Purchase of own shares	(920)	(594)
Balance carried forward	**(1,789)**	**(869)**

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 own shares and shown as a deduction from equity.

34. Other reserves – Group

	2021 £'000	2020 £'000
Foreign exchange reserves	(94)	(22)
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

	Amounts owed by/(to) related parties	
Company	**2021 £'000**	**2020 £'000**
Integrated Financial Arrangements Ltd	95	8
IntegraFin Services Limited	17	277
IntegraFin Limited	(9)	(9)
IntegraLife UK Limited	4	4
Integrated Application Development Pty Limited	1	6

During the year, a loan of £10million was issued to the Company by IntegraLife UK Limited. This is an arm's length transaction as interest is charged at a commercial rate. IHP will pay the loan off over ten years and made the first payment of £1 million, plus accrued interest, prior to 30 September 2021. The current loan balance is £9 million.

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 2021 or 2020 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 £3.3million (2020: £4.3million) in dividends during the year and benefitted from staff discounts for using the platform of £2k (2020: £2k). The number of IHP shares held at the end of the year by key management personnel was 35,206,751, a decrease of 16,050,145 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 2, a second interim dividend of 7.0 pence per share was declared on 15 December 2021. This dividend has not been accrued in the consolidated statement of financial position.

38. Dividends

During the year to 30 September 2021 the Company paid interim dividends of £28.5million (2020: £26.2million) to shareholders. The Company received dividends from subsidiaries of £42.1million (2020: £32.3million).

OTHER INFORMATION

DIRECTORS, COMPANY DETAILS, ADVISERS

Executive Directors

Ian Taylor (resigned 26 February 2021)

Michael Howard

Alexander Scott

Jonathan Gunby

Non-Executive Directors

Richard Cranfield

Christopher Munro

Neil Holden (resigned on 1 September 2021)

Caroline Banszky

Victoria Cochrane

Robert Lister

Rita Dhut (appointed 22 September 2021)

Company Secretary

Helen Wakeford

Independent Auditors

BDO LLP,
55 Baker Street,
London,
W1U 7EU

Solicitors

Eversheds Sutherland,
One Wood Street,
London,
EC2V 7WS

Corporate Advisers

Peel Hunt LLP,
7th Floor 100 Liverpool Street,
London,
England,
EC2M 2AT

Barclays Bank PLC,
5 The North Colonnade,
Canary Wharf,
London,
E14 4BB

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

8860879

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

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES ("APMS")

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.

APM	Financial data page ref	Definition and purpose
Operational performance measures		
Funds under direction ("FUD")	Data sourced internally	Calculated as the total market value of all cash and assets on the platform, valued as at the respective year end.

	2021 £bn	2020 £bn
Cash	2.91	3.12
Assets	49.20	37.97
FUD	52.11	41.09
% increase on the previous year	27%	9%

The measurement of FUD is the primary driver of the largest component of the Group's revenue. FUD is used to derive the annual commissions due to the Group.

These values are not reported within the financial statements or the accompanying notes.

APM	Financial data page ref	Definition and purpose
Gross inflows and Net inflows	Data sourced internally	Calculated as gross inflows onto the platform less outflows leaving the platform by clients during the respective financial year.

Inflows and outflows are measured as the total market value of assets and cash joining or leaving the platform.

	2021 £bn	2020 £bn
Gross inflows	7.70	5.75
Outflows	2.74	2.16
Net inflows	4.95	3.59
% increase on the previous year	38%	3%

The measurement of net inflows onto the platform shows the net movement of cash and assets on the platform during the year. This directly contributes to FUD and therefore revenue.

These values are not reported within the financial statements or the accompanying notes.

Investment in the business	Data sourced internally	Calculated as the total amount directly spent on platform development during the respective financial year. This is made up of fixed asset additions, training costs, IT expenses and software development costs.

	2021 £m	**2020 £m**
Investment in the business	10.0	9.8
% increase on the previous year	2%	9%

The measurement of investment in the business demonstrates that management are spending excess cash to drive the continuous development of the business.

These values are not reported directly within the financial statements or the accompanying notes.

Adviser and client numbers	Data sourced internally	Calculated as the total number of advisers or clients as at the financial year end.

Advisers are calculated as the number of advisers with over £1k of client FUD on the platform.

Clients are calculated as the total number of clients on the platform.

	2021 £'000	**2020 £'000**
Advisers	6.5	6.2
% increase	5%	6%
Clients	208.6	191.9
% increase	9%	7%

This measurement is an indicator of our presence in the market.

These values are not reported within the financial statements or the accompanying notes.

Client retention	Data sourced internally	Calculated as the total number of clients with a non-zero valuation present in the final month of both financial periods, as a percentage of total clients in the current financial period.

	2021	**2020**
Client retention	96%	96%

This is a measurement of client loyalty and an indicator of customer satisfaction with our services provided.

These values are not reported within the financial statements or the accompanying notes.

Income statement measures		
Non-underlying expenses	Consolidated statement of comprehensive income Page 140	Calculated as costs which have been incurred outside of the ordinary course of the business.

	2021 £m	2020 £m
Acquisition costs	1.1	-
Post-acquisition remuneration	2.2	-
Non-underlying expenses	3.3	-

Acquisition costs consist of professional fees and stamp duty.

Post-combination remuneration relates to the payment to the original shareholders of T4A. This is comprised of the deferred and additional consideration payable in relation to the acquisition of T4A and is recognised as remuneration over four years from January 2021 to December 2024. This non-underlying expense will continue in subsequent years and is expected to be £3 million in financial years 2022 to 2024, before reducing to £0.8 million in financial year 2025.

Our non-underlying expenses represent costs which do not relate to our recurring business operations and hence should be separated from operating expenses in the income statement.

Cash flow measures		
Shareholder returns	Consolidated statement of comprehensive income Page 140	Calculated as dividend per share paid to shareholders, which relate to the respective financial years.

	2021	2020
1st Dividend	3.0 pence	2.7 pence
2nd Dividend	7.0 pence	5.6 pence
Shareholder Returns	10.0 pence	8.3 pence
% increase on previous financial year	20.5%	6%

There are generally two dividend payments made relating to each financial year. Shareholder returns is a measurement of the total cash dividend received by each shareholder for each individual share held by them.

Dividend policy

Consolidated statement of comprehensive income

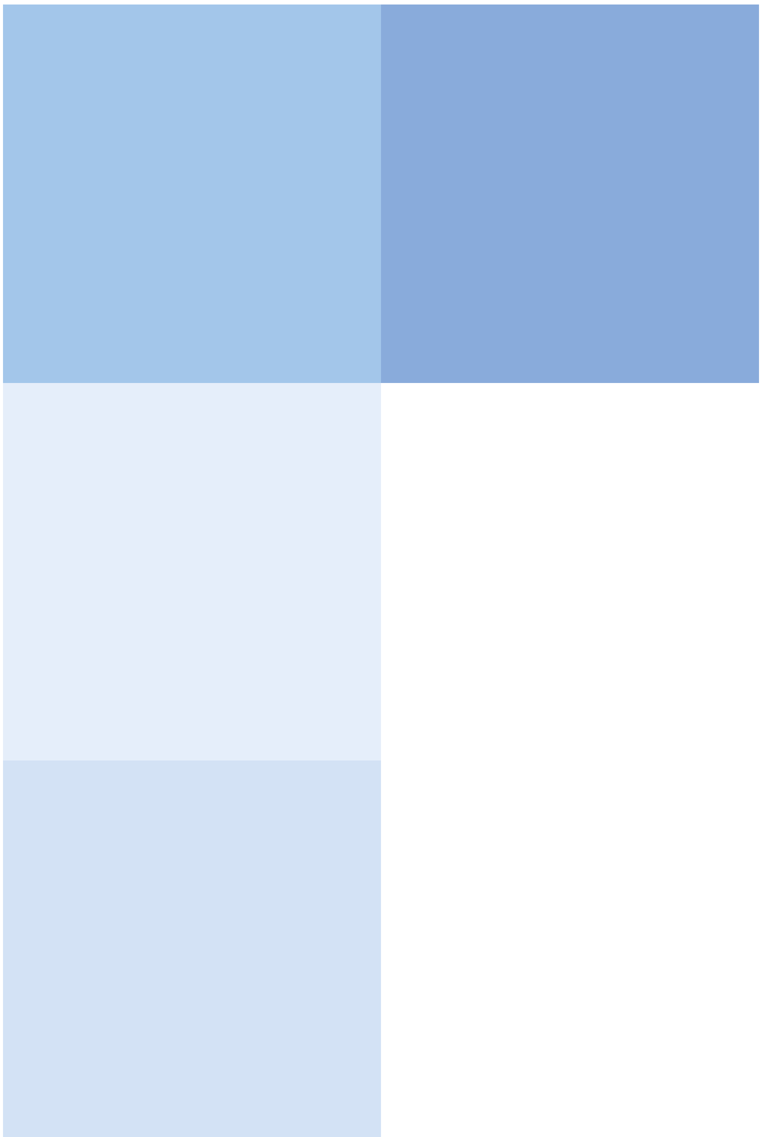
Page 140

Calculated as total cash dividends paid in relation to the respective financial year, divided by the post-tax profit relating to that same financial year.

	2021 £’000	**2020 £’000fprofit**
Total cash dividends paid	33,133	27,485
Profit for the financial year	51,106	45,484
Dividends as a % of profit	65%	60%

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

Delivery on dividend policy is a measurement of our performance against the policy and the businesses ability to generate distributable profits.



M137 September 2021

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.