ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2022

IntegraFin

Ian Anthony Taylor
Original punk rocker
to City entrepreneur

Our Co-founder and former Chief Executive, Ian Taylor, died on 17 October 2022, aged only 58. Ian was a true pioneer and giant of the financial services industry. He was an entrepreneur who leaves a legacy of a transformed world for financial advisers and clients. He genuinely changed things for the better, during his working life. To us, he was also a much loved colleague and friend, who will be greatly missed, not least for his razor sharp sense of humour.

Ian was born in Southend in 1964 to Kate and Tony and was joined two years later by his brother James. Kate and Tony passed away in recent years.

Ian attended Westcliff High School for Boys where he was soon identified as Highly Talented. His academic career was outstanding and Ian earned a place at Peterhouse College, Cambridge where he read English, graduating in 1985.

Ian supplemented his student grant by working variously as a ride attendant at Peter Pan's Playground, an assistant at an antiquarian bookshop and a DJ!

Ian met the love of his life, Frances, at Cambridge in 1983. They got engaged within a year and married in 1986.

His student escapades were many. After reading George Orwell's *Down and Out in Paris and London* Ian spent four days homeless in London and another adventure resulted in a bizarre hitch-hiking trip around Belgium and France. Fortunately, Kate and Tony remained oblivious to these events.

After graduating, Ian first tried his hand as a novelist but soon concluded that he preferred to use his analytical and commercial skills. He joined Royal Life Fund Management in 1988 where his sharp mind was spotted very quickly and he was soon promoted to a management role. After Royal he joined John Govett Investment Management as Marketing Manager, but on his very first day was promoted to Marketing Director! Only Ian Taylor could achieve that. He excelled in this role and stayed at John Govett for several years. Throughout this time Ian was a frequent contributor to the media and became a prominent figure in the City, known throughout the investment industry.

It was in 1999 that Ian met with Mike Howard and early in 2000 they launched Transact. The company began in two rented rooms above an Italian restaurant in the then distinctly untrendy Shoreditch. Ian later claimed to have been one of the first bearded people in that part of London. Mike says of Ian in those days, *"He was larger than life. Almost literally. It was April, 1999 and we wouldn't be open for business for another eleven months. It was the*

the dot com boom. Freeserve (remember them?) was launched, listed and its share price went up every week. Everyone wanted to work with an internet start-up. It was in those days that we laid the foundations for Transact, including its name which Ian thought of. Before you're actually a business, anything seems possible. In our case, it actually worked out that way".

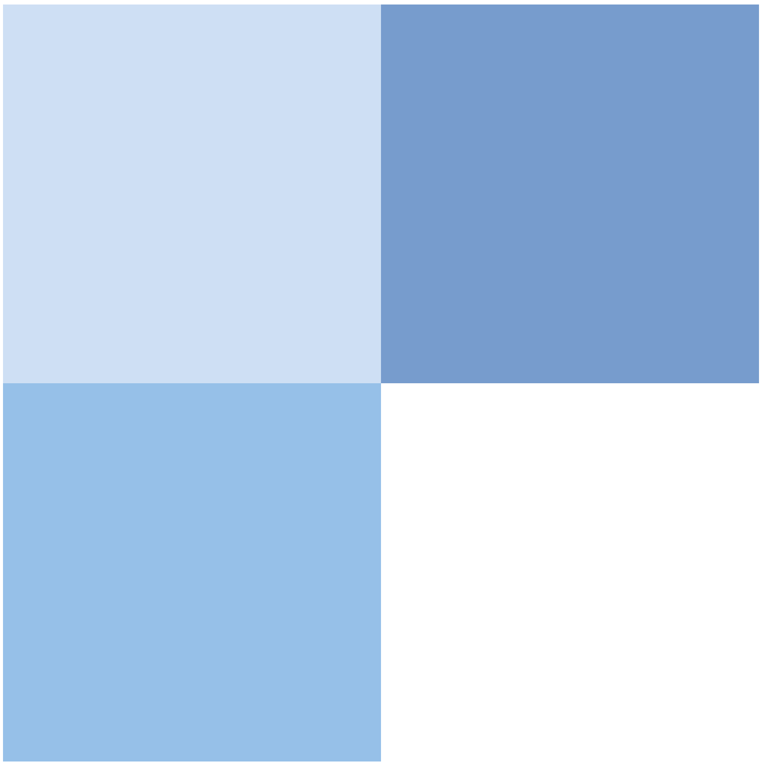
The success of Transact is legendary but it is rooted in simplicity, in helping advisers do a better job for their clients, harnessing advanced technology allied to human service. Ian once said that *"people say it's an online business, but it's the offline stuff which is most difficult"*. He strived to continually improve the service, whilst also continually reducing charges. He never lost sight of the fact that his ultimate customer was "Mrs Miggins".

Ian saw Transact, as he did many things, through the lens of the music he loved. Comparing Transact to life companies trying to enter the platform space, he said *"We weren't a glam rock band trying to get into the punk rock scene - we were one of the original punk rock bands".*

Transact CEO, Jonathan Gunby, who worked closely with Ian, as friend and colleague, for over 30 years, remembers *"Ian was the smartest and one of the funniest people I have ever met. I was privileged to have worked with him at the beginning and end of his career. We enjoyed a long and happy journey together."* IntegraFin CEO Alex Scott, who joined the business in 2009 said *"From the first time I met Ian back in 1999, when Transact was being created, through the years of building a successful business, to the last time I saw him in retirement, Ian remained the same grounded individual, funny, erudite and generous in thought and deed. Ever the great raconteur, I will deeply miss his friendship and guidance, always best shared over beer and a curry."*

Transact and parent Company IntegraFin continued to grow rapidly under Ian's leadership and successfully IPO-ed on the London Stock Exchange main market in 2018. Ian continued as Chief Executive until March 2020 when he stepped back a little before fully retiring in 2021. He said at the time *"I have had to live away from home for 22 years. So now I have to pay back some of that time I owe to my family"* adding *"We found the right people and decided the time was right for me to go and sit on the beach and have a cigar."*

In 2020/21 he and Frances restored a beautiful property in the quintessential English town of Stamford to pave the way for a different life. They were going to travel. Ian was going to spend even more time loving test cricket and heading to town for a beer and a curry with old mates. There was even talk of returning to the world of antiquarian books with a bookshop. But it wasn't to be. Less than two years after stepping down as Chief Executive, illness struck and he died, peacefully, after a short illness. He is survived by his beloved wife Frances and three adult children Patrick, Elizabeth and Annie and we send our continued love and condolences to them. He remains close to so many of us at Transact and forever in our hearts. We'd like to think that he could rest in peace, but that wouldn't be our Ian, industry visionary and original punk rocker.



OUR PURPOSE

The Group's business model centres on making the financial planning and investment process easier and better for both clients and their financial advisers. In order to achieve that, we provide a comprehensive infrastructure via our two market facing brands: Transact and CURO.

Our proprietary investment platform, Transact, enables clients and their families, through their financial adviser, to hold their investments across all tax wrappers in one place. We provide custody, tax wrapping, trading and reporting. Then, through our Time4Advice system, CURO, we provide advisers with a tool set that helps them efficiently manage their business. 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 who are able to deliver great service using our proprietary systems.

FINANCIAL YEAR 2022 HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

Funds Under Direction*:

£50.07bn -4%

(2021: £52.11bn)

Average Daily FUD*:

£52.54bn +11%

(2021: £47.24bn)

Net inflows*:

£4.40bn -11%

(2021: £4.95bn)

Client numbers*:

224.7k +8%

(2021: 208.6k)

Client retention:

97%

(2021: 96%)

Adviser numbers*:

6.9k +5%

(2021: 6.5k)

FINANCIAL HIGHLIGHTS

Revenue:

£133.6m +8%

(2021: £123.7m)

Profit before tax:

£54.3m -15%

(2021: £63.6.m)

Profit after tax:

£44.0m -14%

(2021: £51.1m)

Earnings per share:

13.3p -14%

(2021: 15.4p)

Shareholder returns in 2022*:

10.2p +2%

(2021: 10.0p)

*** 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 230.

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STRATEGIC REPORT

Richard Cranfield
Chair

CHAIR'S STATEMENT

Overview

The last financial year for the Group has been dominated by the political and economic consequences of the war in Ukraine and rising global inflation, and Central Banks' response of increasing interest rates. All of these have been headwinds for the Group to deal with, creating significant financial challenges.

In particular, maintaining best in class service levels to our 224.7k retail clients on the Transact platform has been a major focus, and I am pleased to report industry surveys show Transact continuing to outperform its peers on service quality. This remains a key distinguishing KPI for the Group. Over the financial year, advisers registered on the platform increased by 5% and retail clients by 8%. We continue to invest to maintain our leading position.

Our financial and operational performance has been very resilient, and our people have coped extremely well with the many challenges they have faced. Alexander Scott comments on the results in more detail in his Chief Executive Officer's Review.

Hybrid working

In the London office, we are now operating a hybrid model of a minimum of two days in the office, and three days working from home, with local variants in the Isle of Man, Australia and within Time4Advice (T4A). This has been welcomed across the work force and is working well. The pandemic has also speeded up the adoption of more IT enabled working practices through, in particular, Transact Online. The reorganisation of our client operations in London has underpinned our service to our advisers, whilst driving further efficiencies through the Group.

The Group remains proud that it did not furlough any employees, or take advantage of any other Government assistance, during the pandemic.

Time4Advice

The integration of T4A into the Group continues, with live testing with a beta version of the next generation CURO software scheduled before the end of calendar 2022. This is commented on in more detail by Alex in his report.

Transact - BlackRock Model Portfolio Service (MPS)

We are continuously improving our proposition to our advisers and we are pleased to have developed MPS, which was launched in September 2022, available exclusively to Transact Platform clients.

The IHP board

The membership of the IHP board has been stable throughout the year, with Victoria Cochrane, our Senior Independent Director (SID), as the designated Non-Executive Director (DNED) for Environmental and Social Sustainability and Rita Dhut as the DNED for Employee Engagement.

As a result of work, following the external independent evaluation of the IHP board, carried out in 2021, we decided to undertake a corporate reorganisation of the Group structure. This involved moving the insurance subsidiaries, IntegraLife UK Limited (ILUK) and IntegraLife International Ltd (ILInt), immediately under IHP, thereby gaining balance sheet and accounting efficiencies, as well as benefits from reorganising the audit and risk Committee structures in our regulated subsidiaries.

We have instructed head hunters to undertake a search for a Group CFO.

Governance and culture

This is the third 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 73.

We take great care of our corporate culture and values - which are reflected both in our employee relations and in our interactions with clients and other key stakeholders. We believe that a core part of us meeting the new Consumer Duty, being implemented by the FCA, will be underpinned by our culture and values of putting our customers first. It is particularly pleasing we continue to rank so highly in client service polls undertaken by Investment Trends and CoreData, and that our senior employees have such longevity with the Group.

Following the publication of our interim results in May 2022, I and our Company Secretary, Helen Wakeford, offered meetings with our largest ten shareholders, and had meetings with all of them. These meetings gave shareholders the opportunity to discuss several interesting topics, and were felt by us to be constructive and transparent. We have taken on board that feedback and have sought to address their concerns. We plan to continue to have open engagement with our stakeholders outside of the boardroom and this forms a critical aspect of board-level activity.

We have rigorous Audit and Risk, Nomination and Remuneration Committees, which meet regularly and review and challenge in depth the work of the executive. Further detail on their activities over the year can be found in this report. We are committing significant resources to enhancing our corporate governance processes and its constituent parts and expect to see continued benefits from doing so.

On pages 83 to 87, 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.

The board effectiveness review and review of the Chair is discussed on pages 93 to 95.

Remuneration

The Directors' Remuneration Report is set out on page 110. In particular, there are changes noted in the forward looking incentive arrangements for executive management and employees more generally, which are a result of shareholder feedback; see in particular on page 112.

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 3.2 pence per ordinary share, this takes the total dividend to 10.2 pence per ordinary share.

Ian Taylor

We were all shocked and saddened to learn of the death of Ian Taylor on 17 October 2022, after a short illness. Ian founded the Transact platform with Mike Howard in 1999, and was CEO for 20 years until he stepped back in March 2020 (finally leaving the Group in February 2021). His contribution to what is now the IHP Group cannot be overstated, in particular, on building the culture and values of putting our clients at the centre of all that we do. Our condolences go to his widow Frances and their three children.

Closing

This has been my third year as Chair and I remain enormously impressed by the professionalism of our employees, in particular continuing to put our clients first.

The members of the board would like to thank again all our hard working colleagues for their extended efforts dealing with the continuing challenges posed by the pandemic and the other headwinds I mention above. These results, the published clients' satisfaction surveys, and our ranking within the platform sector are the product of their efforts.

Our clear purpose enables us to continue to build on a position of strength. Although we are mindful of what we can control, we believe the changes we have implemented this past year ensure the Group remains resilient and forward looking for the benefit of all stakeholders in the years to come.

Richard Cranfield
Chair
13 December 2022

Alexander Scott
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview

The business has remained resilient throughout the year, with robust net flows and strong adviser and client growth. This is an achievement in a financial year that has seen a serious downturn in investor sentiment. Any positivity from the lifting of COVID restrictions has been eroded by increasing levels of geopolitical tension, inflation levels not experienced in 30 years, industrial unrest and political turmoil.

At such times of economic uncertainty, clients rely even more on the support and knowledge of their financial adviser. Our business model is centred on providing long-term support for our clients and financial advisers, enabling them to stay on track with their long-term financial plans, helping retain business on our investment platform.

For the delivery of that support to clients and advisers we combine our leading proprietary technology with high quality client service. Our employees, who deliver that service, have been impacted by the current economic climate, especially the effects high interest rates are having on mortgage and rent payments, coupled with the significant rise in the general cost of living. We have managed these concerns by assessing and reshaping our remuneration packages to provide greater certainty of income for employees, whilst adding modest additional cost to the Group. Our focus has been on retention of key employees and on recruitment into roles that drive efficiency.

With our consistent approach, we have continued to grow Transact, with the platform's adviser base increasing by 5% over the period, leading to over 7.5k advisers being registered on the Transact platform at the end of the year. Advisers have brought a further 17k clients to the platform, an increase of 8% over the year, with 224.7k clients now using Transact to manage their financial plans.

Gross inflows eased over the year, falling back from the previous year's record high of £7.70 billion to £7.28 billion. The first quarter of this year continued to benefit from the positive market sentiment seen in FY21, but there was a gradual slowing from the second quarter onwards as economic and political impacts took effect. The Transact platform is utilised by clients and advisers for long-term financial planning and this long-term view has helped outflows remain relatively stable during the course of the year. This resulted in robust net inflows to the Transact platform for the financial year ended 30 September 2022 of £4.40 billion, relative to the prior year £4.95 billion.

Even with strong positive net inflows, the impact of negative market movements resulted in a decrease of 4% in FUD at the year-end, finishing at £50.07 billion.

Revenue in the year has increased to £133.6 million (+8%). The Group's revenue is predominantly generated by the value of funds under direction (FUD) held on Transact. The average daily FUD on the Transact platform during the financial year was £52.5 billion, compared with an average during the prior financial year of £47.2 billion. This has helped drive revenues up, despite the year end FUD being below the level at the prior year end, as markets fell sharply from mid-August through to our year end.

Core expenses have increased, mainly due to employee costs, driven by growth in employee numbers to support and develop the business and inflationary pressure on salary levels required to recruit and retain high quality employees. Additionally, HMRC upholding its original decision, at second review, of our VAT dispute has added £1.8 million to our core expenses this year.

The VAT decision has also had a significant impact on non-underlying expenses, as we have paid all prior year contested VAT and interest, £8.8 million in total, in order to allow us to formally appeal the findings to the First-tier Tribunal (Tax Chamber).

After these costs, the Group's profit before tax has decreased by 15%, to £54.3 million. Removing non-underlying VAT and T4A expenses, in both 2021 and 2022, shows a modest increase in underlying profit from £65.2 million in FY21 to £65.8 million in FY22.

Market background

Equity market performance was strong in the first quarter of our financial year and this was reflected in the advised platform market, with strong year-on-year growth of gross inflows in the quarter. There was a gradual slowdown in the second quarter, which resulted in tax year end flows falling below prior year levels across the sector.

The second half of the year deteriorated more rapidly, as the combined economic effects of Russia's invasion of Ukraine, trade tensions between the US and China and the longer-term costs of COVID lockdowns took hold. Interest rate increases, made globally in an attempt to quell persistent inflation, have further added to negative sentiment among investors.

Activity in the investment platform market slowed considerably in the second half of the year, following several changes of platform ownership in the first half. Over the full year, the retail advised platform market FUD fell by 7% from £553.28 billion (September 2021) to £516.65 billion (September 2022).

Our activity

Our focus through the year has been on organic platform growth, service quality and the addition of incremental platform functionality. We have also been working to enhance our platform operating efficiencies in a hybrid working model. Amongst many enhancements to our platform were further additions to our online Guided Applications capabilities, accelerated portfolio creation and anti-money laundering checking, which has allowed us to switch off the use of paper forms in line with our environmental strategy.

The employment market has continued to be buoyant, with an excess of jobs over available quality recruits. We have been able to leverage our reputation to continue to attract quality employees, but we are not immune to the salaries being offered to attract our employees away. Money isn't enough by itself to retain good employees, for whom job fulfilment and feeling they are accepted as themselves, are both valued highly, even more so following COVID lockdowns. We foster a culture of belonging, where everyone's views are important and listened to. Expanding our employee engagement programme, to better demonstrate this on issues such as flexible working, performance structures and office environment, has proven beneficial in retaining employees.

We have increased the breadth of our services for Transact clients, with the September launch of the Transact - BlackRock Model Portfolio Servicer (MPS). Available exclusively to investment platform clients, this will extend the choice of Discretionary Investment Managers available on our platform even further. The Transact - BlackRock MPS will use BlackRock's market leading investment process, at a highly competitive ongoing cost for investments. We expect this to contribute both to the retention of our current clients and financial advisers, as well as being attractive to new clients and financial advisers.

We have again been able to reduce the cost of Transact to clients. Reductions were made to both *ad valorem* and buy transaction charges, further increasing the value of the offering to clients.

Development of T4A's next generation CURO software has progressed well, with a beta client live by the end of the year. A live testing period will then follow, before rollout to pipeline clients commences later in 2023. In the meantime, the current CURO3 product has been selling well, with a good flow of new clients opting to implement this system ahead of the new release.

Throughout the financial year, we have been continuing work with our external consultants, Willis Towers Watson, to help the Group establish a prioritised and thoughtful environmental plan. This will be aligned to our ambitions, supports a low carbon-emissions economy and remains flexible enough to accommodate changes in regulation. With these criteria in mind, we have set out a phased approach. The first phase, in which we are making progress, clarifies the best opportunities across the IHP Group over the short, medium and longer-term to directly influence and shape the scope 1, 2 and relevant elements of scope 3 carbon emissions arising from our business.

The outlook

We are mindful of the difficult economic environment, with inflation and interest rate stresses expected to persist, leading to continued volatility in asset markets. However, given the strength of our proposition and its careful management, we expect the performance of the Transact platform to remain robust during the forthcoming financial year, with new clients and advisers joining and continued resilient flows onto the Transact platform. Despite the adverse headwinds, the advised platform market is expected to grow in 2023, and we aim to carry on growing our share of it.

In 2023, we will continue to execute on our priorities, investing in the development of our proprietary software, we will train users in how to best use the extensive functionality now available to deliver operational excellence efficiently. All of this will enable our clients, with their advisers, to stay on track with their long-term financial plans.

Once T4A's next generation CURO software has been proven with the beta client, we will begin the implementation process with the adviser firms in the current pipeline. The focus will be on ensuring that new users are properly supported throughout the process, building the foundations of enduring relationships.

July 2023 brings the primary implementation deadline for the FCA's Consumer Duty regulations, with all reviews necessary to meet the consumer outcome rules being complete before the end of April. As the business has always been focused on consumer outcomes, we feel well-positioned for these new rules, but undoubtedly there will be additional costs incurred in demonstrating compliance. We have factored this in to our development plans and costs.

We will take a measured approach to our appeal to the First-tier Tribunal (Tax Chamber) on the VAT ruling, ensuring both legal costs and management time are kept to a minimum.

We do not underestimate the uncertainty of our environment, however, we focus on what we can control. Continuing to invest in our people and our infrastructure, whilst managing our societal impact, will ensure we are well positioned to face the challenges ahead, enabling us to continue to deliver for all of our stakeholders.

Ian Taylor

I cannot close without a few words about my long-time friend and colleague, who sadly passed away in October. Ian was an incredible individual who, with Mike Howard, set out to completely transform the delivery of financial plans in the UK market.

Ian's focus was always to deliver the best outcome for "Mrs Miggins". This focus built a principled business, years ahead of the RDR curve and the forthcoming Consumer Duty rules.

Ian was always happy to share his thoughts and experience and equally willing to listen to others, but never diverted from his principles. We continue to drive the business on those principles: "Do the right thing" and "Stick to our knitting".

Alexander Scott
CEO
13 December 2022

MARKET OVERVIEW

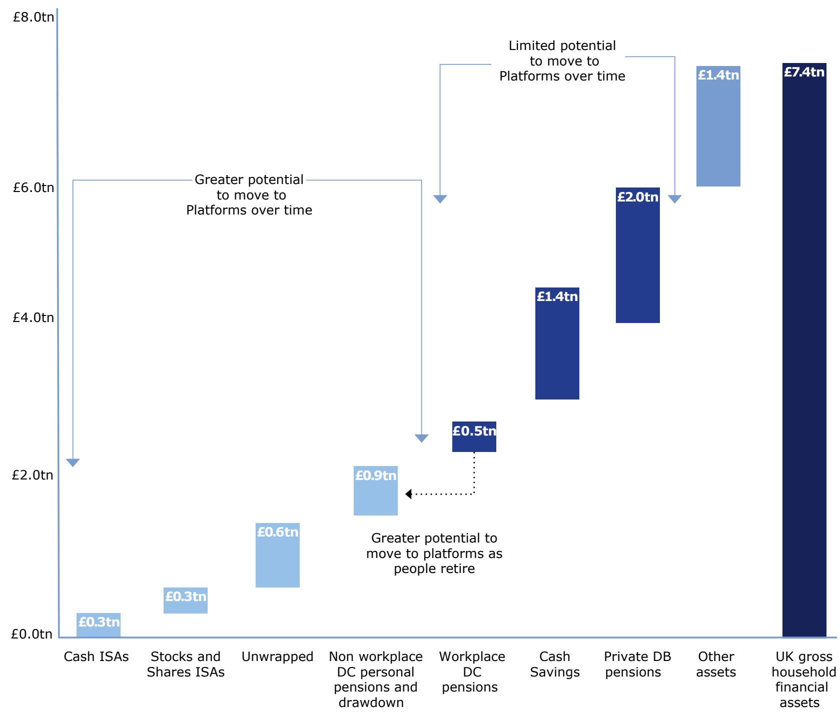
The UK wealth market

The UK wealth market is one of the largest globally, with circa £3.0 trillion held in cash and investments. Our target markets are the assets currently managed by advisers on competitor investment platforms and those assets managed by advisers, but yet to be placed on a platform. Investment platforms are very popular amongst advisers and clients, allowing for a wide range of assets to be held within an extensive range of wrappers, such as the various types of ISAs and Personal Pensions. Additionally, with assets on a platform, administration can be streamlined, with efficiencies translating into a highly cost effective solution. Investment platforms now capture more than 97%[1] of annual flows placed by advisers.

This means that we see cash and assets migrating away from individual product providers to platforms every day.

c. £3.0 trillion+ of addressable market for platforms including cash savings

Estimated components of UK financial wealth (£tn 2021)



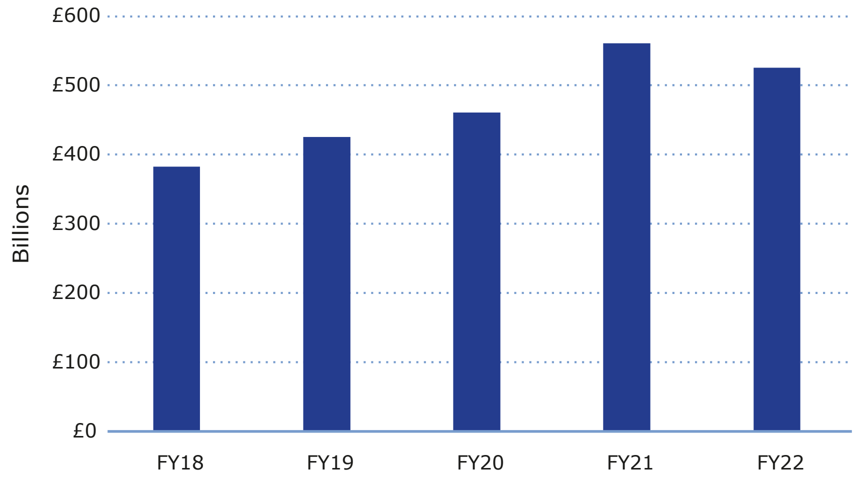
Source: BNP Paribas Exane Estimates (Other assets includes NS&I, annuities, life insurance, bonds etc.)

Structural drivers of growth

Advisers focus on clients with savings of £100,000+ and those accumulating wealth. The advised platform market has grown strongly since launch in 2000, at a CAGR of 9.6% over the last 5 years.

[1] CoreData Survey 2022

FUNDSCAPE ADVISED PLATFORM MARKET AUM



Source: Fundscape

We expect this growth to continue due to significant and growing UK wealth.

Tax wrappers available

The UK is the fifth largest wealth market in the world[2] and growing, with many investable assets yet to migrate over to platforms. Advised platform AUA is expected to grow at 8.1% per annum[3] over the long-term. The UK Government, in response to fiscal constraints and a larger and growing share of the population in retirement, encourages retail saving by providing tax incentives for certain wrapper types, including (from a UK population of c. 60m):

- Individual Savings Accounts (ISAs) - 7.9 million adults own a stocks and shares ISA in the UK[4].
- Junior Individual Savings Accounts (JISAs) – Around 1 million JISA's are subscribed to in the UK[5].
- Lifetime Individual Savings Accounts (LISAs) – Around 0.7 million LISA's are subscribed to in the UK[6].
- Personal Pensions – 30.2 million people in the UK had a private pension in accumulation[7].
- Workplace Pensions – In 2020 nearly 8/10 employees in the UK were workplace pension members, the figure rising from less than 5/10 in 2012 in response to new legislation for 'Auto Enrolment'[8].
- Venture Capital Trusts – UK Venture Capital Trusts issued shares to the value of £688 million in 2020 an increase of 4% on the previous year[9].

[2] Credit Suisse Global Wealth Databook 2021
[3] Oliver Wyman Private Wealth Estimates
[4] FCA Financial Lives Survey February 2021
[5] GOV Annual Savings Statistics June 2021
[6] FCA Financial Lives Survey February 2021
[7] FCA Financial Lives Survey February 2021
[8] GOV Employee workplace pensions in the UK 2020
[9] National Statistics VCT Statistics 2021

Complex personal taxation environment

The UK has seen a movement from defined benefit to defined contribution pension schemes, putting the onus back on the individual to manage their own wealth. As well as pension regulation complexities, individuals are seeking the help of financial advisers to ensure compliance with inheritance and capital gains tax, as well as obtaining any tax benefits associated with particular tax wrappers. For example, ensuring that when an individual prepares for, approaches, and then enters into, retirement they do not incur personal tax liabilities that could have been avoided. A growing area of financial planning is around the transfer of wealth from older to younger generations. Advisers combine their tax and investment expertise with use of various trust types. This is easily done on the Transact platform.

Wide range of investment options

The recent proliferation of investment products has given individuals greater access to a wide range of investment products from a large number of product providers. Platforms like Transact afford investors access to a wide open architecture range of assets from third party providers. This significantly greater level of asset choice has been a further driver of the growth of FUD through platforms.

Transact's highly competitive proposition

The 16 largest adviser platforms administer over £550 billion in total and these other adviser platforms form our main competition. Transact retained the top spot in annual independent research studies Investment Trends and CoreData for the thirteenth year running (2010-2022 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)*
2022	1st	1st	1st
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

The Transact proposition has been developed putting clients and their advisers at the heart of our activities. The core components ensure that:

We are UK adviser focused

Transact will remain focused on UK financial advisers and their clients, solely concentrating on delivering the market leading advised platform. Our model ensures expertise, flexibility and efficiency, hence we service advisers and our mutual clients through a combination of Transact Online and ten regionally focused teams.

Each team consists of 15-20 people, including subject specialists and two field-based sales personnel per region. Advisers work with the same team each day through secure communication channels and are able to interact with experts in real time, to answer their requirements. Our online functionality is extensive and most routine instructions are self-keyed by advisers. We support online users with both live chat and co-browse technology.

We offer a comprehensive proposition

Transact offers access to over 16,000 assets and funds from around 400 fund managers, and is the leading platform providing access to the largest population of investment trusts. Our wide range of investment propositions are complemented by a comprehensive range of tax-efficient wrappers, including an extensive suite of Pension types, ISA types plus both onshore and offshore bonds through our domestic and international insurance companies. Transact offers additional functionality to advisers including: template portfolio management tools, lifetime cash flow modelling, and broad tax and other reporting facilities. The depth and breadth of our proposition and functionality has been recognised by NextWealth, through our 'Digital Process Champion' status.

Access to the Transact - BlackRock Model Portfolio Service (MPS)

We launched the new Transact - BlackRock MPS in September 2022. Assets held on the Transact platform with third party DIMs have more than doubled in recent years, and this highly attractive discretionary model portfolio service will be made available exclusively to Transact clients and their financial advisers.

Our investment platform is built on proprietary technology

Controlling its own technology allows Transact to continue to innovate and respond swiftly to client and financial adviser demands as they arise. It avoids significant set up costs involved with outsourcing and ensures we can be holistic and economical in our approach to developing and servicing the investment platform.

We own our Insurance Company subsidiaries

Having both our domestic and international insurance companies in-house and fully owned within the IHP Group enables the consistent and co-ordinated provision of investment bonds and insured pension wrappers, which is another advantage for Transact clients and their advisers.

Client developments

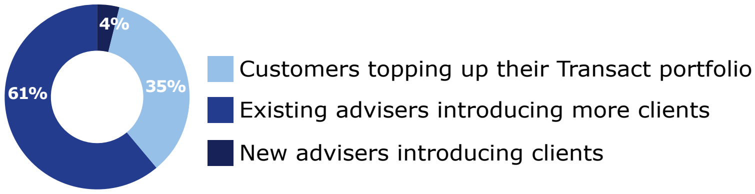
Internal developments throughout the year included:

- Through our "responsible pricing" approach, we implemented price reductions in March and July 2022, which resulted in both existing and new clients benefiting.
- Re-shaped our Client Service teams – we have reshaped our client service team structure, reducing the number of client service teams, whilst increasing the number of service employee on each team, in turn widening the experience and support each team can offer.
- Enhancements to our online functionality has seen an increase in our adviser 'Self-Serve' functionality, freeing resources for our client service teams to help advisers in more complex matters.

Whilst the COVID pandemic and other external economic factors have made this a challenging year, Transact is consistently ranked in the top three platforms for net inflows.

In FY22, Transact saw inflows split as follows:

Transact Split of Inflows



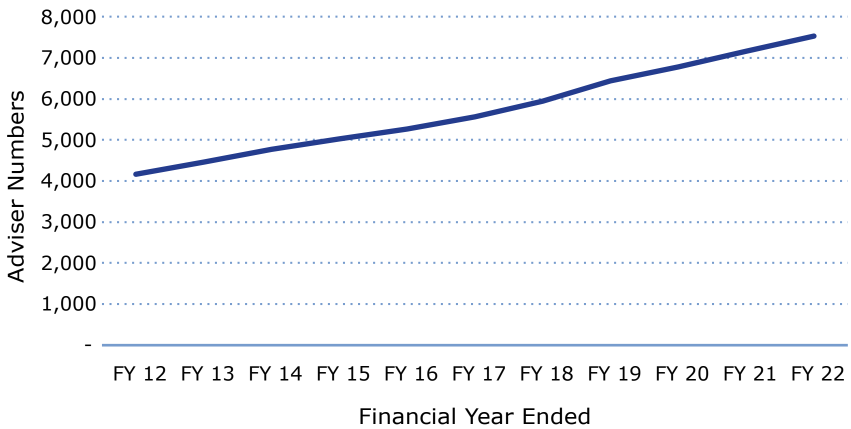
Adviser and client numbers

Of over 35,000 financial advisers in the UK, around 13,000 are operating in our target market and are contestable. There is significant growth potential for Transact within the existing contestable market – both converting registered users to supporters (advisers who place a large proportion of their client wallet with us) and signing up new advisers.

At the end of FY22, there were 7,537 registered advisers with Transact (compared to 7,161 a year earlier). This strong adviser support led to our customer numbers growing from 208,611 to 224,705.

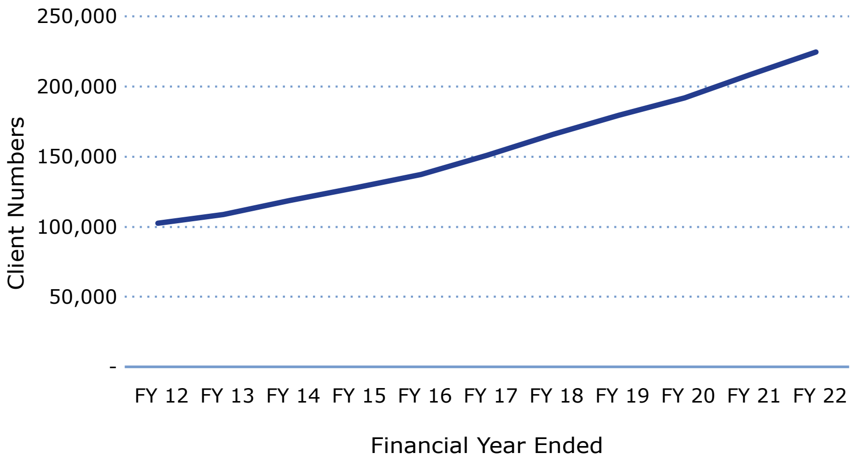
In our own adviser survey, Transact was the 1st choice for the majority of responding advisers, with 74% believing their clients are 'satisfied' or 'very satisfied' with the service Transact provides. Our website continues to be popular with our advisers with 70% using Transact online daily, upgrades we have made in the last 12 months have also been well received.

REGISTERED ADVISER NUMBERS



In our own client satisfaction survey, 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

Despite a volatile environment, the fundamental growth drivers for the sector remain intact, with a requirement for clients and their advisers to be supported by comprehensive and robust tools.

Within the market place, Transact continues to deliver a competitive proposition and we are pleased it has performed resiliently in a difficult environment, demonstrated through significant net flows and industry recognition. Unsurprisingly, given the sector fundamentals, competition in the sector has not abated. However, as always, we rise to the challenge and continue to carefully invest and evolve the proposition further, ensuring we maintain high quality of service and clear value-for-money for our clients and their advisers.

Jonathan Gunby
Executive Director and Transact CEO
13 December 2022

BUSINESS MODEL

IHP Group has two core business propositions, which complement each other in making it easier to deliver financial advice and planning to clients. Transact – our investment platform - aims to make financial planning easier and CURO – our adviser support system - supports advisers through the financial advice process.

"Do the right thing"

This is our core value, which we believe ensures the right outcomes for all of our stakeholders.

How?

Through our market-leading investment platform which makes financial planning easier and CURO software that supports the financial advice process. The systems enable advisers to implement financial plans for our mutual clients, simply and efficiently, actively supported by skilled client service and adviser support teams. Our people provide real time, consistent day-to-day and technical support, no matter how basic, or complex, the query may be.

Why Transact and CURO stand out

Award-winning proposition	We are a long-established yet progressive, financially secure, investment platform ▪ We have championed a consistently high level of service for 22 years ▪ We have won numerous awards (see page 10)
Client service excellence	We have a proven client servicing model ▪ Skilled, dedicated, regionally allocated client service employees, who put clients first ▪ Efficient and personal client and adviser experience
Adviser relationships	Over 7,500 advisers have independently chosen Transact as an investment platform for their clients and over 2,200 CURO end-users are benefitting from CURO supporting the financial advice process: ▪ We value and nurture our relationships with advisers ▪ Many of the advisers that use Transact and CURO have done so for many years
People excellence	Our people are our most valued asset ▪ People retention through a strong, values-driven culture ▪ Encourage excellent performance and all people have the opportunity to develop and progress, be it through technical specialism, people management skills, promotion within a department, or changing roles

Tax wrapper and asset offering

Our investment platform provides a wide range of in-house tax-efficient wrappers:

- Pensions
- ISAs (LISA and JISA)
- Onshore life insurance bonds
- Offshore life insurance bonds
- General Investment Accounts

Our investment platform is whole of market and provides 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

In-house technology

Total control over what our systems do, through proprietary software systems technology, maintained and supported by our wholly owned software development companies:

- Full control of development direction, priorities and costs, leading to full control of the client and adviser experience
- Agility and responsiveness to client and adviser requirements

Financial stability

We have a highly cash generative business model, which has led to shareholder cash increasing:

- No debt on our balance sheet
- Expenses are managed in line with our business plan
- We have a strong regulatory capital position that remains stable through the economic cycle

We use our resources to create value

1. People

We invest in our people. Our client service and support teams receive extensive training through our internal training programmes and they are instrumental in our success. 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. Our investment platform has been consistently differentiated from our competitors' over the years, through sustained customer service excellence.

2. Infrastructure

Our systems and processes are designed to meet the needs of our clients and their advisers. The development and implementation of the investment platform and CURO system enhancements has been carried out in a considered, controlled manner for many years and this proven approach will continue for the foreseeable future.

3. Growing FUD

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 our ability to invest in our people and the platform, and it means that the best service in the platform market is even better value-for-money, which should drive increased flows, leading to 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.

4. Growing earnings

Revenue is generated from the fees clients pay for using our platform and for licence and consultancy fees advisers pay T4A. The business model we operate is sustainable, as 98% of the investment platform revenue, as detailed on page 46 in the Financial Review, is recurring (i.e. relates to regular commission or fees taken based on the value of assets or the number of wrappers held) and has been for many years. T4A licence fee income has also proven sustainable and is expected to grow further with the introduction of next generation CURO.

5. Managing costs

Insourcing the key components of 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 and adviser support teams to operate particularly effectively.

6. Delivering fair outcomes for all stakeholders (see Stakeholder engagement on page 78)

We engage with our stakeholders, with the clear aim of delivering fair outcomes for all, and this is central to our business model:

Clients – we run a financially stable platform and aim to offer clients the best value- for-money proposition, where we can sustainably afford to.

People – we offer structured training and development, career progression and a reward package that reflects our loyalty to our people.

Advisers – we listen to advisers, we want to run a platform that is responsive to the needs of their clients and provide back-office systems that fully support their needs.

Shareholders - in respect of financial year 2022, the first interim dividend of 3.2 pence per ordinary share (£10.6 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.

Regulator – we strive to maintain an open and respectful relationship with our regulators; we understand the importance of their role in our business.

Suppliers – we treat suppliers as we want to be treated.

STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS
OTHER INFORMATION

OUR STRATEGIC OBJECTIVES

Purpose

IHP Group's purpose is to help our clients and their families manage their investments.

Core strategic objective

We do this through focusing our business model on our overarching strategic objective of making financial planning easier.

Values

Our values are summed up in "doing the right thing" for all our stakeholders. This is embedded in our culture and central to delivering our strategic objectives.

How we deliver

Our core strategic objective of making financial planning easier is accomplished through the delivery of high quality, value-for-money financial services infrastructure, and associated services, to UK advisers and our mutual clients. We keep our offering relevant to current and future new clients, through ongoing development, which ensures we meet the needs of clients, their families and their advisers.

We aim to create, maintain and improve value, relationships and outcomes for our principal stakeholders: our clients, our employees, our advisers, regulators, our suppliers and our shareholders. We detail what the directors have done for our stakeholders in the year in our Section 172 statement on page 83.

Strategic priorities and key risks

Our strategic priorities and the key risks to achieving them are below, and sit alongside risk management activities and controls, on pages 52 to 57.

1. Drive growth

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

We aim to grow the numbers of advisers using Transact and CURO through the financial planning benefits the respective services offer to them and their clients.

We develop the core proposition, and modify business plans, in order to maintain focus on helping clients achieve their financial objectives and positive customer outcomes. By putting the client experience at the heart of our business model, we believe we will retain existing clients, through their financial adviser, and attract new clients.

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

Financial year 2022 progress:

FUD ended the year at £50.07 billion (2021: £52.11 billion), falling 4% year on year, the reduction at year end was the impact of net flows onto the platform of £4.4 billion offset by market falls of £6.2 billion. However, average daily FUD on the platform in FY22 increased by 11% to £52.54 billion.

Advisers with over £1k on the investment platform grew by 5% and the number of advisers using CURO has grown by 44%.

Financial year 2023 outlook:

We will continue to target advisers not yet using our services that are in our identified core markets.

We will encourage existing adviser users to move additional clients onto Transact, as they have experienced the benefits that our service brings.

T4A will focus on the planned soft release of next generation CURO, live in December 2022 and also continue to support the existing CURO3 software and users.

Key risks:

- Service standards failure
- Stock market volatility

2. Invest

We have a proven track record of investing in our people and our technology, and this has ensured our service quality has been award-winning and operationally resilient.

We know that high calibre, well-trained, engaged employees and intuitive, progressive systems are critical to our ongoing success and we recruit and train client-focused people, so that we will maintain our record of excellent service.

We invest in system development resource, not only to enhance the services we offer and drive operating efficiencies, but also to ensure our systems are operationally resilient and we can "keep the lights on". We believe that under-investing in our people would damage the propositions in the longer term.

We ensure we develop our systems to meet all statutory and regulatory change. We are often guided by feedback from clients and their advisers when preparing roadmaps for discretionary changes to the investment platform software. However, where we can see operational efficiencies that will reduce overheads and improve service standards, we will divert development resource to focus on those changes.

T4A listened to feedback from advisers when developing CURO and have applied the same principles to developing next generation CURO.

The emergence of new investor practices and product, wrapper and functionality additions may all require the deployment of new technologies and where new opportunities are identified, the Group looks to introduce insourced solutions.

Investment decisions must not:

- Risk Group capital beyond reasonable levels;
- Bring the Group into commercial conflict with our target market; and
- Make it difficult for us to meet our regulatory responsibilities.

Through these measures, we aim to continue to grow profits and generate the best outcomes for our stakeholders.

Financial year 2022 progress:

£14.1 million (2021: £12.4 million) invested in platform and CURO (and next generation CURO) development in the year. This is comprised of platform developer and management cost, acquisition of new equipment and training costs.

We accelerated the investment platform digitalisation initiative in FY22, due to the efficiencies and improved service that it generates for clients and their advisers, it also generates efficiencies for us.

T4A's FY22 priority was developing next generation CURO, which went live with a client in December 2022. T4A have invested in headcount to support software development and ancillary support services.

Financial year 2023 outlook:

We will continue the IT and platform developer recruitment plan announced at our FY22 half year, investing in additional headcount to support systems and platform development. We look forward to making further enhancements that benefit and support the client and adviser online experience in financial year 2023, as well as driving efficiencies through our operations, including implementing systems improvements which are already designed and timetabled.

Key risk:

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

3. Earnings

Through retaining and growing investment platform FUD and wrappers, we grow investment platform revenue. T4A grow revenue through increasing the number of adviser user licences. We achieve this growth through:

- The investments managed by Transact's current adviser base increasing value 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 and their clients' assets on our investment platform.
- Attracting new advisers by maintaining leading ratings amongst advisers and keeping our platform relevant to new advisers and clients, by developing and improving the service to meet their needs.
- T4A will continue to be loss-making for the next financial year, albeit the loss is expected to halve, and this will reduce Group profitability. In the longer term we expect the growth in adviser users of CURO, coupled with the investment in and launch of next generation CURO, to generate profits from FY24 onwards.

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 2022 progress:

Average FUD through the year increased by 11% from £47.24 billion in FY21 to £52.54 billion in FY22, this led to a 7% increase in investment platform revenue to £129.7 million (2021: £121.3 million). Solid net flows helped to dampen the impact of falling markets.

T4A's licence and consultancy fee income grew from £2.4 million for the nine months it was in the Group in FY21, to £3.9 million for the full financial year 2022. This growth includes the £390k reduction in licence revenue from the departing client, which has reduced to £179k in FY22. Excluding this client, monthly revenue has grown from £209k to £310k in FY22.

Financial year 2023 outlook:

Financial year 2022 closed on a weak FY23 economic outlook. In order to protect revenue, we will continue to focus on investing in the platform, CURO and next generation CURO, so that we support and retain existing users and increase market share.

Key risks:

- Service standards failure
- Stock market volatility
- Increased competition

4. Cash generation

We are a highly cash-generative business as all our fees are received in cash, which we collect directly from client portfolios as they become due, or through invoicing advisers using CURO.

Shareholder cash, which is combined with policyholder cash in the financial statements, has increased over time as a result of our cash-generative business model. Combined with appropriate expense management, we expect to continue generating cash profits.

Financial year 2022 progress:

Profit before tax in financial year 2022, generating profits from the cash received, was £54.3 million, which is a decrease of 15% from £63.6 million in financial year 2021.

This fall has mostly been caused by higher employee costs (+£6m), professional fees (+£2m), and the recognition and settlement of the backdated and FY22 VAT liability of £9.4 million, plus interest of £0.8 million, for the period July 2016 to September 2022. All items are further detailed in the Financial Review on page 45.

The operating profit also includes expected T4A losses, of £1.9 million (FY21: £1.3 million), noting that a full year is included in FY22, versus nine months in FY21.

Financial year 2023 outlook:

We will continue to manage expenses carefully, whilst continuing to invest as necessary in our people and system development. It is expected the Group's strong liquidity profile will be maintained.

We project that T4A's costs will again exceed revenue in financial year 2023, although the loss is expected to halve.

Key risks:

- Stock market volatility
- Uncontrolled expenses

5. 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 2022 progress:

The Group capital position, as defined by Group net assets, grew 6% and ended the year at £173.2 million, up from £163.3 million at 2021 year end. The growth in net assets was hampered by the outflow of £10.2 million in settlement of backdated and current year VAT and associated interest.

Financial year 2023 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 2022 progress:

A first interim dividend was paid of 3.2p per ordinary share and a second interim dividend declared of 7.0 pence per ordinary share, in line with our dividend policy (after excluding non-underlying expenses).

Financial year 2023 outlook:

Our dividend policy remains unchanged, however, our income may be impacted by continuing market uncertainty due to the Russian invasion of Ukraine, high inflationary pressure on all costs, including recruitment, and political instability and our post tax profits will be affected by changes in the tax rates in the UK and Isle of Man.

Key risks:

- Stock market volatility
- Uncontrolled expenses
- Capital strain

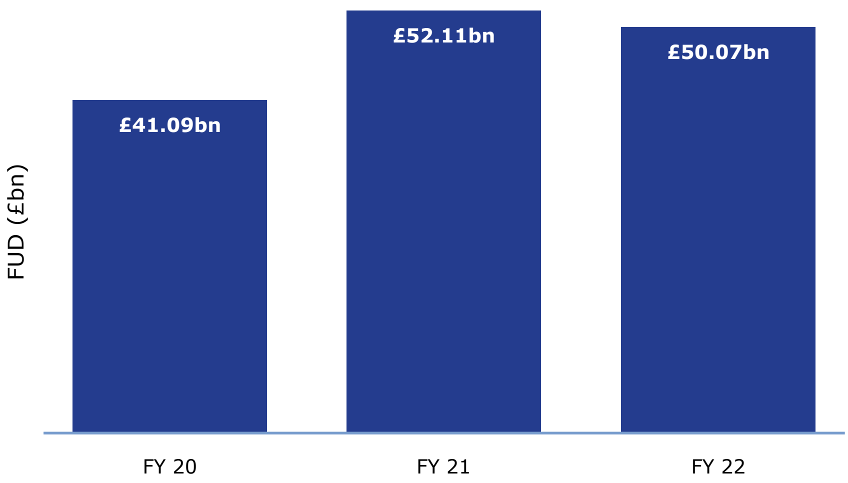
KEY PERFORMANCE INDICATORS

We have a number of quantifiable measures that we use to gauge the performance of our business. These are our key performance indicators and they are linked to our strategic objectives.

STRATEGIC OBJECTIVE

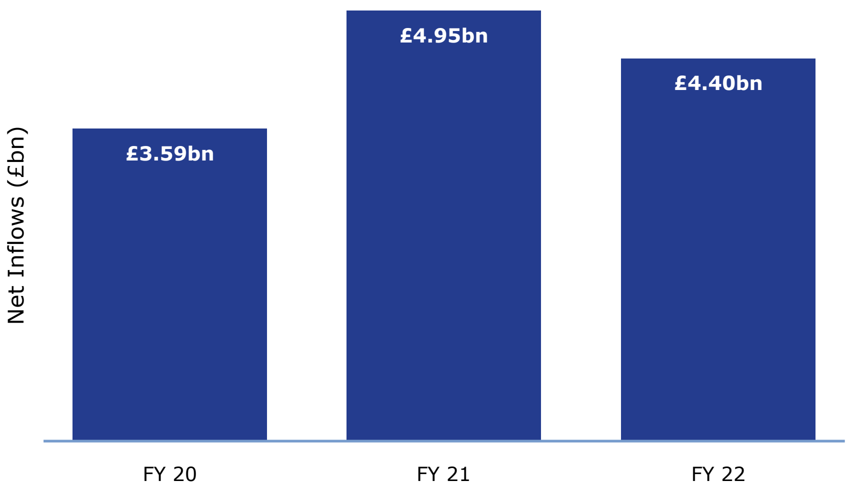
- Drive growth
- Invest in the business
- Grow earnings
- Maintain cash generation
- Maintain strong balance sheet
- Deliver on dividend policy

Year-end FUD* £50.07 billion (-4%)



The value of FUD is the primary driver of Group revenue, as it forms the basis of annual commission payable, which is the largest component of Group revenue. The value of FUD generates cash and drives earnings growth. Whilst year end FUD fell £2.04 billion from 30 September 2021 to 30 September 2022, average daily FUD increased year on year by 11%.

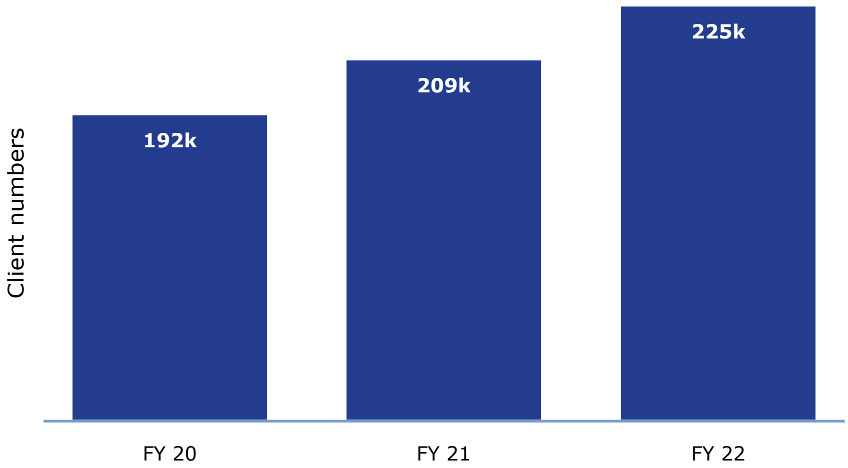
Net inflows* of £4.40 billion (-11%)



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 are a crucial component of FUD growth and, therefore, drive cash generation and earnings growth.

STRATEGIC REPORT continued

224,705 clients* (+8%)



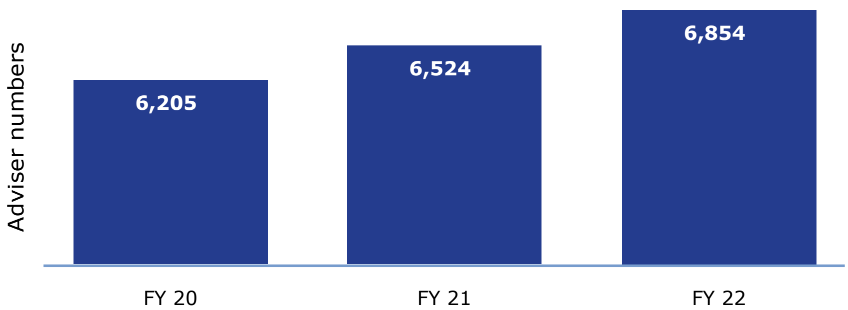
Client numbers continue to grow at a steady rate, bringing new money onto the platform and also retaining existing money. Client numbers help drive FUD, which generates cash through fees and which then grows earnings.

Client retention 97% (+1%)

FINANCIAL YEAR	2020	2021	2022
Levels of client retention	96%	96%	97%

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, whilst other metrics may have suffered in FY22, this is an important one in evaluating the strength of the core proposition.

6,854 advisers with > £1k on the investment platform* (+5%)

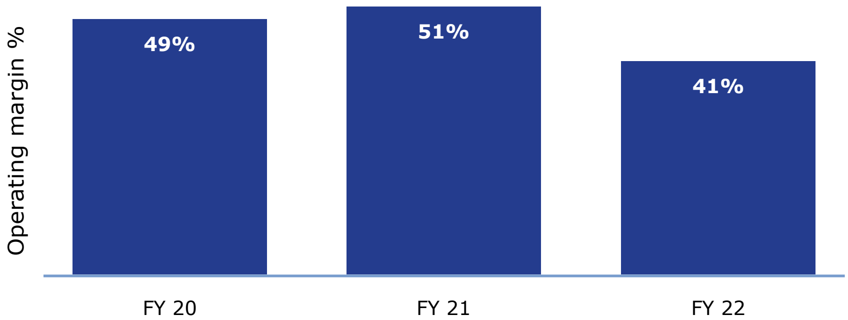


We continue to experience steady growth in the number of advisers using the platform. Once again we retained the highest Net Promoter Score (NPS) of the adviser platforms in the annual Investment Trends survey. The rate of growth of adviser numbers continues to increase steadily year-on-year, again driving FUD, cash generation and earnings growth.

Profit before tax £54.3 million (-15%)

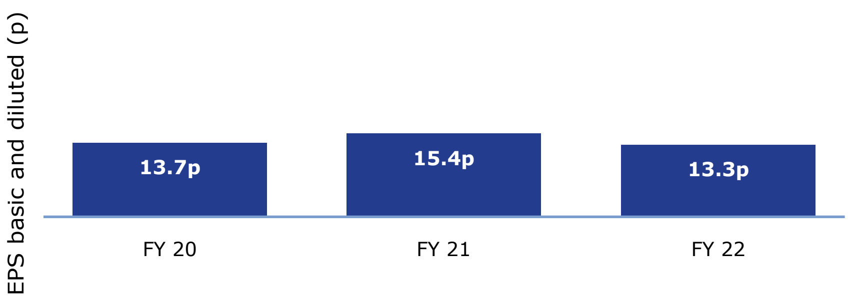
Profit before tax has decreased by 15% in FY22, primarily due to: increased staff costs, as we invest in both investment platform and T4A people; and, growth in non-underlying expenses due to recognition and settlement of backdated (£8.0 million) and current year VAT (£1.8 million) and associated interest (£0.8 million).

Operating margin 41% (-20%)



Operating margin is operating profit over revenue, expressed as a %. It represents the % of revenue that translates to profit. In past years it has been consistently close to 50%, and the reduction in FY22 is due to increased expenses as we invest in people and recognise the backdated and current VAT liability.

Earnings per share (diluted) 13.3p (-14%)



Earnings per share is a measure of the amount of profit after tax the Group has generated for shares in issue. EPS has reduced in FY22 due to higher expenses in FY22.

*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 230.

RESPONSIBLE BUSINESS - TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) STATEMENT

Foreword from Victoria Cochrane – Designated Group Non-Executive Director for Environmental and Social Sustainability

Whilst this is the first year in which we are in our Annual Report formally reporting under TCFD, we have been reporting on our GHG emissions for scope 1, 2 and 3 in relation to operations for the last three years and have been improving the depth and quality of our reporting over that period.

We are mindful of the UK government's overall ambition to reach a net zero position by 2050 and we are committed to meeting this goal. Our strategy and aspirations will be set accordingly, however, every opportunity will be sought out and taken to allow us to meet a carbon net zero position across our group earlier within the decade leading up to 2050 and to playing our part in tackling climate change.

Our next step is to carry out a full assessment and to set out a concrete action plan to deliver carbon net zero by that date or before. We have decided to use 2019 as our baseline year and we will measure the performance of our metrics and targets against this position.

We are conscious that we have a lot of work to do to create detailed targets, building on the work done so far to measure our GHG emissions, and to understand the implications of those on our current ways of working as they bed down following the pandemic.

We have the opportunity to move our London office when the lease expires and to make a substantial reduction in our carbon emissions at that stage. I will be at the forefront of supporting the business in setting the climate-related strategic targets and securing Board approval for these.

The measurement and monitoring of progress against these targets will be overseen by the Audit and Risk Committee, reporting to the Board, and independent assurance will be sought from the Group's external Auditor.

We have not included any metrics for scope 3 emissions relating to the investments on our platform; we have no control over the selection of investments which is made by our clients and their independent financial advisers. We will, however, look for opportunities to assist clients and financial advisers in addressing climate-related data challenges relating to their investments.

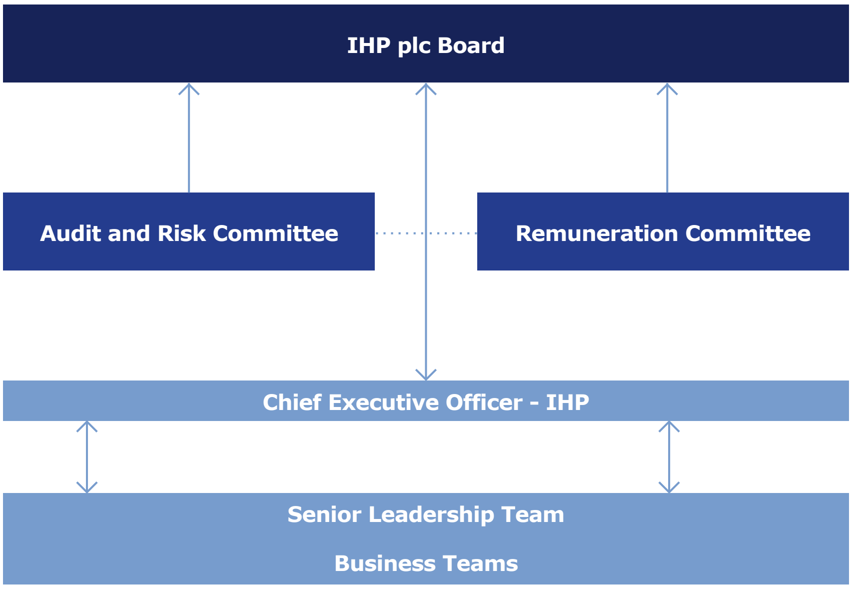
We report against the four pillars recommended by the TCFD below:

TCFD PILLAR	TCFD RECOMMENDED DISCLOSURE	OUR CURRENT PROGRESS	FURTHER INFORMATION
1. Governance	Disclose the organisation's governance around climate-related risks and opportunities.	Climate is a standing agenda item at IHP board meetings. Updates on activities undertaken are given by the Executive and open to challenge by the Non-Executive Directors. Future actions are noted and reported against.	See Governance section, pages 26 to 27.
2. Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	We have set out our current understanding of the risks impacting the business based upon the primary climate change drivers. We have established with external consultancy support our strategy and identified areas of opportunity for our business.	See Strategy section, pages 28 to 29.
3. Risk management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	We have a well-established risk management framework which assists in our understanding of the likelihood and impact of risks to our business. We facilitate regular cross functional discussions and these will help us to understand the physical and transitional related climate risks and opportunities impacting the business directly and indirectly.	See the Risk Management section, pages 52 to 58.
4. Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	We continue to refine our metrics as we aim to include all relevant emissions, hence we have restated some prior years. We will measure the performance of our targets against our chosen baseline year of 2019.	See Metrics and Targets section, pages 33 to 36.

1. Governance

Our objective is to embed the Group's actions on climate change throughout our organisation, supported from the top by a strong governance structure.

Set out below is a summary of the governance structure which provides strategic direction and oversight for managing our climate-related strategy, risks and opportunities.



Further details of our governance structures are set out on pages 53 to 54.

The board

The board provides leadership and direction and is accountable for the long-term success of the Group. It sets the Group strategic priorities, see pages 52 to 58, within a framework of controls and prudent levels of appetite. The board is ultimately responsible for risks and opportunities facing the business and this includes climate–related considerations.

Given the increasing importance of climate-related issues, in September 2021, Victoria Cochrane was appointed as the designated Group Non-Executive Director (DNED) for Environmental and Social Sustainability (ESS). Victoria assists the board in ensuring the Group has appropriate environmental and social strategies that are integrated with its core business strategy and contribute to the long-term sustainability of the Group; reviewing the strategies, policies and performance of the Company in relation to environmental and social matters suggesting ways to drive improvement in these areas; and ensuring these strategies continue to evolve and are aligned to the culture and values of the Group.

Collectively, strong board engagement will support stewardship, as well as leadership and direction for our ESS initiatives.

Audit and Risk Committee (ARC)

The ARC is responsible for oversight of the risks in the business. It places reliance on the Group's embedded risk management framework, which facilitates the assessment of the operational, financial and reputational effects that risks might have on the business, including climate-related risks.

The ARC is also responsible for ensuring the integrity of the Group's financial reporting including the TCFD disclosures in the Annual Report and Accounts. Going forward, the ARC will monitor progress of Greenhouse Gas reductions in scope 1, 2 and 3 operational emissions against Board approved targets.

Remuneration Committee (Rem Co)

The Rem Co is responsible for the oversight of remuneration against performance metrics and targets, which includes Environmental Social Governance (ESG) related elements within the four pillars, for the purposes of assessing the executive scorecard and employee performance for reward purposes. See page 119.

Chief Executive Officer (CEO)

The CEO defines, in conjunction with the board, the strategy, values and culture of the Group. This will include leadership of the senior management team in driving the initiatives associated with setting out, and delivering, the strategies of climate-related aspirations along with the wider ESG compliance agenda, see pages 5 to 7.

Senior leadership and business teams

The senior leadership team and the business teams support the CEO in discharging his responsibilities. Effectively applying the risk management framework, to ensure that the risks and opportunities facing the business, including those related to climate-change going forward, are captured and adequately assessed. This includes undertaking physical and transitional climate-related scenario analysis, to achieve a better understanding of the impacts on the business.

2. Strategy

The Group's aim is to achieve net zero by 2050, in line with government targets.

We are mindful of the overall UK government's ambition to reach a net zero position by 2050 and we are committed to meeting this goal. Our strategy and aspirations will be set accordingly, however, every opportunity will be sought and taken in order to enable us to meet a carbon net zero position across our Group earlier within the decade leading up to 2050. This includes scope 1, 2 and 3 operational emissions.

Following the publication of the TCFD framework by the Financial Sustainability Board in 2017, we have assessed the risks and opportunities of climate change on our business based upon the following aspects;

CLIMATE RISK DRIVER	CHALLENGES	RISKS
Physical The immediate risks arising from weather-related events and slow onset climatic changes	**Acute, e.g.** ▪ Change in frequency of weather events e.g. flooding, wildfires, high winds ▪ Change in the severity of weather events e.g. heatwaves, lower temperatures **Chronic, e.g.** ▪ Sea level rises ▪ Changing precipitation ▪ Rising temperatures	Operational Reputational Business Planning and Environment
Transition The financial risks arising from the transition to a lower carbon economy	▪ Arising from changes in policy (changes in emission reduction targets), technology (new low carbon technologies imposed), social pressures and consumer preferences (demand for lower carbon products and services) ▪ Potential big shifts in the value of assets or costs of doing business	Market Business Planning and Environment Reputational Legal and Regulatory
Liability/Regulatory Action The risk of actions initiated by claimants who have suffered loss and damage arising from climate change and non- compliance with regulations	▪ Active litigation ranges from individuals and corporates, as well as class actions where damage has been caused and restitution sought from climate change ▪ Climate laws and regulations are being developed across jurisdictions and lack of compliance could lead to fines and/or penalties	Legal and Regulatory Reputational

Understanding the risks

Set out on the following pages is our articulation of the risks arising from the climate change risk drivers. This represents an assessment of the risks posed to the IHP group by climate-related issues, as well as the risks posed by IHP Group operational activities on the climate.

A comprehensive level of insight will evolve as a greater understanding of the scope and implications of climate change risk becomes apparent. For example, physical and transitional risks may be related, where the failure to transition to a lower carbon economy might in itself present more severe physical risks in the longer term.

Over financial year 2023 we will develop climate related scenarios and stress testing to understand the impact of these risks and opportunities for our business.

RISK CATEGORY	CLIMATE RISK DRIVER	COMMENTARY	POTENTIAL IMPACT	FORWARD LOOKING RESPONSE
OPERATIONAL	Physical	Potential disruptive impact on our technology centres and property, causing disruption to operational processes, important business services, damage to assets as well as threatening the safety and wellbeing of employees. In addition, we need to consider the operational resilience of our third party suppliers who may also be impacted by the extreme weather patterns.	Unacceptable levels of disruption may well cause harm to customers through loss of our important business services. The cost of disruption is likely to cause financial loss to the firm and increase expenses and costs.	▪ Review of the operational resilience of our important business services. ▪ Incorporating climate-related considerations into future supplier contracts. ▪ Review the operational infrastructure and continuity arrangements of our offices and data centres.
REPUTATIONAL	Physical Transition Litigation/ Regulatory action	The perception from our key stakeholders, being our customers, advisers, investors and employees, that our business is failing to embrace and consider the climate-related risk challenges. Any long term failing to understand and take steps to directly minimise environmental damage through the operations of our business will create significant reputational damage.	Reduced market share as advisers seek alternative companies who present a more proactive approach to managing climate-change. Share price pressure, threatening a hostile bid. Potential litigation/regulatory action through lack of compliance with requirements.	▪ Building a culture in the business that supports and delivers against climate-related change. ▪ Progression of strategic planning and initiatives to reduce our operational emissions. ▪ Developing fuller and more in-depth climate–related disclosures.
MARKET	Transition	Shifts in the advisers' and clients' investment demand for strong climate focused companies. Assets on our platform are exposed to climate-related risks, which leads to poor performance during the transition to a low carbon emissions economy, impacting customer returns and values of FUD.	Revenue streams are impacted from a reduced FUD value. Exposure to adviser preferences as our platform holds assets on client's behalf.	▪ Proactive sales team and MI metrics that analyses trends and preferences to ensure our products continue to meet customer demands. ▪ Make available external climate related ratings to clients and advisers prior to and throughout the investment process.

RISK CATEGORY	CLIMATE RISK DRIVER	COMMENTARY	POTENTIAL IMPACT	FORWARD LOOKING RESPONSE
BUSINESS PLANNING AND ENVIRONMENT	Physical Transition	The level of incremental costs arising as a result of failing to understand and take appropriate measures to address the physical impacts of climate-related changes on our operations. Managing and remediating operational disruption without plans are likely to present significant unplanned costs. Failure to transition to a lower carbon economy may also impact the physical costs or force unexpected cost penalties for the business.	Unexpected and uncontrolled increase in cost base of the business impacting financial performance.	▪ Progression of strategic planning and initiatives to reduce our operational emissions. ▪ Remain compliant with disclosure obligations and continue developing information in line with the climate-related (TCFD) requirements.
LEGAL AND REGULATORY	Transition Litigation/ Regulatory action	Enhanced regulatory driven reporting requirements demanding increased information and disclosure. The potential for mandatory policies and deadlines to be implemented that accelerate the drive for reduced carbon-emissions and targets for premium listed organisations.	Potential to increase the cost base if the drive towards net-zero is accelerated. Potential for future litigation as a result of non-compliance or of conveying a misleading message on our corporate climate profile.	▪ Accelerate the development of our ESG agenda. ▪ Further enhance and build the sustainable business initiatives. ▪ Commitment to net zero by 2050 at the very latest.

Setting a prioritised plan and moving into delivery

During the financial year, we have been working with our external consultants in order to establish a Group prioritised plan for reducing operational carbon emissions in scope 1, 2 and 3.

Reducing our operational carbon emissions

2022 Now	Short term	Medium term	Longer term
Measure and baseline*	**Reduce**	**Renewables**	**Removal and Offsets**
• Confirmation of our baseline year • Create baseline inventory • Measure emissions and baseline to a level of granularity that will enable decisions on achieving Net zero	• Seek to reduce emissions, where possible, through: > Efficiency measures > Equipment replacement > Procurement policy	• Move to renewable energy via: > Data centres and > Current premises and future premises strategy	• Find credible carbon removal options and negotiate contracts in line with ambition

*see Metrics and Targets section

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Key climate-related opportunities for the Group

The table below sets out three pillars representing decarbonisation opportunities and strategies that are available to the IHP group as part of the operational carbon reduction. These will focus activities on scope 1, 2 and 3 emissions.

OPPORTUNITIES	STRATEGIC OPTIONS
Infrastructure Covering premises and support functions across our UK, Isle of Man and Australian locations	**Buildings -** review leased building terms to ensure landlord maintains GHG strategy aligned to our aspirations. Medium term options to consider premises strategy and occupancy rates. **Datacentres –** ensure the legacy sites are decommissioned as planned and reduce carbon overhead. **Energy and utilities –** continue to source green or sustainably supplied energy sources (gas/electricity). Seek efficiency opportunities to reduce usage. **Waste management –** seek further opportunities to improve recycling of waste material as well as reduction in the demand for services or supplies that create waste. Seek innovative recycling terms and contracts available on the market. **Supplier management contracts –** review and update supplier process selection and management to ensure contracts capture operational activities that align to our strategy.
Systems Seeking opportunities to adopt a low carbon data systems approach. Defining highly efficient IT hardware systems	Review and seek opportunities to ensure that we maintain IT with high-efficiency standards, following key areas; **Server systems –** mainframes, on desk computers remaining on standby, duplication of home (laptops) office based computer equipment. **Storage systems –** solid state, hard disk drives, controllers. Consider a longer term cloud storage option. **Network –** LAN switches, remote access networks. **Other IT –** telecommunication systems, printers, monitors and remote conferencing. **Processes and procedures –** review the digitalisation of processes increasing the automation of straight through processing of transactions and administration. Procurement decisions will consider the energy efficiency of these components and the cost of recycling on an end of life basis.
People Empower employee and increase engagement of employee to make a positive contribution towards fighting climate change	**Commute to work –** obtain a better level of insight on the employee commute. Highlight and support climate friendly initiatives and schemes. **Culture –** promote and embed a climate conscious culture into the business. Build into performance management and allow employee to make a difference.

3. Risk management

The IHP group has a well-defined risk management framework, which is actively deployed and embedded across all business areas of the Group and which supports the assessment of climate-related risks. Details can be found on pages 52 to 58.

The risk is re-assessed after consideration of the effectiveness of controls to arrive at a residual risk score. Where this score exceeds board approved appetites, or acceptable management triggers, remedial actions are put in place which either strengthen the design of operating effectiveness of the controls in order to reduce the residual risk to an acceptable level.

Activities embedded during the year

During the course of the year, we have progressed the following activities:

- Board and NED engagement throughout the Group - briefings have been made to the members, with support from external consultants, covering our current reporting and further opportunities to enhance reporting in the future on climate–related matters; and proposals on the pathway towards net-zero carbon emissions.
- Senior management engagement and reflection of the impact of climate-related issues on the operations and strategy of the business for the future, e.g. premises, working model, utility supplies.
- Enhanced key policies and procedures, e.g. supplier management that will ensure future procurement of goods and services are aligned to our own climate-related strategies.
- Premises and utility suppliers – refurbishment of offices at T4A, with the landlord confirming the effective use of sustainable materials. Increasing usage of green certified utility supplies (gas and electricity) and the extension of existing lease terms on current premises which allows the business time to secure new facilities in line with our operating requirements and climate-related strategy.
- Inclusion in our life insurance company Own Risk and Solvency Assessments (ORSAs) of a high level review of the financial impacts of climate-related change and impacts.

The management of risks is an iterative process, requiring the business to consistently assess the emergence of new areas of potential exposure impacting the business. This philosophy remains true for climate-related risks and we will be working hard over the coming years to embed our climate-related strategies across the business.

4. Metrics and targets

The Group has adopted the reporting requirements of the Streamlined Energy and Carbon Reporting (SECR) policy, as implemented by the UK Government in 2019. We have been collating greenhouse gas emission data covering several financial years and this has allowed us to establish further insight into the areas of our scope 1, 2 emissions and estimates regarding scope 3 covering our operational activities.

The general waste statistics are included below and the movement this year, is attributable to the full reporting year being worked from the office, where as the comparative was a full year working from home due to the COVID pandemic.

Over the course of the year we saved 99 trees (FY21: 80) through recycling confidential waste; we recycled 53% of total waste (FY21: 41%).

We have maintained a similar ratio of waste recycled versus not recycled in the year, however, the volume of waste produced this year has significantly increased due to returning to working from the office.

Our emissions data for the financial year is presented below.

GREENHOUSE GAS EMISSIONS DATA 2022

		CO_2 Tonnes			
For the financial year ended 30 September 2022		**UK**	**Aus**	**IoM**	**Total**
Scope 1	Printer emissions	5	-	-	**5**
Scope 1	Purchase of gas	369	16	4	**389**
Scope 2	Purchase of electricity	148	49	5	**203**
Total Scope 1 and 2		**522**	**65**	**9**	**596**
Scope 3	Business flights	13	15	1	**29**
Scope 3	Vehicle usage	34	-	-	**34**
Scope 3	Disposal of waste	9	1	-	**10**
Scope 3	Water	201	46	3	**250**
Scope 3	Employee commute - train and tube	84	2	-	**86**
Scope 3	Employee commute - car and bus	72	33	-	**105**
Scope 3	Employee home working	25	4	-	**29**
Total Scope 1, 2 and 3		**960**	**166**	**13**	**1,139**
Employee numbers		509	78	8	**595**
Emissions Intensity Ratio (CO_2 tonnes per member of employee)		1.9	2.1	1.8	**1.9**
Square metres of office space		4,937	1,107	161	**6,205**
Emissions Intensity Ratio (CO_2 tonnes per m2 of office space)		0.19	0.15	0.09	**0.18**
Total energy consumption UK (MWh)					**2,484**
Total energy consumption overseas (MWh)					**376**

Waste	**CO_2 Tonnes**	
	2022	**2021**
Not recycled	5.1	0.1
Recycled	4.9	0.2
Total	**10.0**	**0.3**

GREENHOUSE GAS EMISSIONS DATA 2021

CO2 Tonnes

For the financial year ended 30 September 2021		UK	Aus	IoM	Total
Scope 1	Printer emissions	2	-	-	**2**
Scope 1	Purchase of gas	158	15	2	**175**
Scope 2	Purchase of electricity	156	52	6	**214**
Total Scope 1 and 2		**316**	**67**	**8**	**391**
Scope 3	Business flights	-	-	-	**-**
Scope 3	Vehicle usage	9	-	-	**9**
Scope 3	Disposal of waste	-	-	-	**-**
Scope 3	Water	-	-	-	**-**
Scope 3	Employee commute - train and tube	-	1	-	**1**
Scope 3	Employee commute - car and bus	5	25	-	**30**
Scope 3	Employee home working	84	21	2	**107**
Total Scope 1, 2 and 3		**414**	**114**	**10**	**539**
Employee numbers		467	101	6	**574**
Emissions Intensity Ratio (CO2 tonnes per member of employee)		0.9	1.1	1.6	**0.9**
Square metres of office space		4,937	1,107	161	**6,205**
Emissions Intensity Ratio (CO2 tonnes per m2 of office space)		0.08	0.10	0.06	**0.09**
Total energy consumption UK (MWh)					**1,474**
Total energy consumption overseas (MWh)					**360**

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.

In order to calculate emissions we have collected usage data from suppliers, where possible, and applied conversion factors obtained from the UK government's publication of greenhouse gas reporting conversion factors.

Where usage data was not available from suppliers, we have estimated based on historical data or from extrapolating current year data. The categories of data which include estimates are energy, water, waste, commute to work and recycling.

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.

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.

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, and commuting to the office via train, tube or bus. We produce these emissions from employee business flights and employee driving for work in London, Norwich, Melbourne and Douglas in the Isle of Man.

Restatement 2021

We have restated the financial year 2021 emission data for the inclusion of metrics for which we did not previously have data, which include emissions from our data centres, employee commutes to work, employee emissions from working from home and water emissions.

Intensity metrics

We believe number of employees and office space are appropriate business specific metrics for calculating the Emissions Intensity Ratio, as they are the main drivers of our energy consumption and, therefore, emissions.

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.

Setting targets for the future

We have set out above the areas of opportunity which will support managing and driving our aspirations to reduce the climate-related impact of our business and in delivering towards being a carbon net zero business by 2050 and would expect that, at the latest, our business will be meeting these goals during the decade leading up to this date.

Our appointed DNED will be working with the business, setting climate related targets and goals. These will be operationalised into delivery strategies and will be recommended to the board for approval.

The DNED will be actively sponsoring the development of our scenarios, which will provide further insight on the impacts of climate-related changes on the business. Appropriate assumptions will be set, ensuring the completeness of data and metrics for assessment in a scenario analysis exercise. These will be presented to the board for approval together with the quantitative output.

In support, the board will consider the articulation of the Group's climate-related risk appetites and triggers which will be proactively used to monitor and track progress against our strategies and climate-related targets.

Baseline position

The board has agreed that we will set out our pathway strategies towards meeting carbon net zero in recognition of our commitment to meeting the 2050 goal. Accordingly, the board has approved setting 2019 as a baseline position in order to measure the success of our strategies against future targets on our journey towards carbon net zero.

The decision to baseline our carbon emissions on the 2019 available data, has been made on the basis that;

- The year represents the last full operational year of the business which has not unduly been affected by COVID.
- The level of operational activity has been sense checked to ensure it is reflective of our operational trend,
- It allows the group to measure the impacts of our strategies and operational requirements going forward.
- The collection of data for an earlier period would prove difficult and unreliable for a baseline position.

We recognise that 2019 still retains a degree of uncertainty which will contain elements of estimation and levels of extrapolation. Known areas will include the estimation of T4A as at 2019 with the Company acquired in January 2021 and information around running our IT data centres.

Our reporting for financial year 2023 will set out our targets and metrics for measuring the successes against the baseline position now agreed.

RESPONSIBLE BUSINESS – OUR PEOPLE

Our people have always been, and will continue to be, our priority.

People and culture

Delivering the best client experience and going above and beyond, our people are fundamental to our success. We continue to evolve our collaborative and supportive culture through our people strategy, aiming to recognise, motivate and develop our talent by:

- Reinforcing our purpose, strategy and values;
- Enabling our employees to develop and grow through training, development and career opportunities;
- Providing our employees with a 'voice' through engagement activities;
- Ensuring our practices support inclusivity and employee wellbeing.

The hybrid working environment has required our people to adapt and we have looked to support them through this. In the past year we have focused on re-engagement with our strategy, purpose and values to ensure that our people continue to work towards this common purpose, as we understand that having a clear sense of purpose is fundamental to success both of the individual and the organisation. Activities included sessions with our senior management team, helping them to reaffirm but to also support them in cascading that engagement amongst their teams, and town halls with the Group CEO and Transact CEO. We are pleased that surveys of our people taken post our activities reflected well on the alignment within the Group, creating a solid base from which to continue our actions. In addition to ongoing activities to build on our culture internally, we have also deepened efforts to be transparent about our strategy, purpose and values to prospective candidates through our newly designed careers pages.

We acknowledge an effective feedback loop between the board and employees instils the culture and values of the business throughout the organisation. The board have approved a refreshed employee engagement framework and work has started on implementing activities to enhance the existing practices in place for employees to share their views. We will look to further evolve these activities in 2023.

Looking forward, we are dedicated to maintaining a culture which ensures that employees are motivated and committed to their role, supporting the Group in achieving its goals. We are proud of the culture we have created and we will continue to strengthen our employee brand so we retain and attract the best talent to drive our continued success.

FY22 highlights

- Embedded our hybrid working model
- Implemented our inaugural annual engagement survey
- Re-structured our total compensation package and performance management framework
- Rolled out mental health training for managers
- Introduced the People Platform

FY23 priorities

- Continue to enhance employee engagement and motivation
- Embed our new performance management framework to underpin our performance related variable pay structure
- Further develop our D&I strategy and track the progress of the diversity of our people
- Introduce employee engagement forums
- Evolve the training and development strategy.

Employee engagement survey

Since the Group was formed, we have striven to ensure employee engagement has been core to our activities. This year we introduced our first Group wide employee engagement survey to analyse what we are doing well and identify future opportunities for improvement.

The survey was comprised of eight sections: strategy, customers, training and development, reward and recognition, leadership, wellbeing, inclusion and communication.

We were very pleased with the results of this survey, which showed high levels of engagement in almost all areas. We scored particularly highly in relation to employee wellbeing (91%), inclusion (91%) and our values being aligned to the way we do business (90%). Our results in these areas were higher than the external benchmarks.

A key take-away from the survey this year has been to take positive action in response to collated feedback, committing to develop Group-wide plans which we are working towards fulfilling in 2023. Layered within, in response to tailored feedback from employees, we have been able to create localised action plans for each of the subsidiary companies recognising this multi-tracked approach best engages our people.

Hybrid working model

The pandemic had a profound impact on working practices of the Group and resulted in moving a predominantly office-based work force to remote working in a short space of time.

In February 2022, when the UK government deemed it safe to do so, we transitioned our UK employees back to the office. We conducted a number of surveys to provide people with the opportunity to provide their feedback on their return and considered their views on long-term remote working.

Noting the significant benefits that employees felt they had gained from home working, we commenced a six month hybrid working pilot at our London and Isle of Man offices, which required employees to work from the office a minimum number of days per week dependent on office location.

The feedback on the pilot was positive, as employee were able to retain many of the gains from remote working. The hybrid working pilot did not provide evidence of a detrimental impact on our customers or individual performance and the senior management team confirmed that varied practices ensured communication within teams remained effective. The employee engagement survey also confirmed that employees felt that they were able to fulfil their role effectively, referencing it was in part because they were able to achieve a better work/life balance and had been supported with effective technology solutions and team processes to do so.

We adopted a formal hybrid working model in August 2022.

We have invested in our IT infrastructure to enable a seamless hybrid working experience. We will continue to ensure that our culture is maintained within our hybrid working environment and that managers are provided with the appropriate training and development to support this new working environment. The success of our hybrid model will continue to be monitored and we will adapt our approach accordingly to balance our employees’ needs and support and motivate our people.

Health and wellbeing

We recognise that the promotion of the health and wellbeing of our employees is important and we encourage open communication across the business, so that our employees are comfortable talking and listening to each other.

We were pleased that this was recognised within our employee engagement survey, as 91% of employees felt that their manager supports and cares about their wellbeing. We will measure this again in next year's survey and hope to see this figure continue to rise.

To ensure that we promote the health and wellbeing of our employees, we have zero tolerance for any form of bullying and harassment and this is underpinned by our Anti-harassment and Bullying Policy, to which all employees are required to adhere.

We place great importance on our managers being able to provide the best support to their employees and this year's focus in Health and well-being has been on mental health. We have enrolled managers on a mental health training course, facilitated by an external expert provider, to provide them with the skills and confidence to support their team members.

Additionally, we have a dedicated team of mental health first aiders that employees are able to contact if they are experiencing mental health issues and need someone to talk to. This is further complemented by a suite of benefits that our employees and their families can utilise, if they are struggling with their physiological or psychological health.

Our people and their families are eligible to join our Company-funded private medical insurance. They also have access to our employee assistance programme, which is a confidential service and offers professional help and support on a wide range of life and domestic concerns.

Over the next year we will continue to prioritise the health and wellbeing of our employees. We will support positive mental health and shine a light on other important topics to our people, such as menopause. Our first step will be to publish a Menopause Policy and appoint menopause champions in the business.

The People Platform

We have recently established the 'People Platform'. The main objective of this forum is to enhance our employees' experience through a range of different people initiatives and to provide people with a platform to contribute their views and ideas. This direct communication with employees will further enable us to embed our open culture and enhance the feedback loop between employees and the board.

All employees have direct access to this forum and are able to put forward their thoughts and ideas as to how we can create the best working environment and interaction with colleagues.

The forum has taken steps to respond to feedback and hosted a summer party to bring employees in our London office together following the pandemic. In response to employee ideas we have built a well-being suite at our London office, comprised of a multi-faith room, a well-being room and a medical room.

The People Platform will develop on the following initiatives in FY23:

- Introduce Group employee fora
- Introduce people champions to support the workforce and our ongoing strategy around inclusivity and diversity (green champion, D&I champion, women in leadership champion)
- Implement a mentoring scheme
- Create a corporate social calendar, to bring our Group community together.

Internal communications

Our executive team recognises the importance of strong communication with our employees, in order to identify opportunities for the future. This year, we are pleased we were able to return to utilising a variety of fora to communicate. Our online updates and internal monthly newsletter ensures that all employees across the Group are aware of the key business updates and feel included in the business and its successes.

Alex and Jonathan have continued to provide their all-employee Company update and we were thrilled that we were able to do this in person from the UK offices this year. These events updated colleagues on our financial results and our objectives for the future. The attendees are provided with the opportunity to ask questions of the senior management team in the session, as well as at the social events that followed.

Our board host regular 'meet the manager' sessions with members of the senior management team. This forum allows the senior manager to provide an update on key departmental issues and plans for the future. These meetings are invaluable, as they provide the board with insight into the culture and operational detail of the business in a structured format. The format of the sessions will be further refined in 2023.

Engagement fora

We have taken steps this year to enhance the feedback loop between the board and the rest of the workforce and utilise the knowledge gained to improve on our employee offering.

Our DNED, Rita Dhut, attended our Company updates and provided employees with the opportunity to provide their feedback on a variety of issues. We have also arranged for our first employee fora to be held early in FY23 Q1. Employees from each subsidiary Company will be invited to attend with the focus on the key points of feedback from the employee engagement survey which will feed into our People strategy, as mentioned earlier in this section, and provide direct intelligence to the board.

Talent management

We believe ongoing training and development of our people is a prerequisite to ensuring the ongoing success of our business and the opportunity for long-term growth. Therefore, it is important that we continue to retain our talent, attract future talent and create opportunities for individual growth and development.

Our internal Training and Development team are available for all of our employees to utilise for their personal development and they work closely with the business to help our employees progress in their careers.

Ensuring that we have robust talent maps and succession plans in place is key to preparing ourselves for the future. This year we have ensured that succession plans are in place for the senior management team and we will now work towards providing the appropriate training and support for these successors.

We have taken steps to re-define our performance management framework, also establishing variable remuneration to be more tangibly linked to performance. We believe that this change is positive for talent retention and motivation, and has been considered very carefully in the context of the culture of the Group. All managers have been involved in this process and it has been rolled out in conjunction with the companywide talent mapping initiative. This is to ensure that managers understand what 'good' looks like and can review and support their teams in an objective and consistent manner. Our performance management framework will continue to evolve over the next year and all managers will be provided with the appropriate training and support.

Diversity and inclusion

We firmly believe that creating a culture of belonging is of primary importance and we recognise the value of a diverse and inclusive workforce, regardless of ethnicity, disability, age, gender, sexual orientation, or religion. We operate on the principle that greater diversity of thought within our business will deliver a more robust performance for our stakeholders.

The Group already has a number of processes in place to ensure that its employees are treated fairly and equitably, which is underpinned by our Equal Opportunities Policy, which we will continue to evolve.

We have taken steps to 'break the stigma' internally and encourage employees to talk about topics such as mental health and menopause awareness. This year, we supported mental health awareness week and advertised resources to employees.

A priority for 2023 is to enhance our Diversity and Inclusion strategy, establish a framework and agree metrics to monitor the progress of the diversity of our workforce.

Our suite of training and development opportunities will also evolve to provide employees with the opportunity to attend mental health training and we will continue to provide refresher training on our Equal Opportunities policy and practices.

Community

Each year we pro-actively source opportunities to support charitable causes that our employees care about. To this end, at the end of 2021, we donated over £3,000 to a range of charities: Great Ormond Street Hospital, The Trussell Trust, Age UK, Crisis UK and The Book Trust Appeal.

We also provided employees with the opportunity to partake in an appeal to support war-torn Ukraine. The Company committed to matching the employee donations and we raised a total of £24,500 for the Ukraine Humanitarian appeal.

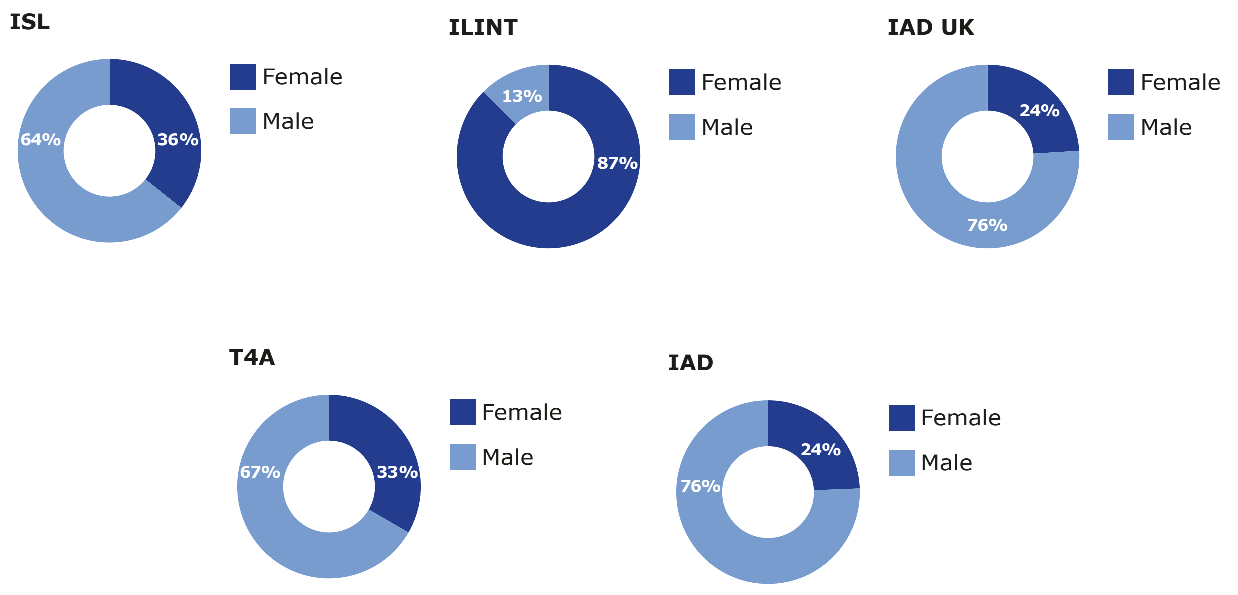
Over the next year we will continue to explore ways in which we can enhance our community support and the evolution of our ESG strategy.

Our workforce

Our workforce is located in the UK, Australia and the Isle of Man. The headcount per subsidiary Company, as at 30 September 2022, is as follows:

HEADCOUNT	
IntegraFin Services Limited	408
IntegraLife International Limited	8
Integrated Application Development UK	26
Time 4 Advice Ltd	72
IAD - Australia	78
IntegraFin Holdings headcount	**592**

The charts below detail the gender ratio at each of the Group's subsidiary companies. These ratios are accurate as at 30 September 2022.



Gender pay gap

IntegraFin Services Limited, one of our Group subsidiaries, is required to publish its gender pay gap information on an annual basis. These results have always compared favourably to other companies in our sector and our 2021 results demonstrate the ongoing steps we have taken to support an equitable and inclusive workplace.

	2017	2018	2019	2020	2021
Mean gender pay gap incl. bonus	13.01%	11.87%	13.14%	13.92%	9.8%
Median gender pay gap incl. bonus	4.28%	3.44%	4.91%	8.53%	3.58%

Across the Group we employed 592 employee, and six NEDs are officers of the Company. The breakdown of our people by gender, as at September 2022, was as follows:

	MALE		FEMALE	
		%		%
Board directors	6	67	3	33
Senior managers	2	33	4	67
Direct reports	58	76	18	24
All employee	327	65	180	35
Total	**393**		**205**	

Whilst the Company will not exclusively advantage females, it will continue to remove any actual, or perceived, barriers its female employees could have been more likely to face than their male colleagues. The Group will also continue to take the following steps to promote diversity and equality in the workplace:

- Ensure that fair, non-discriminatory and consistent recruitment processes continue
- Promote family friendly leave and actively encourage female employee members to return to work from maternity leave
- Provide all employees with the opportunity to develop their career
- Ensure that robust policies are in place, supporting equality at work and reinforcing the expected standards of conduct and behaviour
- Continue to adopt a fair and consistent remuneration approach across the business, providing guidance to managers who are involved in pay reviews to ensure a fair structure.

Anti-bribery and corruption

The Group are committed to high standards of governance, ethical and moral standards. This commitment is underpinned by our Anti-bribery and Corruption policy, Whistleblowing policy and Anti-Money Laundering policy. Additionally, our core value of 'doing the right thing' threads through all of our people and operational practices and processes.

All of our processes are made available to employees on our intranet and are regularly reviewed and updated. We also require all of our employees to undertake regular, mandatory training to enhance awareness and understanding.

Political donations

The Group does not make political donations.

Human rights and modern slavery

We continue to recognise the important role we have to play in the support of human rights and we do not tolerate modern slavery of any kind. The Group continues to underpin this support through the publication of a modern slavery statement which can be found at: **www.integrafin.co.uk/modern-slavery**

FINANCIAL REVIEW

In a fundamentally solid year for core operations, Group revenue increased by 8% to £133.6 million.

There was steady growth in investment platform clients (+8%), investment platform advisers (+5%) and T4A licence users (+ 46%).

Profit before tax was £54.3 million (-15%). The year on year reduction is due to investment in people, recognition of current year VAT on software fees and an increase in non-underlying expenses of £8.2 million to £11.5 million, as we recognised and settled backdated VAT and interest thereon.

Underlying PBT is £65.8 million (FY21: £65.2 million), an increase of 1% on underlying PBT for FY21, after VAT of £1.7 million is included in FY21.

EPS is 13.3p (FY21: 15.4p). After removing all non-underlying expenses in FY22, underlying* EPS is 16.3p and it was 16.0p in FY21.

Transact platform operational performance

	YE 2022 £m	YE 2021 £m
Opening FUD	**52,112**	**41,093**
Inflows	7,275	7,695
Outflows	(2,873)	(2,744)
Net flows	**4,402**	**4,951**
Market movements	(6,248)	6,297
Other movements[1]	(196)	(229)
Closing FUD	**50,070**	**52,112**

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

Transact's gross inflows for 2022 financial year were £7.28 billion and outflows were £2.87 billion, leading to net flows of £4.40 billion, which is a year on year decrease of 11%. FUD has ended the year down 4% at £50.07 billion, impacted by £6.25 billion of negative market movements.

Inflows for the majority of the first half of the year were strong, at £4.07 billion (FY21: £3.73 billion), and contributed 56% of the full year inflows. However, as markets fell and inflation took hold, inflows were impacted and each month subsequent to February 2022 was lower than the same month in the year before. This was due to client sentiment weakening and the value of asset transfers onto the platform falling, resulting in a full year inflow reduction of £420.0 million (5%), when compared against FY21.

The year-on-year reduction in net flows is due to the fall in inflows, and the annualised rate of platform outflows remains within the range we expect at 6% (FY21 7%). The steadiness of the outflow rate is supported by the continuing strength in client numbers and advisers using the platform.

T4A operational performance

T4A was acquired by IHP in January 2021 and, therefore, this is the first full financial year of T4A being part of the IHP Group.

In the 12 months to September 2022, T4A has increased CURO licence users by 44%, from 1,566 at 30 September 2021, to 2,253 at September 2022. These numbers exclude a large user that had commenced the process of terminating their CURO licences at the point T4A was acquired by IHP.

GROUP FINANCIAL PERFORMANCE

Revenue

Following the acquisition of T4A in January 2021, there have been two streams of Group revenue: investment platform revenue (97% of total revenue) and T4A revenue (3% of total revenue).

Investment platform revenue

Investment platform revenue has increased by 7% year-on-year to £129.7 million and comprises three elements, 98% (FY21: 98%) of which is from a recurring source.

Annual commission income (an annual, ad valorem tiered fee on FUD) and wrapper administration fee income (quarterly fixed wrapper fees for each of the tax wrapper types available) are recurring. Other income is composed of buy commission and dealing charges.

	YE 2022	YE 2021
Investment platform revenue	**£m**	**£m**
Annual commission income (recurring)	115.9	107.7
Wrapper fee income (recurring)	11.6	10.6
Other income	2.2	3.0
Total platform revenue	**129.7**	**121.3**

Annual commission income increased by £8.2 million (8%) versus the prior financial year. Annual commission revenue was impacted by: financial markets weakening from February onwards, demonstrated by daily average FUD of £53.04 billion for the first half of the financial year reducing to ££52.05 billion for the second half of the financial year; and, we reduced the annual commission rate from 0.27% to 0.26%, with effect from 1 July 2022.

Recurring wrapper administration fee income increased by £1.0 million (9%) year-on-year (FY21: 9%), reflecting the increase in the number of open tax wrappers and broadly in line with the increase in client numbers.

Buy commission, included in other income, reduces as a component of revenue each year and was £1.5 million (FY21: £2.3 million) in FY22. We reduced the threshold at which clients receive a rebate of buy commission with effect from 1 March 2022, from £0.3 million which effected on 1 March 2021, to £0.2 million from 1 March 2022.

T4A revenue

T4A's revenue was £3.9 million for FY22, compared with £2.4 million from 11 January 2021 to 30 September 2021.

Operating expenses

	YE 2022 £m	YE 2021 £m
Employee costs	47.1	41.6
Occupancy	2.3	1.4
Regulatory and professional fees	9.8	7.6
Other income – tax relief due to shareholders	(2.4)	(2.2)
Current year VAT	3.2	1.2
Other costs	3.2	2.8
Non-underlying expenses – backdated VAT and interest	8.8	-
Non-underlying expenses - other	2.7	3.3
Total expenses	**74.7**	**55.7**
Depreciation and amortisation	3.0	3.1
Total operating expenses	**77.7**	**58.8**

Operating expenses have increased by £18.7 million, or 32%. This is attributable to the following notable increases in expense categories. Note that FY22 includes a full year of T4A expenses of £5.3 million, versus £3.4 million for nine months in FY21.

Non-underlying expenses – backdated VAT (£8.0 million) and interest (£0.8 million)

Other non-underlying expenses - £2.7 million

In our FY20 and FY21 Annual Report, we disclosed a contingent liability in respect of potential reverse charge VAT payable on services provided by our wholly owned Australian software development Company, Integrated Application Development Pty (IAD).

The contingent liability arose because HMRC had notified us in January 2020 that the inclusion of IAD in our VAT Group was terminated with effect from July 2016.

We have been unsuccessful in two stages of requesting HMRC review their original decision to exclude IAD Pty from our VAT Group, as detailed in a Regulatory News Announcement released on 20 September 2022, and as a result we have had to settle backdated VAT of £8.0 million for the period to September 2021. We have also paid non-recurring interest on the VAT due of £800k.

We are appealing the original decision to the First-tier Tribunal (Tax Chamber), however, we will be required to recognise and pay VAT on software fees going forward whilst our appeal progresses, as such we have also recognised an ongoing VAT liability in the current year of £1.8 million.

Other non-underlying expenses of £2.7 million comprise a credit of £0.3 million upon the release of a dilapidations accrual for the Clement's Lane office, which has now been confirmed as not required, and £3.0 million of ongoing expenses due to the IFRS requirement that we recognise the post combination deferred and additional consideration payable to the original T4A shareholders in relation to the acquisition of T4A as remuneration over the four years from January 2021 to December 2024. The remuneration cost is expected to be £3.0 million in both FY23 and FY24, and will reduce to £760k in FY25.

Employee costs £47.1 million (+£5.5 million (+13%))

Employee costs have increased from £41.6 million to £47.1 million (+13%), including T4A employee costs of £4.1 million (FY21 nine months: £2.5 million). Average monthly employee costs have risen 8% from £3.6 million to £3.9 million and average Group employee numbers through the year have also increased by 8% (FY21: 2%) from 543 in FY21 to 594 in FY22.

Notable headcount additions are 15 roles across the Group in software development and information technology areas, with more roles being recruited over the coming months, in line with our intent to significantly increase system development capacity across the Group which will drive efficiencies.

We have also added eight roles in order to better support advisers using our investment platform software, in order to increase self-service, which again increases efficiencies.

We awarded our people, excluding T4A, an average pay rise of 7.5% (FY21: 5%) in June 2022, in recognition of the increase in the cost of living in 2022, which also increased employer National Insurance, already impacted by the 1.25% social care levy introduced in April, and contractual enrolment costs.

Regulatory and professional fees £9.8 million (+£2.2 million (+29%))

Regulatory fees and FSCS costs have increased by £700k (19%), from £3.5 million in FY21 to £4.2 million in FY22. This is due to an increase in fees levied on two of the regulated entities in the Group: Integrated Financial Arrangements Ltd (IFAL) and IntegraLife UK Ltd (ILUK). The uplift in these costs arises due to increasing business volumes and impacts the financial services industry as a whole.

Professional fees have increased year-on-year by £1.5 million (37%), from £4.1 million in FY21 to £5.6 million in FY22. The uplift in professional fees relates to one-off consultancy and advisory engagements, which have been necessary in order to progress Corporate projects, such as the Group restructure.

Occupancy £2.3 million (+£0.9 million (+64%))

Occupancy costs have increased by £0.9 million in FY22, due to a reduction in the rates rebate for the Clement's Lane Head Office of £0.5 million to £0.2 million in FY22. There has also been a very sharp inflationary increase in energy costs from December 2021 onwards, resulting in an increase in FY22 of £0.4 million. These inflated energy costs are projected to continue for the foreseeable future.

Current year VAT (£3.2 million (+£2.0 million (+167%))

Current year VAT has increased by £2.0 million, largely due to recognition of VAT on software fees in FY22. This cost will be ongoing, whilst the next stage appeal process progresses.

Tax

The Group has operations in three tax jurisdictions: UK, Australia and Isle of Man. This results 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.

Shareholder tax on ordinary activities for the year decreased by £2.2 million, or 18%, to £10.3 million (FY21: £12.5 million) due to the reduction in taxable profit. Our effective rate of tax over the period was 18% (FY21: 20%). The decrease in effective rates compared to FY21 was due to the increase in allowable non-underlying expenses incurred in FY22, as the backdated, non-recurring VAT was tax deductible.

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

Profit

Group gross profit for the year to September 2022 rose by £9.3 million to £131.5 million, from £122.2 million, an increase of 8%.

Group profit before tax (PBT) has reduced by 15% to £54.3 million. Excluding all non-underlying expenses, Group PBT has risen by 1%, or £0.6 million, year on year, to £65.8 million, including a full year of T4A losses of £1.9 million (FY21 nine months: £1.2 million).

Group profit after tax has reduced by £7.1 million (14%) year on year, from £51.1 million to £44.0 million.

Earnings per share

	YE 2022	YE 2021
Profit after tax for the period	£44.0m	£51.1m
Average number of shares - basic EPS	331.0m	331.0m
Average number of shares - diluted EPS	331.3m	331.3m
Earnings per share – basic and diluted	13.3p	15.4p

Earnings per share have fallen by 2.1p per share to 13.3p, a fall of 14%.

Consolidated statement of financial position

Net assets have grown 17%, or £8.9 million, in the year, and the material movements on the consolidated statement of financial position are as follows:

Cash and significant cash flows

Shareholder cash has increased by £6.9 million year on year to £183.0 million (FY21: £176.1 million). Growth of 4% (FY21: 14%) reflects the cash generative nature of the business and ongoing Group liquidity, but is offset by dividends paid in the year of £33.8 million (FY21: £28.5 million) and the one off payment of £8.8 million of backdated VAT and interest, plus £1.4 million paid in respect of VAT due for ten months of FY22.

Deferred tax asset, non-current provisions and non-current deferred tax liability

The large increases in the deferred tax asset of £5.3 million to £6.0 million (FY21: £0.7 million), the non-current provisions of £34.9 million to £41.9 million (FY21: £7.0 million) offset by the reduction of the non-current deferred tax liabilities of £28.6 million to £0.9 million (FY21: 29.5 million) are all a function of the realised and unrealised losses that have arisen on policyholder assets, as the value of linked funds has fallen year on year.

ILUK holds tax charges deducted from ILUK policyholders in reserve to meet future tax liabilities and the tax reserve may be paid back to policyholders if asset values do not recover such that the tax liability unwinds.

Investments and cash held for the benefit of policyholders and liabilities for linked investment contracts (notes 17, 18 and 20)

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.

Cash and investments held for the benefit of ILUK and ILInt policyholders have fallen to £22.17 billion (FY21: £23.05 billion). This fall of 4% is entirely consistent with the fall in total FUD on the investment platform.

Capital resources and capital management

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.

IFAL, from the 1 January 2022, has been subject to new regulatory capital and liquidity rules with the implementation in the UK of the MIFIDPRU rule book. The new prudential rules introduce revised approach for the calculation of capital requirements reflecting new 'K' factor requirements that cover potential harms arising from business activities. The K factors are calculated on formulas for assets and cash under administration.

Regulatory Capital as at 30 September 2022

	Regulatory Capital requirements £m	Regulatory Capital resources £m	Regulatory cover %
IFAL	32.6	39.7	121.9
ILUK	186.9	244.0	130.6
ILInt	23.7	42.0	177.0

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 employees.

Capital as at 30 September 2022

	£m
Total equity	173.2
Loans and receivables, intangible assets and property, plant and equipment	(30.6)
Available capital pre dividend	142.6
Interim dividend declared	(23.2)
Available capital post dividend	**119.4**
Additional risk appetite capital	(76.2)
Surplus	**43.2**

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 pages 67 to 69.

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 10.2 pence per share (2021: 10.0p).

Dividends

During the year to 30 September 2022, IHP (the Company) paid a second interim dividend of £23.2 million to shareholders in respect of financial year 2021 and a first interim dividend of £10.6 million in respect of financial year 2022.

In respect of the second interim dividend for financial year 2022, the board has declared a dividend of 7.0 pence per ordinary share (FY21: 7.0p).

The financial year 2022 total dividends paid and declared of £33.8 million compares with full year interim dividends of £33.1 million in respect of financial year 2021.

RISK AND RISK MANAGEMENT

Understanding our risks is key to safeguarding our customers, shareholders and employees. By maintaining an effective risk management framework we aim to achieve good outcomes that meet the Group's strategic objectives within approved risk appetites.

Overview

Effective risk management is critical for the delivery of the Group's strategic objectives and manages and supports positive outcomes for our primary stakeholders.

Risk management 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 strategic objectives, as set out on pages 17 to 20. The inherent risk environment faced by the Group develops over time, the impact and mitigation of these risks are set out in the Principal Risks and Uncertainties section on pages 59 to 66.

Risks are managed and embedded as part of our culture

Promoting a culture of awareness and ownership is essential for ensuring that risk implications are considered and managed for our primary stakeholders, who are defined on page 77.

The Group Risk Management Policy (RMP) establishes the requirement for risk to be taken into account across all the Group's operations. The RMP is overseen by the IHP Chief Executive Officer (CEO), supported by the senior management team. The IHP CEO is accountable to the board and the Group's regulators for effective risk management across the Group. The RMP is reviewed at least annually.

The Risk Management Framework (RMF), which supports the RMP, defines the Group's systems of governance, risk appetite and risk management processes. This framework drives a consistent approach to identifying and assessing risks, forming a continuous and disciplined part of the evaluation of business opportunities, uncertainties and threats in managing good stakeholder outcomes, within approved risk appetites.

We have established our RMF with consideration of the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Integrated Framework Principles. The process of risk identification (including horizon scanning), measurement and control is integrated into the risk governance framework.

Risks are captured through regular discussions with senior management and risk owners across the Group, using a robust and consistent measurement methodology, which is designed to ensure the capture of potential harms arising from business activities.

The measurement includes the application of stress testing and scenario analysis and considers whether relevant controls are in place, along with available management actions before the risks are incurred.

We ensure an embedded and consistent risk management approach is adopted, coupled with effective policies and procedures, designed to detect any risk of failure to comply with regulatory obligations. The extent of the risk is compared to board-approved risk appetites, as well as specific limits and triggers. Reporting forms an integral part of the governance framework and breaches in limits or appetite thresholds are escalated through the relevant Committees. There is also a clear process for the escalation of risks events.

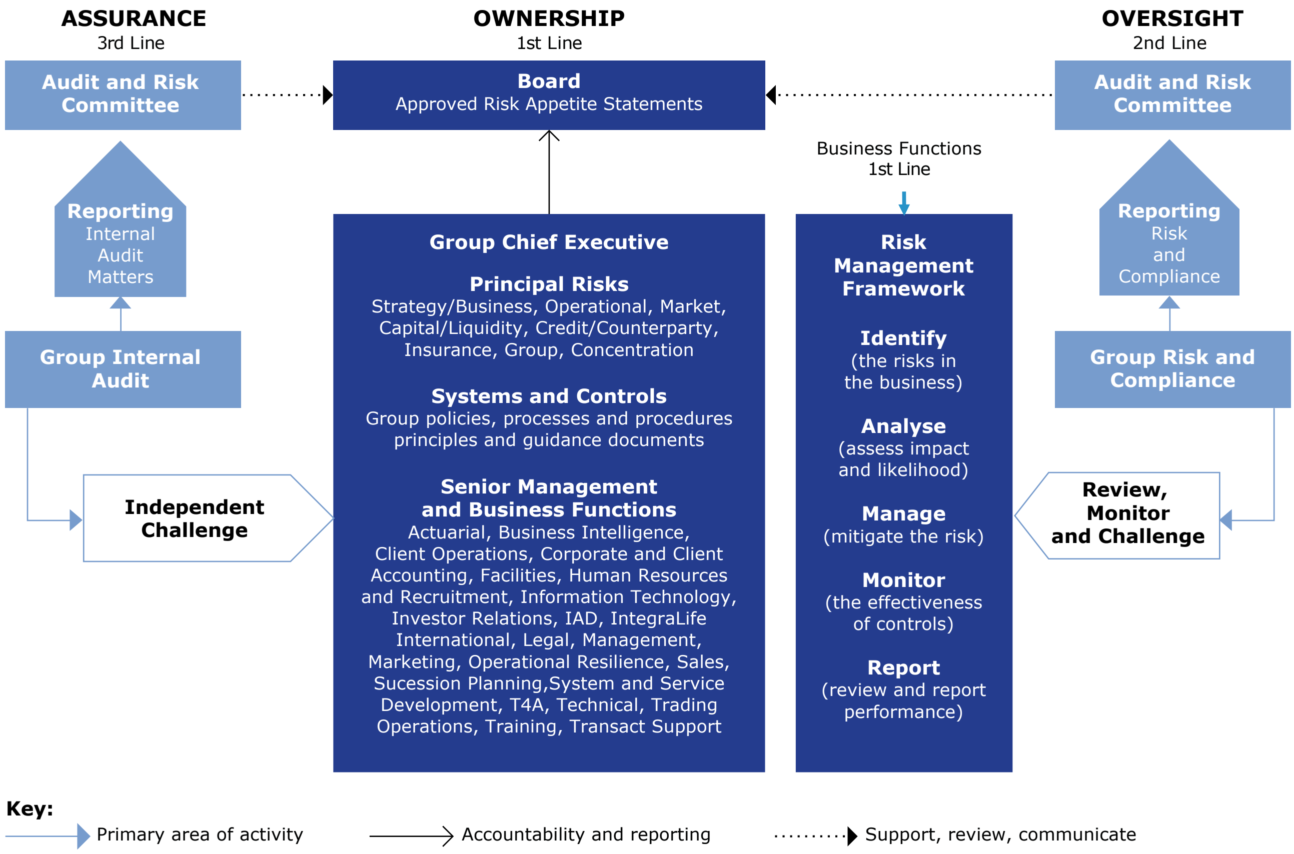
Governance

The Audit and Risk Committee (ARC) supports the board and is responsible for reviewing and challenging the manner in which the Group implements and monitors the adequacy of the RMF. The role and activities of this Committee are set out on pages 88 to 95.

The Group reviewed its corporate structure during the year. As a result, on 1 July 2022, the audit and risk governance arrangements of the Group's regulated entities, formerly undertaken by the IFAL Group Risk Committee and IFAL Group Audit Committee respectively, were removed and replaced by newly formed co-joined Audit and Risk Committees for each regulated entity. The Committees, which provide risk and compliance challenge and oversight, along with Internal Audit assurance of the regulated subsidiaries, are made up of independent NEDs. The Group ARC receives updates at each meeting from the respective Committee chair of the regulated entity ARCs on key areas of escalation.

Together, they assist the respective boards and senior management in fostering a culture that encourages good stewardship of risk and an emphasis that demonstrates the benefits of a risk-based approach to management of the Group.

The IHP Group governance structure and application of the Group Risk Management Framework is shown below:



The Group's RMF is implemented through a "three lines" model, (illustrated above) which provides at least three stages of oversight to ensure that the Company operates within the risk appetite defined by the ARC and approved by the board.

The "three lines" risk governance model

First line

The first line are 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, which are recorded in the Group risk register. The business lines are also responsible for complying with Group and specific Company policies and standards which comprise the Group Risk Management Framework.

Second line

Our second line comprises two functions: Group Risk Management and Compliance.

- *Group Risk Management function* is responsible for coordinating the risk management activities within the business. The Group Risk Management team reviews, monitors and challenges the business risk owners on their risk and control profile.
- *Compliance function* is primarily responsible for supporting the Group to ensure that its activities are conducted in accordance with all applicable regulatory requirements.

The second line functions provide reports to the respective ARCs on at least a quarterly basis, with information and analysis on the principal risks and regulatory matters the Group faces (including forward-looking risks), capital requirements and comparison against risk appetite.

Third line

The Group Internal Audit function provides independent assurance on the adequacy and effectiveness of the Group's risk management and internal controls. It performs regular audits across the business, testing the adequacy and effectiveness of the systems and controls and the processes and procedures operated by the business units, reporting findings to the Audit and Risk Committees. The Head of Internal Audit reports directly to the Audit and Risk Committee chairs.

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 principal risk taxonomy set out in our RMF. 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, business strategy and our desire to ensure good outcomes for all our stakeholders, can be articulated as follows:

RISK CATEGORY	COVERAGE	RISK APPETITE PREFERENCES
Strategic and business risk	Risks associated with our brand and reputation as well as poor customer outcomes arising from the implementation and delivery of our products, services and the business plan. Any negative or unexpected impact on earnings could have a resulting adverse effect on IHP's market credibility and financial standing. The need for the business strategy to respond to the climate change* social and governance (ESG) agenda. *Refer to the Responsible Business section, pages 24 to 36 for further information on TCFD reporting.	We ensure that our business provides an acceptable level of return within the boundaries of the risks that are taken which are aligned with our strategic aims and approved appetites. We aim to manage market consensus to be in line with internal business planning forecasts. We proactively engage with external agencies including, analysts, media, regulators and industry groups. Our business model and investment supports our ambitions and strategy for delivering against the Climate and ESG obligations.
Operational risk	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 which creates harm to, or results in poor client outcomes arising from systematic failures, from our cultural outlook or in any element of the client life cycle; and we have a zero risk appetite for material regulatory breaches.

RISK CATEGORY	COVERAGE	RISK APPETITE PREFERENCES
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 on clients' portfolio values. This is central to our proposition and we accept the potential impact of market volatility 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.
Credit and counterparty risk	The risk that a borrower defaults on any type of debt due to the Group or Group Company, by failing to make payments which it is obligated to do.	We limit our exposures to credit institutions with a high credit quality score for bank deposits, trading debtors and pre-funding risk.
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 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.	The risks facing the Group are identified and recorded in the risk register. The inherent and residual risk profile is regularly reviewed to understand and assess any concentration of risks and to ensure these are appropriately managed and monitored through our risk appetites and governance arrangements.

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 IHP Group Audit and Risk Committee and the respective IFAL, ILUK and ILInt Audit and Risk Committees and senior management.

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 principal 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, pages 59 to 66.

Oversight is provided 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.

Investment Firm Prudential Regime (IFPR)

IFAL, from 1 January 2022, has been subject to new regulatory capital and liquidity rules, with the implementation in the UK of the MIFIDPRU rule book. The new rules aim to streamline and simplify the prudential requirements of MIFID investment firms regulated by the FCA. The new prudential rules introduce wholesale changes to the prudential framework, not least the introduction of a revised approach for the calculation of capital requirements reflecting new 'K' factor requirements that cover potential harms arising from business activities.

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 new prudential regulations.

As at 30 September 2022, IFAL has regulatory capital resources of £39.7m (FY21: £37.2m, restated under MIFIDPRU) and a regulatory capital requirement of £32.6m (FY21: £25.4m, restated under MIFIDPRU) which gives a capital requirement coverage ratio of 122% (FY21: 147% restated under MIFIDPRU).

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 as required.

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 Solvency II balance sheet (as applicable during the financial year). As at 30 September 2022, ILUK has own funds of £244.0m (FY21: £268.7m) and an SCR of £186.9m (FY21: £214.1m) which gives a solvency coverage ratio of 131% (FY21: 125%).

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

Isle of Man risk based capital regime

As at 30 September 2022, ILInt, an Isle of Man based life Company in the Group, has Own Funds of £42.0m (FY21: £43.4m) and SCR of £23.7m (FY21: £23.9m) which gives a SCR coverage ratio of 177% (FY21: 181%).

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 and ARC, 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 tables below set out the Group's principal risks and uncertainties, the risk trend for 2022 together with a summary of how we manage and mitigate the risks. These have been referenced to the strategic objectives set out on pages 17 to 20.

Business and strategic risks

PRINCIPAL RISK AND UNCERTAINTY	MANAGEMENT AND CONTROLS	2022 RISK TREND:
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. **Aligned to strategic objectives** 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.	**Increase** We remain a recognised top platform service provider by the industry, with steady increases in the number of advisers and clients on our core platform system. The challenges facing the business and the wider industry, have increased during the year, however monitoring service metrics has allowed us to identify the areas where processing backlogs have arisen and to deliver targeted remediation plans to ensure customer outcomes and service standards are maintained. T4A continues to develop the delivery of next generation CURO and the team has grown to meet client demand.

PRINCIPAL RISK AND UNCERTAINTY	MANAGEMENT AND CONTROLS	2022 RISK TREND:
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, regulatory developments) may affect our competitive position. **Aligned to strategic objectives** 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.	**Stable** The risk has remained broadly unchanged over the year. We remain proactive in embedding regulatory changes (e.g. IFPR, Operational Resilience) through our business as usual model. Our platform developers remain responsive to the business and have increased developer resources over the year. We are responsive to tax rate changes relevant to our products without lengthy Platform development lead times.
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. **Aligned to strategic objectives** 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 process and operational base. We continue to develop our digital strategy expanding our Transact on-line interface allowing advisers direct processing onto the platform. This is more cost effective and 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 primarily considers organic opportunities that will enhance or complement its current service offerings to the adviser market.	**Increase** The market remains competitive with an increasing number of on-line application based products available to individuals. In addition the FCA undertake ongoing reviews on the delivery of the "Investment platforms market study" from 2019 which encourages the transparency of communication to clients and advisers on pricing and charging structures. The new FCA Consumer Duty rules further raise expectations for platform providers to test and assess value-for-money products, services and fee advice. The advised market remains our key target and our platform service and developments remain award winning. Positioning and delivering our digital TOL services forms a key part to our business strategy improving both functionality and service efficiency. T4A continues to broaden 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	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR:
Stock and bond market volatility (Market Risk) – our core business revenue is derived from our platform business which has a fee structure based upon a percentage of our FUD. Sustained equity and bond volatility has an impact on the revenue streams of the platform business. **Aligned to strategic objectives** 1. Drive growth 3. Grow earnings 4. Maintain cash generation 5. Maintain strong balance sheet 6. Deliver on dividend policy	The risk of stock and bond 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 market volatility as they are based on a fixed quarterly charge. We retain a good insight of our business processes in order to ensure efficiencies are captured which coupled with further online processing allows us to closely monitor and control expenses. A strong investment platform service and sales and marketing activity ensures we attract new advisers and clients. Sustaining positive net inflows during turbulent times presents the potential for longer term profitability. Our average daily FUD for the financial year has increased at £52.5bn (2021: £47.2bn). The Transact platform is utilised by clients and advisers for long-term financial planning and outflows have remained relatively stable during the course of the year. However, the closing value of FUD year on year has reduced by 3.9% which is a direct reflection of the downward market movements in the first six months of 2022. Net inflows onto the platform remained robust throughout the year and represents a strong pipeline for future platform growth.	**Increase** The risk to FUD from stock and bond market volatility remains high. External factors continue to influence equity markets in 2022 which have significantly unwound much of the post COVID 2021 re-bound. The Ukraine/Russia war has set inflationary and economic shockwaves globally, impacting energy prices and supply chains. The changes in Prime Ministers in the UK has seen a shift in policy on tax and fiscal support at a macro-economic level as well as for individuals and businesses. A significant level of uncertainty remains in the success the measures taken by Governments and Central Banks, who are facing decade highs in interest rates in their attempts to tackle inflation, will have. Stock and bond market volatility is expected to continue for the foreseeable future with a consequential impact on the value of our FUD.

PRINCIPAL RISK AND UNCERTAINTY	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR:
Uncontrolled expense risk – Higher expenses than expected and budgeted for would adversely impact cash profits. Economic drivers e.g. sustained levels of high inflation can impact the cost base of the business irrespective of business volumes e.g. through salary rises, premises, utility bills and external levies and legal fees. The suppliers are also wrestling with the requirements of climate initiatives with unit costs for sustainable or green energy and supplies likely to attract a premium as organisations stride toward a net zero carbon footprint. Such costs are difficult to control directly and also unexpectedly impact the base case budget. **Aligned to strategic objectives** 4. Maintain cash generation 6. Deliver on dividend policy	The most significant element of our expense base is employee costs. These are controlled through modelling employee requirements against forecast business volumes. Planned investment in IT and software development deliver enhancements to our proprietary platform enabling us to implement enhanced straight through processing of operational activities. A robust multi-year costing plan is produced which reflects the strategic initiatives of the business. This captures planned investment expenditure which build our operational capability and cost effective scalability of the business. Cost base variance analysis is completed with any expenditure that deviates unexpectedly from plan being rigorously reviewed to assess the likely trend with reforecasts completed accordingly.	**Increase** The risk has increased over the year as a direct result of inflationary pressures on the UK and Global economy. The Group has made supportive cost of living salary increases to employees, and actively recruited IT and developers to support the business. Occupancy and utility costs as a result of inflation and employees returning to the office have increased. Regulatory fees and professional fees have also increased during the year as a result of the broad regulatory agenda. Slower rates of increase are expected in 2023.
Capital strain (including Liquidity) - Unexpected, additional capital or liquidity requirements imposed by regulators may negatively impact our solvency coverage ratio. **Aligned to strategic objectives** 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.	**Stable** The expectation for capital and liquidity requirements meets 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. **Aligned to strategic objectives** 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.	**Stable** No change.

Non-Financial risks

PRINCIPAL RISK AND UNCERTAINTY	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. **Aligned to strategic objectives** 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.	**Stable** Unchanged for the year.
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. **People** The inability to attract, retain and motivate employees within the business. Significant attrition rates of experienced employees or an inability to attract new employees can have a detrimental impact on the service provided as well as poor adherence to regulatory procedures and requirements resulting in reputational damage and potential compliance breaches.	**People** We are very aware of our need to retain and attract experienced and competent people within the business. The business announced a new performance management and talent recognition programme which seeks to reward high performing employee members and identify future leaders and talent within the business. We maintain a comprehensive career and training development programme and provide a flexible working environment that meets our employee and business needs. These are supported by robust Group HR policies and practices.	**Increase** The "great resignation" from mid-2021 into the early part of 2022 presented some initial difficulties with the retention of employees and the ability to attract new recruits in our UK and Australian operations. Through a strong group engagement process we have been able to identify and address the gaps.

PRINCIPAL RISK AND UNCERTAINTY

IT Infrastructure and software
An aging and underinvested IT infrastructure and software has the potential for causing the Company disruption through systems outages, a failure to plan and maintain operational capacity and create vulnerabilities to operational resilience and loss of a competitive market share as newer technology emerges.

IT Resiliency and Information Security
The nature of the business requires the Group to store and retrieve significant volumes of information some of which is highly sensitive.

Regulatory risk
The regulated entities within the Group have a full and stretching agenda. A range of pronouncements made during the last 18 months need transitioning effectively into business as usual, including FCA PS22/9 Consumer Duty and FCA PS21/3 Operational Resilience. It is imperative that these activities remain on plan and meet the high standards expected.

Aligned to Strategic Objectives

1. Drive growth
2. Invest in the business
3. Grow earnings
4. Maintain cash generation

MANAGEMENT AND CONTROLS

IT Infrastructure and software
The continuous and evolving sophistication of the cyber threat to our IT infrastructure and maintaining business resilience remain high on the operational risk agenda. Cyber detection tools are deployed, penetration testing and the assessment of controls to NIST standards is regularly undertaken. Awareness training is provided to ensure employee understand and recognise threats to our business systems.

IT Resiliency and Information Security
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.

Beyond IT and cyber security, the Company also has a function lead by the Company's data protection officer to manage information security risk and compliance with UK GDPR.

Regulatory focus
The Group has established a series of projects to deliver against the regulatory requirements it faces. We use our subject matter experts to interpret and business lines to implement policies and procedures aligned to expectations. In addition, Group Internal Audit undertake thematic reviews of the regulatory projects throughout the course of delivery to ensure scoping, gap analysis and delivery plans and actions are adequately covered. This review also reflects on our internal governance ensuring the board retain ownership receiving effective communication and updates.

CHANGE OVER THE YEAR:

Initiatives that include, a supportive cost of living pay increase; implementation of a new performance management approach; defined future talent mapping with a focus on training and career development; the adoption of flexible working arrangements between the office and home, have collectively managed the risk position.

Key developments in our IT infrastructure are due to complete at the end of 2022 with the full commissioning of new datacenters giving more capacity and operational resilience.

Continued investment in IT and software development will deliver enhancements to our proprietary investment platform and back office software - with enhanced functionality for UK clients and their advisers. Furthermore, this investment will enable us to implement enhanced straight through processing of our operational activities, meaning that we improve our operational efficiencies and the cost effective scalability of our investment platform. This will reduce the additional operational employees required to service additional clients and advisers over the next 3 years.

Meeting the regulatory agenda is primary to our operations for our core platform business. The agenda remains challenging but we remain on track to deliver in line with required target dates.

PRINCIPAL RISK AND UNCERTAINTY	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR:
	Operations 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. A consistent application of the risk management framework, has supported the Group allowing management to make effective and informed risk based operational decisions.	
Geopolitical risk – the risk of changes in the political landscape disrupting the operations of the business or resulting in significant development costs. **Aligned to strategic objectives** 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.	**Increase** The external geo-political environment in 2022 has become increasingly uncertain through a series of significant global events including the Ukraine/Russia war, trade tensions between USA and China, global energy crisis and supply chain issues. Within the UK, political events are causing disruption to markets and macroeconomics with a direct impact on FUD for the Group.

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.

We have classified the profile of these risks as follows; Near-term is considered to represent the next 12 months; Medium-term between 1 and 3 years and longer-term is 3 years and beyond.

PRINCIPAL RISK AND UNCERTAINTY	MANAGEMENT AND CONTROLS	CHANGE OVER THE YEAR:
NEAR-TERM RISKS	▪ Prolonged poor economic outlook for the UK	▪ A sustained level of UK economic disruption with high inflation and interest rates, volatile bond and equity markets and potential house price slumps is expected to impact investing clients' confidence. Investors might seek to withdraw funds to meet their cost of living increase which would impact the value of our FUD and future income streams.
	▪ Geopolitical risk	▪ The potential for further geopolitical global shocks is increasing. In addition to the humanitarian impact of the Ukraine/Russia war, a severe energy crisis has emerged impacting European countries which is impacting the post COVID economic recovery and cost of living. The potential for a further deterioration in USA and China trading arrangements may well impact supply chains especially the computer chip market. Sanctions reprisals with Russia might lead to technology reprisals through cyber threats on the financial services sector.
	▪ Financial Crime Fraud	▪ The emergence of more sophisticated instances of financial crime impacting our security and reputation across the client base.
	▪ 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.
MEDIUM-TERM RISKS	▪ Climate change	▪ A disorderly transition towards a low carbon economy might lead to additional and burdensome regulation and policies being imposed on companies. This has the potential to have two impacts, firstly on the value of other companies and, hence, our FUD with the consequence of impacting our revenues; secondly on the cost base from our suppliers imposing a premium as we strive to deliver our operational climate strategies in terms of premises, workforce travel, energy suppliers and the supply and disposal of consumables, e.g. IT equipment, paper, water.
	▪ 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 which may alter the tax benefits of pensions and ISAs. The shift in the tax treatment of savings commonly referenced as EET and TEE[10]. ▪ Changes in international tax rules and the impact on the Group's Isle of Man Company, ILInt, with the potential for IOM corporate profits to be taxed at 15%.
LONGER-TERM RISKS	▪ Generational shift in customers and expectations	▪ The aging population is shifting the longer term savings habits and expectations. The cost of an aging demographic population suggests that higher taxes may be required of a smaller working population creating less savings opportunities. 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. Details of the results and conclusions of this assessment can be found in the "Going Concern and viability statement" section on pages 67 to 71.

[10]Investments made under EET indicates that the initial investment is made exempt of tax first E, the second E denotes that income and gains on the investment is also exempt whilst in the wrapper. The T in this case represents that the withdrawal is taxed in line with the individual's personal tax rate. E.g. Pensions. In contrast TEE denotes that the investment is made from taxed income but income and gains on the investment and withdrawals are exempt represented by the second and third E. e.g. ISAs.

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 2 to 71.

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 163, 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 the economic climate.

When making this assessment, the board has taken into consideration both the Group's current performance and the future outlook, including the impact of sustained levels of high inflation and volatile and downward trending equity markets. Market volatility and uncertainty is expected to continue for some time, due to the geopolitical and global economic factors facing the UK and world economies. The threat of COVID has not yet fully passed and our approach to employee health and safety remains of paramount importance.

Our shift in operating model provides a flexible home and office working balance which supports employees' as well as our clients' needs. The environment has been challenging during the year, 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 geopolitical issues and impact of Ukraine/Russia war; 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 10); the number of advisers using the platform increased by 5% during the year; the number of clients on the platform increased by 8%; and, our Net Promoter Score remained the highest score for an advised platform.

These 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. 97% of revenue is of recurring nature (page 45).

Our approach is to focus on organic growth of FUD through positive net flows to the platform. We aim to generate growth of revenue, and to control costs, to ensure that the Group's profit margin is resilient over the medium term.

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 and Risk Assessment process (ICARA) 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. We recognise the importance that climate change may have on our business and our approach for the current financial year towards climate related scenarios is set out in our TCFD disclosures on page 25.

The key scenarios considered for the financial year are as follows:

Cyber-attack

Considers the impact of a hacker exploiting a loophole in security allowing then to gain 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.

Employee shortage causes sub-optimal system development and/or testing

The release of an internal change programme with undetected faults results in prolonged errors in trades executed on TOL. Remediation plans require significant resource along with compensation payments to clients and a review of buy commission charges.

Unforeseen customer harms as a result of a systemic process failure

Failure by our UK regulated entities to appropriately identify, implement or embrace appropriate conduct standards which causes consumer harm.

Ukraine war induced inflation

Escalation of the Ukraine/Russia war results in sharp fall in financial markets and further increases to inflation rates. High inflation persists in the long-term impacting expenses whilst a fall in equity markets reduces FUD and negatively impacts revenues.

Breach of IOM sanction regime (ILInt only)

ILInt is judged to have breached the Sanctions Regime as a result of making a payment to a third party subject to asset freezing.

Combined scenario

Considers the impact of the combination of cyber-attack and the geopolitical and global economic events 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 33% over a one month period.
Mass lapse	30% drop in the number of clients over three months.
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.
Expense increase	Expense increase over business planning period 10%.

The results of the previous 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 economic climate globally and in the UK as well as the geopolitical uncertainty.

In accordance with the Code, the directors have assessed the Group's prospects by reference to the three-year planning period to September 2025. 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.

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	Responsible business – Taskforce for Climate-related Financial Disclosures (TCFD) statement, page 24	We are still formulating our environmental strategy and policy, following further consultation with Willis Towers Watson.
Employees	Responsible business – our people and our culture, page 37	Employee Handbook Anti-Harassment and Bullying Policy Health and Safety Policy Equal Opportunities Policy Flexible Working Policy
Social and community	Responsible business – our people, page 41	Over the next year we will continue to explore ways in which we can enhance our community support and the evolution of our ESG strategy
Human rights	Responsible business – our people, page 44	Human Rights Policy Modern Slavery Policy
Anti-bribery and corruption	Responsible business – our people, page 44	Anti-Bribery and Corruption policy
Business model	Our business model – page 14	
Principal risks and how they are managed	Principal risks and uncertainties – page 59	
Non-financial key performance indicators	Key performance indicators – page 63	

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 3 to 71 meets all relevant statutory objectives and requirements.

By order of the board,

Helen Wakeford
Company Secretary
13 December 2022

GOVERNANCE

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 17 to 20 and these are supported by the corporate culture set out in the Responsible Business section on page 37.

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 83;
- 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 83;
- 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 52; 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 UK Corporate Governance Code (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 Company has, throughout the year ended 30 September 2022, applied the principles, and complied with the provisions, of the Code except in relation to the following:

- 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. Minimum shareholding and post-employment shareholdings requirements are in place for executive directors as recommended by the Code. 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.

Richard Cranfield
Chair

GOVERNANCE continued

BOARD OF DIRECTORS

Richard Cranfield

Non-Executive Chair

Appointed to the board:
26 June 2019

External appointments:

- Henderson High Income Trust Plc – Director 2020 to present

Richard is a qualified solicitor and has an MA in Economics and Law from Cambridge University. His previous experience includes working for Allen & Overy LLP (and its predecessor firm) between 1978 and 2022, being a partner from 1985 to 2021.

Committee appointments:
Nomination Committee (Chair)
Remuneration Committee

Alexander Scott

Chief Executive Officer (CEO)

Appointed to the board:
11 February 2014

Alexander 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. Alex became Chief Executive Officer in March 2020.

Alexander has a BSc in Actuarial Science from City University and is a Fellow of the Institute of Actuaries. Alexander has spent thirty years in the insurance market, quantifying and assessing risk and has held the Chief Risk Officer function for insurance and investment companies. His previous experience includes various roles at Criterion Assurance Group, including: Non-Executive Director (2003-2010); Group Director (2002-2003); Director (1999-2002); and Actuary (1997-1999), and Life Director and Chief Actuary at Sterling Insurance Group between 2004 and 2009.

Committee appointments:
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.

Jonathan has a BA in Business Studies from De Montfort University, Leicester, and is a Fellow of the Chartered Institute of Marketing. His previous experience includes being an Executive Director of NMG Holdings between 1999 and 2011.

Michael Howard

Executive Director

Appointed to the board:
11 February 2014

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

Michael holds a BA in Economics from York University and is a qualified chartered accountant. His previous experience includes working for Touche Ross in the audit division in London (1980-1984) and Melbourne (1984-1986) and working for Norwich Union Life Insurance, where he was responsible for marketing and administration of investment funds including the launch of the platform Navigator in 1990.

Caroline Banszky

Independent Non-Executive Director

Appointed to the board:
22 August 2018

External appointments:

- 3i Group plc - Chair of Audit & Compliance Committee, 2014 to present
- Gore Street Energy Storage Fund plc - Chair of Audit Committee, 2018 to present
- Benefact Trust Limited– Director and Trustee, 2018 to present
- The Open University - Member of the Investment Committee, 2016 to present

Caroline is a qualified Chartered Accountant, having originally trained at what is now KPMG. Her previous experience includes being Chief Executive of The Law Debenture Corporation plc between 2002 and 2016, COO of SBV Holdings PLC (now Novae Group plc) between 1997 and 2022 and Finance Director of N M Rothschild & Sons Limited between 1995 and 1997.

Committee appointments:
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.

External appointments:

- Ninety one plc – Chair of the Audit and Risk Committee, 2019 to present
- Euroclear Bank SA/NV – Non-Executive Director, 2016 to present
- HM Courts and Tribunal Service - Non-Executive Director, 2014 to present

Victoria is a qualified Solicitor, with over twenty years' experience as General Counsel and, latterly, as Global Head of Risk with Ernst & Young where she created the global enterprise risk management framework, set up the internal audit function and implemented a crisis response policy. Victoria's previous roles include being Non-Executive Director of Perpetual Income and Growth Investment Trust plc between 2015 and 2020; Non-Executive Director of Gloucester Insurance Ltd between 2008 and 2013; Global Executive Board Member of EY between 2008 and 2013; Executive Board Member of EY (NEMIA and UK) between 2006 and 2009; and, Senior Adviser at Bowater Industries Ltd between 2014 and 2015.

Committee appointments:
Audit and Risk Committee
Nomination Committee

GOVERNANCE continued

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.

External appointments:

- 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 and Chair from 2022 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

Rita has a BSc in Business Studies from City University. Her previous experience includes: various positions at Aviva Investors between 2001 and 2012, including Head of European Equities and Head of Pan European Equity Value Investing; and, various positions at M&G between 1994 and 2000, including Director of European Equities.

Robert Lister

Independent Non-Executive Director

Appointed to the Board: 26 June 2019

External appointments:

- finnCap Group plc – Non-Executive Chair, January 2021 to present
- The Salvation Army International Trustee Company – Director 2016 to present

Robert has a BA in Classics from Oxford University. His previous experience includes: Non-Executive Director of Credit Suisse Asset Management (UK) Limited, between 2012 and 2022; Director of Aberdeen Smaller Companies Income Trust PLC, between 2012 and 2022, Non-Executive Director of Investec Wealth and Investment Limited between 2010 and 2020; Director of Rensburg Sheppards PLC, between 2008 and 2010, as well as working for Dresdner Kleinwort Wasserstein between 1998 and 2008 and Barclays de Zoete Wedd between 1983 and 1998.

Committee appointments:
Audit and Risk Committee
Remuneration Committee

Christopher Munro

Independent Non-Executive Director

Appointed to the board: 1 February 2017.

External appointments:

- Pembroke Square Freeholders Association Limited – Director 2013 to present

Christopher is a qualified Chartered Accountant and has an LLB from Edinburgh University. Chris's previous experience includes being Founding Partner of London and Continental Partners LLP from 2016 to 2021, Director of Pacific Capital Partners from 2004 to 2021, Director of Jupiter Enhanced Income Trust from 1996 to 2009, CEO of River & Mercantile Investment Management from 1994 to 1996, Director of Robert Fleming Holdings Limited between 1988 and 1994 and Director of Jardine Fleming Holdings between 1983 and 1986.

Committee appointments:
Remuneration Committee (Chair)
Nomination Committee

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

BOARD LEADERSHIP AND COMPANY PURPOSE

The board establishes the Group's purpose, values and strategy and is responsible for ensuring the maintenance of a sound system of internal controls and for reviewing the overall effectiveness of the Group's risk management systems. Details on how the governance around the Group's risk management framework contributes to the delivery of its strategic objectives can be found on pages 52 to 66.

The board also oversees the Group's culture to ensure it is aligned with the Company's purpose, values and strategy. More details on the Group's culture can be found under the Responsible Business section on pages 37 to 44.

Measuring performance against strategic objectives

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.

Considering stakeholders

The board's role in promoting the long-term success of the Group requires consideration of the balance of interests between all stakeholders – those being our clients and advisers, employees, regulators, shareholders, suppliers and the community. Details of how the board has delivered its responsibilities under s.172(1) of the Act during the financial year are outlined on pages 83 to 87. In addition, our s.172 statement outlines how the board has considered stakeholders in its principal decision-making processes.

The following table supports our s.172 statement by setting out how we have engaged and considered our key stakeholders during the year and the outcomes and any highlights of such efforts.

ENGAGING WITH OUR STAKEHOLDERS

OUR STAKEHOLDER	HOW WE ENGAGE AND CONSIDER OUR STAKEHOLDERS	OUTCOMES AND HIGHLIGHTS

Our clients and advisers	**Transact**
	▪ Speaking/presenting to advisers and paraplanners at eight annual 'Connect day' events, with attendance ranging from 40 to 120 advisers per event.
	▪ Engaging with advisers at regional 'breakfast briefing' events across the UK, with attendance of over 300 advisers per year.
	▪ Engaging with advisers and paraplanners at annual PFS and CISI events and other conferences during the year.
	▪ Distribution of annual client and adviser surveys to gain feedback on common development requests from clients and advisers, in an effort to tailor and enhance our services.
	▪ Liaising and coordinating with our user firms as part of our Account Management Programme to gain feedback on how best we can develop our proposition for use by user firms and their end clients.
	▪ Management directly engage monthly with adviser firms to provide technical guidance and support in such areas as pensions legislation, Trust registration and tax changes.
		Transact
		▪ Results from client and adviser surveys are distributed amongst the senior management team and are discussed in detail at regular internal development forums, the outcomes of which directly impact the priorities of new functionalities.
		▪ Examples of developments we've introduced that are directly attributable to feedback from clients, advisers & firms include:
		  ▪ The ability to move cash between wrappers of linked family groups e.g. grandfather funding his grand-children's JISAs
		  ▪ 'Expected Deposit' functionality that auto-matches and auto-reconciles client deposits so these monies are invested without delay
		  ▪ e-signature capability with multiple providers
		  ▪ Document upload feature to eliminate paperwork
		  ▪ Increased security authentication
		  ▪ The ability to change address online for clients
		  ▪ Online and physical help functions such as 'Live-Chat & Co-Browse' i.e. real people and not algorithms or bots!
		  ▪ The addition of wider investment performance reporting for clients via the website.

	T4A ▪ Prior to seeking commitment from prospective clients, T4A engage with their clients in a process that we call "Discovery" to ensure suitability between our software capability and the needs of the firm. ▪ Implementation Consultants are assigned to ensure that all aspects of our service delivery is planned and delivered to clients until handed over to an appointed Account Manager, ensuring relationship continuity. ▪ The account management team proactively engages with clients in order to progress understanding and use of technology and to ensure best customer service is provided.	**T4A** ▪ Client feedback helps T4A to continually improve features within our software and with their real-world use and it helps us remain current with regulatory requirements. ▪ Feedback directly influences our product roadmap (prioritised via client consensus, coordinated through Account Management, which helps drive general feature improvements. ▪ Client influence on Product Providers and Platforms also helps drive up the availability of electronic services such as valuations and remunerations.

OUR STAKEHOLDER	HOW WE ENGAGE AND CONSIDER OUR STAKEHOLDERS	OUTCOMES AND HIGHLIGHTS

Employees	▪ Employee engagement and pulse surveys focussing on strategy and values, customers, hybrid working model, training and development, leadership, and reward and recognition.
	▪ Establishment of new 'People Platform' for the London and Isle of Man offices, comprising various senior managers, with a designated e-mail to employees to provide input on well-being initiatives to create the best working environment and interaction with employees.
	▪ At IAD, team leader/project lead meetings and all-employee sessions are held fortnightly.
	▪ Multiple in-person town halls led by executive directors showcasing Group performance and a business update. Our DNED for Employee Engagement attended one of the sessions and spent some time liaising with employee.
	▪ Multiple 'Meet the Managers' sessions with the NEDs during the year to give them a deeper understanding of the Group.
	▪ Monthly Transact newsletters distributed to employees.
	▪ Non-executive director deep dive session on employee engagement led by DNED for Employee Engagement and Head of HR to discuss engagement strategy and monitoring of culture.
		▪ Based on employee survey feedback, the Company:
		  ▪ Rolled out communication of new Group values and refresh of purpose and strategy for Transact and T4A
		  ▪ Approved permanent hybrid working models for all of its sites, designed to suit each of the companies
		  ▪ Developed and communicated a change to employees' remuneration structure below the leadership team level (excluding T4A and IAD employees) by implementing a base pay increase of 10% and adding performance metrics for annual bonus variable pay for all employees
		  ▪ Rolled out mental health training for managers
		  ▪ Well-being initiatives led by the People Platform include:
		    ▪ Hosting a summer party to bring employee together following the pandemic
		    ▪ Weekly employee breakfasts and new coffee machines and snacks in each floor kitchen
		    ▪ Multi-functional 'wellbeing suite' designed in London headquarters.
		▪ Outcomes from the NED deep dive session included:
		  ▪ a refresh of the content of the People update to ensure more effective Board insight and oversight. This includes monitoring of a broader set of KPIs and more regular discussion of our behaviours and values in action
		  ▪ a review of the format and scope of attendees of the 'Meet the Managers' sessions to ensure it remains fit for purpose and adds to the NEDs engagement below the board
		  ▪ a review of how internal communications can support employee engagement most effectively
		  ▪ development of group-wide employee fora as a mechanism to garner employee perspectives to influence our People strategy and impact board decision-making
		  ▪ consideration being given as to how to support further volunteering and other charitable activities of our employee.

GOVERNANCE continued

OUR STAKEHOLDER	HOW WE ENGAGE AND CONSIDER OUR STAKEHOLDERS	OUTCOMES AND HIGHLIGHTS
Regulators	▪ The IHP CEO provided regular updates at the IHP board and IHP ARC meetings on topics discussed with the regulators during the year including non-standard assets, diversity and inclusion, and consumer duty. ▪ The boards of IFAL, ILUK and ILInt are regularly briefed on regulatory developments and expectations, and the UK boards' respective ARCs receive detailed insights into specific areas where relevant, such as the ICARA, ORSAs, CASS, the new Consumer Duty and consumer outcomes. ▪ IHP's Remuneration Committee, whose remit covers the Group, is also regularly informed of relevant regulatory developments and expectations, a recent example being IFPR. ▪ The boards of IFAL and ILUK also receive updates in relation to specific matters, such as areas of interest to the FCA including operational resilience; climate change and diversity and inclusion. ▪ The ILInt board receives updates on FSA initiatives and its Compliance team maintains contact with the FSA. ▪ IFAL and ILUK's Compliance team maintains regular contact with the FCA and the PRA on behalf of IFAL and ILUK to ensure awareness of their concerns, expectations and priorities. This is then shared with the business to ensure that the business takes these into account. ▪ The IFAL and ILUK's Compliance team actively participates in the UK Platforms Group, which engages with the FCA. ▪ ILInt's managing director sits on the Executive Committee of the Isle of Man Insurance Association which meets quarterly with the FSA.	▪ All UK executive and NEDs received consumer duty training in preparation of the new Consumer Duty Regulation coming into force. ▪ Regulator feedback on the IFAL and ILUK boards' composition and succession planning has been taken into consideration and the Nomination Committee is reviewing each board's succession plans for 2023. ▪ Detailed insights were provided to the ILInt board following an FSA information request on Policyholder Compensation and an FSA 'Dear CEO' letter on the new requirements in the Corporate Governance Code regarding Recovery Planning. ▪ Feedback following the Annual Business Meeting with the FSA was circulated to the ILInt board and relevant senior management. ▪ Non-executive directors participated in, and contributed to, a session on the development of the Group's climate change strategy.

OUR STAKEHOLDER	HOW WE ENGAGE AND CONSIDER OUR STAKEHOLDERS	OUTCOMES AND HIGHLIGHTS

Shareholders	▪ Institutional shareholder roadshows hosted by CEO for half-year and year-end results.
	▪ Ad hoc meetings with investors after key information updated to the market.
	▪ In-person Annual General Meeting at our London headquarters with the Chair and all non-executive directors in attendance to take questions from shareholders.
	▪ Proactive consultation by the Board's Chair, Senior Independent Director, Remuneration Committee Chair and the Company Secretary with major shareholders on various governance matters including ESG, executive remuneration and succession planning, with 17 meetings held during the year (more details are available on page 92).
	▪ Board members receive a quarterly Investor Relations report which includes analysis of the Company's share price performance, shareholder register, share buyers and sellers, platform and adviser sector corporate activities, prospective investor targeting, sell side analyst views of the Group, as well as business performance by the Group and its listed peers.
	▪ CEO and Head of Investor Relations provide updates at each board meeting on investor engagement and market movements.
	▪ Ad hoc briefings to the board on shareholder feedback.
		▪ Constructive dialogue with institutional shareholders to ensure that their views are fully considered by the board, which resulted in:
		  ▪ The Remuneration Committee agreed more clarity over performance metrics for executive variable remuneration rewards for 2023 onward;
		  ▪ The Nomination Committee approving the scope for a Group Chief Financial Officer and overseeing the appointment of a Group Chief Risk Officer and Chief Technology Officer ; and
		  ▪ Our taking account of requests and supportive information from shareholders in the development of our ESG strategy.
		▪ Institutional shareholders provided feedback on the Company's performance and plans, and IHP executives were able to update on the strategic goals and value enhancing plans of the Company.
		▪ Ad hoc meetings with investors to explain the results of the HMRC review of the UK tax Group, including an explanation of the underlying background to the HMRC decision, and the plans for appeal.

GOVERNANCE continued

OUR STAKEHOLDER	HOW WE ENGAGE AND CONSIDER OUR STAKEHOLDERS	OUTCOMES AND HIGHLIGHTS
Suppliers	▪ 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. ▪ We have refocused our efforts on supplier management as we continue to enhance our due diligence with regard to cyber-security and business resilience. As we evolve our ESG strategy, we will collaborate with our suppliers in order to achieve our ESG goals. ▪ We have a designated Supplier Management Manager who is responsible for ensuring the tendering and onboarding of suppliers is followed in accordance with internal policies. Our Supplier Management Procedure governs our approach with how we engage with suppliers.	▪ Information is shared with management and board Committees where appropriate, in order to provide assurance regarding supplier selection and management. ▪ We endeavour to pay all suppliers within agreed payment terms. ▪ We work with suppliers to ensure no modern slavery or enforced labour exists in the supply chain. We include specific clauses in supplier contracts that their employees must be paid National Minimum Wage.
Communities	▪ We considered the possible impact to communities when reviewing the UK and Isle of Man office suite (see 'Principal Decisions' section for more detail). ▪ The DNED for Environmental and Social Sustainability is supporting the board and management in developing the Group's social strategy.	▪ The Company gave all London and Isle of Man employees £10 to donate to one of five selected charities. ▪ London and Isle of Man employees were given the opportunity to participate in an appeal to support Ukraine, whereby the Company matched employee donations, resulting in £24,500 being donated to the Ukraine Humanitarian Appeal.

SECTION 172(1) STATEMENT

Understanding the views and interests of our stakeholders helps the Group make responsible and balanced decisions. In doing so, we aim to generate long-term value for the Company's shareholders whilst contributing to wider society by building strong and lasting relationships with our other key stakeholders.

Section 172(1) of the Companies Act 2006 (the 'Act') requires the directors to act in a way they consider will promote the success of the Company for the benefit of our shareholders as a whole whilst having due regard for the matters set out in section 172(1)(a) to (f) of the Act.

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

You can read more about how we engage with and consider the needs of our key stakeholders on pages 77 to 82 of the Governance Report.

Long-term consequences of decisions

IHP Group's strategic objectives are stated on page 17. How the Group's strategy has been delivered during the financial year and the forward looking risks to being able to deliver it in future are set out on pages 17 to 20. The directors make strategic decisions on future direction, investment and stakeholder value based on the clear, sustainable, long-term 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 its key stakeholders.

Interests of our employees

We value our people. They are the core of our impeccable service delivery to our clients and advisers so our employees' well-being is paramount to the business's long-term sustainable success. Details on employee well-being and the culture of the Group (and how we monitor both) is outlined in the Responsible Business section on page 37. In addition, the Directors' Remuneration Report on page 110 sets out the Group's approach to remuneration which is intended to ensure equitable remuneration across the Group and which improves value for employees.

Fostering business relationships

The Group's business model and strategic objectives are set out on pages 14 to 20 and make clear the focus of the business on delivering impeccable service to clients and advisers through investment in infrastructure and employee. An integral part of our service offering is the provision of regular relationship management to clients and advisers as they are our target market.

Fostering good relationships with our suppliers is an important factor in ensuring we can continue to service our clients and advisers effectively. To help embed good supplier management processes, we have a Supplier Management Framework. We also ensure suppliers are paid within payment terms and do not seek to disadvantage or compromise suppliers with whom we do business.

Impact on the community and 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 and this is considered during any principal decision-making processes by the board.

The Responsible Business section on pages 37 to 44 sets out the impact of our operations on the environment and outlines our community activities that occurred during the year.

High standards of business conduct

The directors recognise that our 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 board supports the CEO in embedding a culture that encourages employees to act with integrity and to 'do the right thing' in line with the Group's values.

The Group does not tolerate unethical behaviour and employees undergo annual training on financial crime including anti-bribery and corruption prevention and detection. The Group also maintains various policies, including an Anti-Bribery and Corruption Policy and an Anti-Money Laundering Policy that employees are required to abide by. If employees have any concerns about unethical behaviour within the organisation, there is a process available to them under the Group's Whistleblowing Policy to report the matter.

The directors also recognise that as the business is regulated by three separate regulators, as detailed on page 67, maintaining strong, open and productive relationships with the respective regulators is also business critical.

Acting fairly between shareholders

All shareholders are treated equally, with all information being made available to all shareholders in a consistent manner. The board, supported by the Chair and CEO, actively engages with the Group's largest shareholders regularly and feedback received is shared with the entire board.

PRINCIPAL DECISIONS AND CONSIDERATIONS OF STAKEHOLDER INTERESTS

The table below summarises how the board and the wider Group have had regard to the duties under Section 172(1) when considering specific matters during the year.

PRINCIPAL DECISION	STAKEHOLDERS IMPACTED	OUR CONSIDERATIONS
Transact - BlackRock Model Portfolio Service (MPS)	Clients Advisers Shareholders Employees Regulators	In September 2022, we launched a new MPS in collaboration with BlackRock to create a new discretionary investment service available to advisers via the Transact platform and to further extend a wide range of discretionary investment managers on offer. More details on the Transact - BlackRock MPS initiative are available in the CEO letter on page 6. The decision to proceed with this collaboration was made by the Transact operating board, IFAL, and remains in line with the Group's business model and strategic objectives. As part of the initiative: ▪ a full risk assessment was completed and considered by the board ▪ the approach to pricing was assessed and agreed based on the objective of providing clients with a value-for-money investment proposition, and a transparent and an easy to understand pricing structure ▪ BlackRock's ESG credentials were considered when selecting them as our partner.
Price reductions for the Transact Platform	Clients Advisers Shareholders Regulators	In February 2022, the IHP board approved price reductions for the Transact Platform (which is further outlined in the Market Overview section on page 8). This decision was in line with the Group's strategy to share the benefits of our scale with clients while investing in our service delivery for advisers and clients, and is expected to increase client and adviser loyalty and attract new flows to the Transact platform, which ultimately supports the long-term sustainability of the business. A capital and liquidity risk assessment was undertaken to ensure the Group's regulated entities continue to have sufficient capital to cover their respective solvency risk appetites.
Moving to permanent hybrid working model	Employees Shareholders Communities	In early 2022, employees were consulted on their views of the temporary hybrid working model and its effectiveness. Senior management were keen to understand the mental and physical impact to employees of the Company's working arrangements post-COVID. Management also wanted to better understand the associated impacts to colleague engagement and any efficiencies or inefficiencies surrounding remote working when agreeing the longer-term permanent working arrangements for employee. Once the consultation results had been received, management reviewed the data and considered the impact that hybrid working may have on other areas including service delivery, IT capacity and capabilities, overhead costs, employee retention, office requirements and environmental footprint. After all considerations had been discussed, management made the decision that it was in the best interests of the employees that the we would move to hybrid working models appropriate for each Company in the Group.

GOVERNANCE continued

PRINCIPAL DECISION	STAKEHOLDERS IMPACTED	OUR CONSIDERATIONS
Governance restructure	Employees Regulators Shareholders	In June 2022, the IHP and IFAL boards agreed to complete a governance restructure, following a review of the current structure of IHP and its Group companies and the operational challenges that the current structure presented. One of the resulting changes of the restructure was to incorporate new Audit and Risk Committees for ILUK and ILInt, which were previously overseen by the IFAL Audit and Risk Committees. It was considered that the proposed restructuring of six subsidiaries within the Group was in the best interests of the Group as a whole and each Group Company, as doing so would: ▪ improve the efficiency of the Group's operations ▪ improve corporate governance, for example by incorporating new Audit and Risk Committees of the operating subsidiaries; and ▪ serve to enhance liquidity In addition, our Regulators were satisfied that we continue to have appropriate governance controls in place to fulfil all of our regulatory obligations.
Increased investment in IT and software development	Clients Advisers Employees Shareholders	As part of our strategy, we are continuously investing in our proprietary software and operational systems to ensure that we retain our competitive advantage. In advance of the release of the IHP interim results in May 2022 the Board made a strategic decision to increase investment in IT and software development, including the recruitment of additional software development and systems employees during FY22 and FY23. This decision was deemed to be in the best interests of the Group and all stakeholders as a whole, as it would: ▪ help maintain our strong position as a focused provider of services to clients and UK advisers ▪ improve operational efficiencies and efficiently scale the business which would ultimately reduce the additional operational employees required to service additional clients and advisers from FY25 ▪ deliver enhanced future profitability.

PRINCIPAL DECISION	STAKEHOLDERS IMPACTED	OUR CONSIDERATIONS
Review of UK and Isle of Man office estate	Employees Shareholders Communities	In 2022, the CEO undertook a review of the Group's UK and Isle of Man office estate. The board received multiple updates from the CEO about the review and ultimately endorsed management's plans to renew leases for the London, Norwich and Isle of Man office spaces and to release the temporary office space in Chelmsford. A variety of factors were considered when deciding whether to renew the office spaces which included: ▪ responding to employee feedback from pulse surveys and ensuring employee wellbeing was paramount in any decisions ▪ practicalities of new hybrid working model and its impact on each workplace environment ▪ reviewing costs comparisons of staying in current offices vs relocating In addition, sustainability and consideration of our environmental footprint have been key factors in reviewing each office estate. Some examples of how we considered this include: ▪ London – a short lease extension was used to allow time to refine hybrid working model, whilst building our ESG strategy so that any appropriate new estate can be sourced in line with the plan. ▪ Norwich – the office development has recently been refurbished by the landlord with sustainability in mind and, where possible, various environmentally-conscious improvements had been made ▪ Isle of Man – the current office space remained suitable for the size of employee and avoided the need to refit a new office space to deliver the infrastructure needed to provide the level of service expected by advisers and clients.

DIVISION OF RESPONSIBILITIES

The role of the board

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/

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.

Key board activities during the year

Business performance and strategy

- Consider current and future business initiatives including Transact-BlackRock MPS and Vertus
- Discuss Group strategy including review of business plans and pricing strategy
- Review Transact, T4A and wider industry market performance updates
- Review quarterly investor relations updates including analyses of Company share price performance
- Receive updates on and discuss IT infrastructure and systems and IT strategy

Finance and reporting

- Review quarterly and half-year results
- Monitor performance and capital position
- Approve annual report and financial statements
- Approve two interim dividends
- Review HMRC VAT decision and subsequent action
- Review Group tax strategy

Risk management controls

- Review quarterly risk reports
- Approve Group's Risk Appetite Framework and Risk Management Policy
- Receive cyber security and consumer duty training

Sustainability and stakeholder engagement

- Deep dive sessions on environmental, social and employee engagement strategies
- Review Board Diversity Policy
- Receive HR updates including monitoring culture and employee survey feedback
- Review shareholder feedback from engagement sessions with Chair, SID, Remuneration Committee Chair and Company Secretary

Governance

- Review board evaluation results and progress of prior year's evaluation actions
- Review board and management succession plans
- Approve corporate restructure
- Receive board committee updates
- Approve AGM documentation
- Approve Modern Slavery Statement
- Review and approve changes to various Group policies
- Approve Delegation of Authority Framework

Independence and time commitment

All of the non-executive directors are considered to be independent and the Chair was considered to be independent on his appointment to the role. There are a number of ways in which the independence of non-executive directors is safeguarded:

- Meetings between the Chair and non-executive directors without management present occur regularly;
- The Senior Independent Director meets at least once annually with each non-executive director to discuss feedback on the Chair's performance;
- Non-executive directors' tenure on the board is reviewed annually by the Nomination Committee as part of board succession planning;
- Any external commitments must be disclosed to the board as and when they arise for consideration and approval before accepting; and
- When making new director appointments, the board takes into account other demands on directors' time.

The board has reviewed the other commitments of the non-executive directors and concluded it is satisfied that each non-executive director remains able to commit sufficient time to dedicate to their role as a director.

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 Nomination Committee and 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 or as recommended by the Nomination Committee.

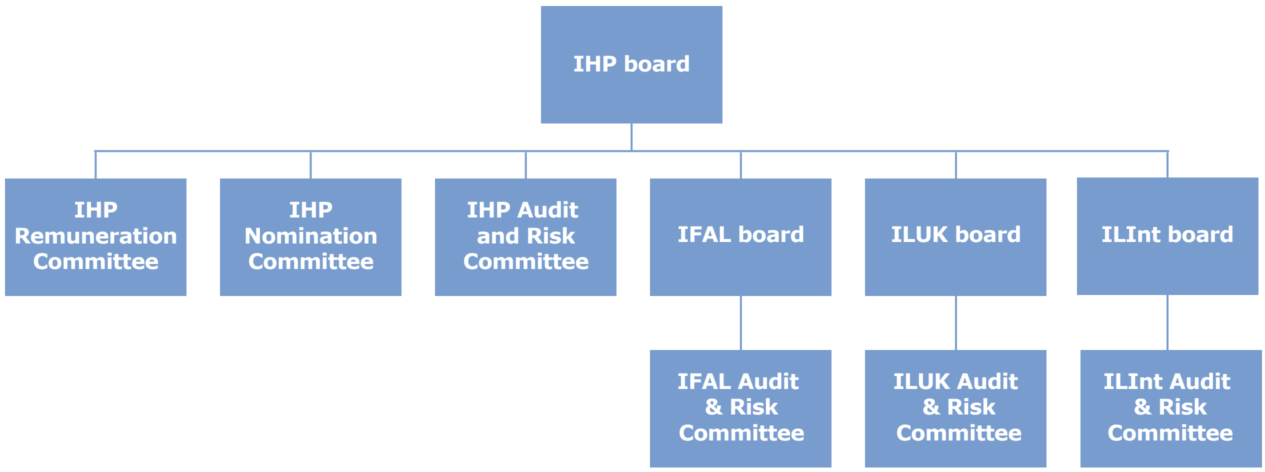
Subsidiary governance

The Group's regulated principal operating subsidiaries carry out their business of providing investment firm and life insurance Company activities. Members of the Group's Executive team together with various independent non-executive directors sit on the boards of Integrated Financial Arrangements Ltd (IFAL), IntegraLife UK Limited (ILUK), and IntegraLife International Limited (ILInt) in line with UK (IFAL and ILUK) and Isle of Man (ILInt) regulatory requirements.

New subsidiary board and Committee governance framework

In June 2022, the IHP and IFAL boards agreed to complete a governance restructure following a review of the current structure of IHP and its Group companies and the operational challenges that the current structure presented. One of the resulting changes of the restructure was to incorporate new Audit and Risk Committees (ARCs) for ILUK and ILInt, which were previously overseen by the IFAL Audit Committee and IFAL Risk Committees.

The new board and Committee governance framework of the main regulated operating subsidiaries is outlined below:



Each operating subsidiary ARC is responsible for overseeing the internal controls and risk management systems for their respective subsidiary and reporting assurances up to the IHP ARC annually that these systems remain effective.

More details of how the board fulfilled its s.172(1) duties in relation to this decision is noted in the "Principal Decisions" section on pages 85 to 87. Further information on how the Nomination Committee has been involved in subsidiary board composition and succession planning under the new structure is outlined on pages 106 to 108.

GOVERNANCE continued

Composition, succession and evaluation

Board composition

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

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, meaning the Committee has a majority of independent directors.

The membership and terms of reference of these board Committees are reviewed annually. The Terms of Reference for each Committee is available on the Company's website **www.integrafin.co.uk/corporate-governance/**.

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	6	6	-	-	-	-
Victoria Cochrane	6	6	6	6	5	5	-	-
Richard Cranfield	6	6	-	-	5	5	7	7
Michael Howard	6	6	-	-	-	-	-	-
Robert Lister	6	6	6	6	-	-	7	7
Christopher Munro	6	6	-	-	5	5	7	7
Alexander Scott	6	6	-	-	5	5	-	-
Jonathan Gunby	6	6	-	-	-	-	-	-
Rita Dhut	6	6	-	-	-	-	-	-

Board succession

During the year, the board considered its composition, skills and resource requirements. The board agreed that the appointment of a Group Chief Financial Officer (CFO) would add strength and depth to the board, as well as providing additional and valuable support to the CEO. The duties that would ordinarily be assigned to a CFO were currently undertaken between the CEO, the Group's Chief Financial Controller and members of the Finance team.

The CEO, supported by the Head of Human Resources, undertook a process to review the allocation of responsibilities and any changes to the distribution of those responsibilities that would arise with the creation of a stand-alone CFO function. Subsequent to that exercise being completed, the Nomination Committee was asked to appoint an independent search firm to identify suitable candidates and commence the selection process.

At the time of publication of this report, the process to appoint an independent search firm has been completed and the process to identify suitable candidates has commenced.

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, information on Company values and culture, 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.

During the financial year, no new directors joined the IHP Board.

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 financial year, training and deep dive sessions were facilitated for the directors, covering the following topics:

- cyber security
- employee engagement strategy and monitoring culture
- investor sentiment and market reaction
- climate change including path to net zero
- consumer duty including FCA's approach to supervision and firm evaluation model.

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.

Board effectiveness

In line with best practice and the requirements of the Code, the board and its Committees undertake an external evaluation every three years. The last external evaluation was carried out in 2020, with the assistance of Independent Audit and the next external evaluation will be conducted in 2023.

2021 board evaluation – progress update

AREA OF ASSESSMENT	AGREED ACTIONS	PROGRESS
People/culture - More focus on people and culture matters.	Chair to review board calendar and add people and culture to the agenda to be led by the Head of HR.	A deep dive session on employee engagement and culture monitoring was held in June 2022 with the Head of HR. 'HR Update' (including monitoring culture) was added to the board agenda for reporting quarterly.
Governance structure - Review alternatives to the current corporate governance structure and operating models.	Board agreed that management initiate the process of a governance restructure.	Management led the governance restructure project which was completed in June 2022. More details on this are available on page 86.
Board engagement - Consider other opportunities for directors to discuss issues other than at board meetings, including more NED-only sessions, informal social gatherings and Director-Chair one-to-one informal contact.	Company Secretary to schedule NED-only sessions in the board calendar.	Standing NED-only sessions and NED pre-meets were added to the calendar. The board has also attended multiple social dinners in 2022 both with and without management present.
Boardroom dynamics – review time allocation of agenda items to ensure sufficient time is available to discuss key matters.	Board agendas to be reviewed once the governance restructure has completed.	The board schedules and agendas have been amended to reflect the governance restructure and flow of information between the various boards and committees.

2022 board evaluation

In 2022, the Company undertook an internal evaluation of the performance of the board and individual directors. The evaluation process is outlined below.

Scope and Planning

- The Chair and Company Secretary met to determine the proposed scope and approach of the questionnaires to be circulated for completion.

Obtaining Feedback

- Tailored questionnaires were agreed and loaded in Diligent board software for completion by all directors and other non-board attendees to gain diverse feedback on the board's effectiveness.

Analysing and Reporting

- The results of the questionnaires were analysed with key themes summarised and a final report presented to the Board in September 2022 with actions agreed to take forward.

The areas identified for the board to emphasise focus on in 2022 and beyond are summarised below:

AREA OF ASSESSMENT	AGREED ACTIONS
Designated strategy session	The board would reinstate, post-COVID, an annual deep dive strategy session to allow for more time to discuss longer-term strategy and performance horizon scanning.
Stakeholder engagement and ESG	The board has improved its oversight of stakeholder engagement in 2022, in particular that of employees. The board will continue to increase its understanding of the Group's stakeholder engagement and ESG strategies.
Information flows between parent and subsidiaries	With the recent governance restructure, continue to improve the framework of information flow between the operating and other subsidiaries and the parent Company.

Chair evaluation

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 and agree actions for 2022 and beyond.

AUDIT AND RISK COMMITTEE REPORT

Statement from the Chair

I am pleased to present the Audit and Risk Committee's report for the year ended 30 September 2022. The report provides insight into our work undertaken this year.

This is the first financial year that our external auditor, Ernst & Young LLP (EY), newly appointed, has audited the Group.

In carrying out its remit, the Committee has paid particular attention to the BEIS consultation on Corporate and Audit Reform, and the FRC's response to the government's paper. Management, together with the Committee, will continue to closely monitor these developments and how our reporting may be impacted in the future.

It is noted that this is the first year of the Group's mandatory TCFD reporting, more details of which are outlined on page 25.

I will be available to answer any questions at the AGM. Further details will be set out in the Notice of AGM.

Further information on the activities of the Audit and Risk Committee ('ARC' or 'Committee') is provided below.

Membership and attendance

The members of the Committee as at 30 September 2022 were:

MEMBER	DATE OF APPOINTMENT
Caroline Banszky (Chair)	22 August 2018
Victoria Cochrane	28 September 2018
Robert Lister	4 September 2019

The Committee meets at least four times a year and may meet at other times, as requested by the Chair. The Committee met six times during this financial year. The Committee's attendance is outlined on page 92.

All Committee members are independent non-executive directors, as required by the Code, with the ARC Chair being a qualified accountant. The board is satisfied that the Committee as a whole has an effective balance of skills and experience to perform its responsibilities. Details of each member's skills, education and experience are outlined in the Directors' Biographies on pages 74 to 76.

Committee membership is kept under review by the Chair of the Committee, in collaboration with the Nomination Committee. In 2022, there were no changes to the Committee's composition.

All Committee members are provided with initial and ongoing training to support them in carrying out their duties effectively. During the year, the Committee received training on consumer duty, climate change and ESG reporting, including receiving a benchmarking review against our peers by Willis Towers Watson.

Regular attendees at Committee meetings include the board's Chair, IHP CEO, the IFAL CEO, Group Chief Financial Controller, Head of Actuarial and Risk, Group Counsel, Group Head of Internal Audit and Company Secretary.

The Group's external auditor, EY, also attended specific Committee meetings for external audit planning and reporting purposes. Other non-executive directors are invited to attend meetings.

The Committee Chair meets privately with the Group Chief Financial Controller, Head of Internal Audit, Head of Actuarial and Risk, external Audit Partner and Head of Assurance at EY to discuss issued reports and relevant financial and risk reporting and regulatory developments.

Role of the Committee

The primary role of the Committee is to ensure the integrity of the financial reporting and auditing processes and monitor the effectiveness of the Group's internal control and risk management systems to ensure there are continuing, appropriate levels of external and internal audit and risk assessment to cover all material risks (including fraud) and controls, including financial, operational and compliance processes and procedures.

The Committee is also responsible for oversight of the Group's relationship with the external auditor. This includes making recommendations to the board in relation to the (re)appointment of the external auditor, approving its scope of work, fees and terms of engagement, as well as regularly reviewing its independence, objectivity and effectiveness.

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

Details of the work of the Committee in discharging its responsibilities during the financial year are outlined further below.

Financial reporting

During the financial year, the Committee:

- Reviewed and challenged the financial reporting undertaken by the Group, with input and support from the Group's external auditor;
- Reviewed and considered the disclosures in the entire Annual Report and Financial Statements, recommended to the board the published Annual Report and financial statements and Half-year report and concluded that the reports were fair, balanced and understandable;
- In conjunction with the entire board, reviewed the two HMRC VAT announcements and other formal announcements relating to financial performance;
- Considered the consistency of accounting policies, the financial reporting process and the disclosure of key accounting and financial risks. Further information on the key financial and non-financial risks can be found on pages 61 to 66; and
- 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.

Significant issues and accounting judgments and estimates

As part of the process for monitoring the integrity of the Group's financial statements, the Committee assessed and challenged the appropriateness of the judgements and estimates applied by management, and considered any significant issues that have arisen, in the preparation of the Annual report and financial statements. This included consideration of the following:

AREA FOR CONSIDERATION	COMMITTEE REVIEW AND CONCLUSION
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. The Committee was satisfied that the assumptions and methodology are appropriate.
ILUK tax provisions	Reviewed the key assumptions and judgements used in respect of the calculation and treatment of the policyholder tax provision. The Committee was satisfied that the assumptions and judgements used are appropriate.
Goodwill	Considered the key assumptions underpinning the Group's goodwill impairment testing, which relate to the investments in IAD Pty and T4A. This included assumptions on the value in use of the Cash Generating Units, details of which are provided in note 13 of the Financial Statements. The Committee was satisfied that the assumptions and estimates used are appropriate.
Share-based payments	Reviewed the key assumptions used in respect of the valuation of options granted under the Company's employee share schemes, which are calculated using the Black-Scholes model. The Committee was satisfied that the assumptions and methodology used are appropriate.
Vertus loan	Reviewed the key assumptions used in calculating the carrying value of the Company's loan to Vertus and the measurement of the expected credit losses in accordance with IFRS 9. The Committee was satisfied that the assumptions used are appropriate.
T4A post combination remuneration	Reviewed the key assumptions used in the fair value measurement of the additional consideration relating to the acquisition of T4A, as detailed in note 30 of the Financial Statements. The Committee was satisfied that the assumptions used are appropriate.
HMRC VAT Ruling	Reviewed the impact of the HMRC VAT ruling on the Financial Statements. As detailed in page 47 of the Financial Review, costs of £8.0 million in relation to backdated VAT up to September 2021, costs of £1.8 million in relation to financial year 2022, and interest of £0.8 million have all been recognised in the Financial Statements. The Committee was satisfied that the accounting treatment in relation to these costs was correct, and that a contingent liability is no longer required to be disclosed, as all payments due were paid before 30 September 2022.

These areas have been discussed with the external auditor to satisfy them that the Group makes appropriate judgements and provides the required level of disclosure. 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.

TCFD reporting

This is the first year that the Company has published climate-related reporting in its Annual Report and Financial Statements based on the TCFD's recommendations. Details on this disclosure can be found on pages 24 to 36.

In preparing the Annual Report and Financial Statements, the Committee considered the Company's exposure to climate risk and assessed the potential impact of climate-related matters on the financial statements. The Committee was also provided with information on the methodology used by management for collecting climate-rated data for publication in the Annual Report and Financial Statements. The Committee concluded that the impact of climate-related matters will not have a material effect on the Group's financial statements.

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 2022 and included consideration of various scenarios as set out on pages 67 to 71, 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 various risks, and can continue operations for the foreseeable future. The Committee has therefore concluded that the going concern basis is appropriate.

Fair, balanced and understandable assessment

The Committee also undertakes a wider review of the content of the Annual Report and Financial Statements to advise the board as to whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. This supports the board in providing the confirmations set out on page 146 of the Statement of directors' responsibilities.

In considering the wider content of the Annual Report and Financial Statements, the Committee pays particular attention to ensuring the narrative sections provide context for, and are consistent with, the financial statements, and that an appropriate balance is struck between the articulation of successes, opportunities, challenges and risks.

The Committee concluded that, taken as a whole, the interim and annual reports were fair, balanced and understandable and provided the information necessary for shareholders, and other stakeholders, to assess the Group's position and performance, business model and strategy.

Risk management

Due to the nature of the Group's corporate structure and IHP being a holding Company, risk and control matters, which are entity-specific, are overseen by the three regulated subsidiary ARCs. Consistency is achieved through the application, across all entities, of the Group Risk Management Policy and Framework.

Each subsidiary ARC has Terms of Reference outlining their responsibilities and the Committee receives updates at each meeting on key areas for escalation from each Committee Chair including consumer duty, vulnerable customers, service risk, and non-standard assets.

During the financial year, the Committee:

- Oversaw the risk appetite statements and risk management framework and reviewed its effectiveness in relation to IHP, and how Group companies have implemented the framework;
- Reviewed Group Risk Management's development of T4A's and IAD's risk profiles;
- Reviewed how market disclosures including where consensus may not align with the Group's earnings forecast may impact the Group's risk appetite framework;
- Reviewed the regular quarterly risk reports presented by Group Risk Management to ensure the business continues to operate effectively with the appropriate risk profile under the hybrid working model;
- Reviewed and challenged the Risk Reports presented by Group Risk Management, and considered the progress of management action taken in order to address management points raised on IHP specific risks;
- Considered the climate-related risks and opportunities facing the Group and how the regulated entities have assessed the impact;
- Reviewed and assessed the Group's principal risks, uncertainties and emerging risks and updated them as appropriate;
- Assurance was sought from the Chairs of the IFAL, ILUK and ILInt ARCs 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; and
- Considered the points escalated from the Group Company boards or Committees which affect IHP, or the Group as a whole.

More details on the Group's risk management processes are outlined on pages 52 to 66.

Internal controls

The Committee provides assurance to the board on the Group's system of internal controls. A key aspect of this is the review of the financial controls systems that identify, assess, manage and monitor financial risks, which are an important aspect of ensuring the integrity of the Group's financial statements as a whole.

As part of its oversight of the Group's wider system of internal controls, the Committee receives reports from management on the effectiveness of those controls, as well as independent assurance on the effectiveness of controls by the Group's Internal Audit function and the external auditors.

During the financial year, the Committee:

- received regular reports from the Group's Internal Audit function on the sufficiency of the internal controls in those areas of the business included in the Internal Audit Plan for the period;
- challenged management on the progress against delivery of the IT strategy to address any identified weaknesses;
- Received updates on progress against management actions identified; and
- Reviewed the Head of Internal Audit's annual assessment of the Group's internal control framework.

In addition, in preparation for year-end, the Committee reviewed a report from Legal on the Group's effectiveness of controls to prevent financial crime, including detecting and preventing fraud, bribery and corruption, money laundering and market abuse during the Financial Year.

Whistleblowing

The Group encourages employees to raise their concerns within the existing line management structure but, recognising that not all concerns can be effectively managed through those channels, the Company also provides the means for confidential reporting of concerns by contacting any of three nominated internal individuals who will investigate the issues raised. The Company provides for employees to make anonymous reports of suspected wrongdoing via a portal.

Neil Holden, as a member of the IFAL Audit and Risk Committee, is a key contact in the Whistleblowing Policy and fulfils the role of "Whistleblower's Champion" under the Senior Managers' Regime whilst Caroline as Chair of the Audit and Risk Committee has oversight of Whistleblowing for the Group.

During the financial year, the Committee reviewed the Whistleblowing Policy and the framework for reporting, and confirmed that each are appropriate to the Group structure and organisation.

Internal audit

The Committee appointed a new Group Head of Internal Audit in March 2022. During the selection process, the IHP ARC Chair met with various candidates and recommended the preferred candidate to the Committee for approval.

The Group Internal Audit department is focused on the delivery of internal audit services to the Group, and aims to protect and enhance the value of the Group, and to help the board and executive management of the Group to meet its objectives.

To do this, the Group Internal Audit department performs independent, objective assurance and consulting services that provide assurance, advice, and insight in respect of risk management, governance and internal controls. The Committee monitors the scope, activity, and resource of the Group Internal Audit department formally on a quarterly basis, with several touchpoints throughout the year.

During the financial year, the Committee:

- Received and challenged Group Internal Audit reports at Committee meetings including detailed review of any control recommendations made to management, management's response, and views over risk and control culture;
- Monitored the status of any open management action plans including receiving updates from the Chair of the IFAL, ILUK and ILInt ARCs on the management actions in response to the findings and recommendations of internal audit reports pertaining to those entities;
- Approved the Group Internal Audit Charter and Group Internal Audit Plan, including specific areas of review on matters relating to IHP or any proposed changes to the plan;
- Reviewed all Group Internal Audit reporting escalated by either the IFAL, ILUK, or ILInt ARCs, or activities within other companies in the Group, which represent a significant risk to the Group as a whole;
- Noted the conclusion of the annual Internal Audit report that there were no significant deficiencies that would need to be disclosed in the Annual Report;
- Received reports on matters relevant to the financial reporting processes including assurances on internal controls, processes and fraud risk; and
- Assessed the effectiveness and independence of the Group Internal Audit function.

GOVERNANCE continued

Delivery of internal audit plan

There were a number of internal audit engagements completed in-house during 2022 in line with the agreed Internal Audit Plan. The results of these internal audit engagements were reported and discussed and follow up actions were reviewed or requested where necessary. The internal audit engagements included, but were not limited to, the following:

- client assets and client money compliance;
- financial projections model;
- oversight of third party and key outsourcing arrangements;
- IT management information;
- Human Resource and UK payroll activities;
- identification, treatment, and monitoring of vulnerable customers;
- compliance with operational resilience requirements; and
- adherence with the Isle of Man economic substance rules.

The Group Internal Audit function also completed its annual assessment of the Group's risk management and key internal controls relating to the Group's major business processes and top risks that included an evaluation of the Group's annual fraud risk assessment.

Furthermore, out-source internal audit engagements, using external IT security testing experts, were completed on IT security across the Group's sites and IT environments including the IT security infrastructure of T4A and IAD. These engagements assessed and benchmarked against good practice IT Security standards.

Effectiveness and independence of Group internal audit function

In addition to the internal audit engagements and the appointment a new Group Head of Internal Audit, the Committee reviewed and approved the department's revised strategy and updates to methodology. A private session also took place between all ARC members and the Group Head of Internal Audit in August 2022.

During the financial year, the Committee performed its annual assessment on the independence and effectiveness of the Group Internal Audit function. To facilitate this assessment, the Group Internal Audit function provided a report to the Committee that consisted of a self-assessment of its independence and effectiveness, declarations of independence, objectivity, and compliance with the Group Internal Audit Methodology, and a questionnaire on the Group Internal Audit function's independence and effectiveness for completion by the Committee members.

Based on the scale and focus of the work conducted by Group Internal Audit during the year, and the results of Group Internal Audit's report in respect to its effectiveness and independence completed during the year, the Committee concluded that the Group Internal Audit function is working effectively and independently and that the team is appropriately qualified and employees.

External auditor

Tenure

The last tender for the external auditor was conducted in 2021, when BDO resigned after 11 years of service. EY has been the Group's External Auditor for one year since their appointment by shareholders at the 2022 AGM. Mike Gaylor has been the lead audit partner for one year.

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 2022.

Scope of the external audit plan and fee proposal

During the financial year, the Committee:

- reviewed EY's overall work plan;
- advised EY, through regular communication, of any specific matters which the Committee was considering from previous audits and current operations;
- approved EY's remuneration and terms of engagement, taking into consideration feedback from the three operating subsidiary ARCs;
- assessed EY's independence and objectivity;
- reviewed and approved external auditor fees;
- approved revisions to the External Auditors Policy in relation to the provision of non-audit services and hiring of ex-employees; and
- assessed the effectiveness of the external audit.

External auditor independence and non-audit services

In order to safeguard the independence and objectivity of the external auditor, the ARC is responsible for the development, implementation and monitoring of the Group's policy on the provision of non-audit services and oversight of the hiring of personnel from the external auditor, should this occur. The Committee must pre-approve any non-audit services, in line with the requirements of the FRC's Revised Ethical Standard 2019. The Committee receives a report each year analysing fees paid for any non-audit work by the external auditors. EY did not perform any non-audit services during the 2022 financial year. EY did provide Other Assurance Services, in line with the Revised Ethical Standard 2019. These services were required by regulation and are further disclosed under Note 8.

Full details of EY's remuneration are set out in Note 8 of the Financial Statements.

Effectiveness of external audit process

The ARC is responsible for assessing the qualifications, expertise and resources of the external auditor and for reviewing the effectiveness of the external audit process. As part of this process, the views from executive management, ARC members, and the Chairs of the three subsidiary ARCs are sought on the following:

- the efficiency of the year-end process;
- the quality of the audit partner and team;
- the planning and execution of the audit;
- quality of audit reporting and delivery;
- extent and nature of challenge demonstrated by EY in its work and interaction with management; and
- EY's independence and objectivity.

The Committee also reviews the FRC's annual Audit Quality Inspection and Supervision Report of EY and receives a report from EY on its own internal quality control procedures.

The responses indicated that, overall, EY was performing in line with expectations and has demonstrated challenge and professional scepticism in performing its role. The ARC concluded that the external audit process was effective and the Committee remains satisfied that EY continues to display the necessary attributes of independence and objectivity. Accordingly, the Committee has recommended to the board a proposal for reappointment of EY as external auditor at the next AGM.

Committee self-evaluation

The Committee conducted a self-assessment of the effectiveness of the committee, the individual members and the Committee Chair in 2022. The internal evaluation considered the performance of the Committee and concluded that the Committee continues to be effective.

The following areas were agreed as priority areas of focus for the Committee in 2023:

- Schedule a risk identification deep dive session
- The induction and transition of responsibilities to the incoming Chief Financial Officer
- Monitor developments in relation to the BEIS corporate governance and audit reform and ESG reporting.

Caroline Banszky
Chair, Audit and Risk Committee
13 December 2022

NOMINATION COMMITTEE REPORT

Statement from the Chair of the Nomination Committee

I am pleased to present the Nomination Committee's report for 2022. It has been a busy year with the governance restructure and the establishment of new subsidiary board Committees and management succession planning. Further information on the activities of the Committee is set out below.

Membership and attendance

The members of the Nomination Committee as at 30 September 2022 were:

MEMBER	DATE OF APPOINTMENT
Richard Cranfield (Chair)	1 August 2019
Victoria Cochrane	28 September 2018
Christopher Munro	2 February 2018
Alexander Scott	2 March 2020

The Committee meets at least once a year and may meet at other times as requested by the Chair. The Committee met five times during the financial year, due to the Committee's wider remit of oversight of subsidiary board succession planning and increased senior management succession planning. The Committee's attendance is outlined on page 92.

Composition

In adherence with the Code, the majority of members of the Nomination Committee are independent NEDs. The Chair of the board chairs the Committee. However, he is not permitted to 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 recuses himself from any discussion or recommendation about him.

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 significant concerns 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.

Training

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

Role of the Committee

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.

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**.

Key Committee activities through the year

AREA OF FOCUS	WORK CONDUCTED
Board composition and succession planning	▪ Considered the skills, tenure and independence of the non-executive directors and made recommendations to the board for reappointment. ▪ Reviewed composition of the IHP board with a view to recommending to the board succession plans for directors, including emergency cover of executive director, Chair, and SID roles.
Management succession planning	▪ Reviewed the emergency and long-term management succession plans. ▪ Discussed the necessary skills, experience, and expertise required for senior management roles and talent development, including agreeing the scope of the Group CFO role.
Operating Subsidiaries board succession planning	▪ Discussed succession plans for the IFAL board Chair. ▪ Reviewed board and Committee member composition and succession plans for operating subsidiaries in preparation of the Group's governance restructure and upcoming resignations of long-standing board members.
Diversity and Inclusion	▪ The Committee discussed the Group's diversity and inclusion strategy including obtaining various diversity data going forward. ▪ The Committee reviewed the board's Diversity Policy ▪ Board composition in relation to tenure, skills and diversity at operating subsidiary level was also reviewed.
Committee evaluation	▪ The Company Secretary assisted the Chair in preparing an internal evaluation for completion by all Committee members. A written report was then provided to the Chair, which was shared with the Committee and actions were agreed.

Succession planning

IHP board succession planning

The IHP board composition remained stable during 2022. There were no resignations or appointments made during the year.

The Committee formally reviewed the size, composition and skillset of the board and its Committees taking account of the feedback received as part of the board evaluation process. It agreed the executive team would benefit from the appointment of a Group CFO and that in any future non-executive search, particular focus should be given to individuals with direct and relevant commercial experience and/or information technology experience. We continue to keep under review board succession planning and directors' term renewals.

Subsidiary board and Committee succession planning

One of the areas that the Committee has spent significant time on during the year was succession planning for the operating subsidiary boards and committees. Until 2022, there had been only two board committees of IFAL that oversaw the audit and risk activities for all three operating subsidiaries. In the past years, the boards of the unlisted operating entities have had long-standing members and their composition remained steady with limited alteration, until recently.

With the recent governance restructure, there are now three board Committees supporting IFAL, ILUK and ILInt. The corporate structure is set out on pages 88 to 91. Each of their respective boards have requested that the IHP Nomination Committee supports them in reviewing each board's composition and overseeing board and Committee succession planning. The main purpose for this change is to ensure a holistic and consistent approach to succession planning that with aligns the Group's diversity and inclusion strategy and ensuring that sufficient skills are represented across each of the respective boards.

During the financial year, the Committee assisted the regulated operating subsidiaries in reviewing the composition of each subsidiary board to ensure adequate representation of financial and risk expertise in each newly formed Audit and Risk Committee. The Committee also reviewed the ILInt board's composition to ensure there was adequate representation to appoint a new Audit and Risk Committee Chair.

Senior management succession planning

Senior management succession planning was one of the key feedback points communicated by shareholders during the year and continues to be a key focus of the Committee. As a result of this feedback, the Company has reviewed the Group's and regulated entities' senior management structure and has decided to recruit additional senior management into positions of IHP Group CFO, IHP Group CRO and CTO.

The Nomination Committee has been responsible for reviewing and agreeing the scope of the Group CFO role. The process for recruitment for these new roles is underway and we expect to announce an update to the market in due course.

Diversity and inclusion

Inclusivity throughout the business is important to us and we continue to focus on this by developing our diverse talent pipeline. The board supports the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic diversity. I am pleased to say that we have 33% representation of women on our board (2021: 33%) and 67% female representation in roles which we define internally as our senior management equivalent (2021: 67%). In addition, one member on our board is ethnically diverse (2021: one) and our Senior Independent Director is a female.

We recognise that developing diverse talent at the executive, senior management and direct report levels is important and this is being considered in the Group's ongoing leadership succession plans.

In April 2022, the Financial Conduct Authority announced additional diversity targets for FTSE listed companies, the reporting of which will be effective for financial accounting periods commencing 1 April 2022 onward. Whilst we currently already meet two of the three additional diversity targets, the Company will continue to monitor the Board's diversity when recruiting new directors, in an effort to meet the FCA's target for 40% female board representation.

Board diversity policy

The board has a Diversity Policy which is reviewed and assessed annually. In 2022, there were no new director searches or appointments made by the Company.

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.

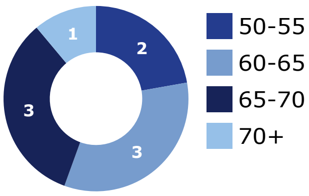
Equal opportunities policy

The Group also has an Equal Opportunities Policy which applies to all employees. The Group is proud to have a culture of developing its workforce to provide opportunities for promotion within the organisation, alongside recruiting external talent to enhance diversity of thought. Internal opportunities not only include 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 employee by providing relevant training, assistance and resources to help them succeed in their new roles. In the last year, 118 employees accepted internal job opportunities (2021: 55).

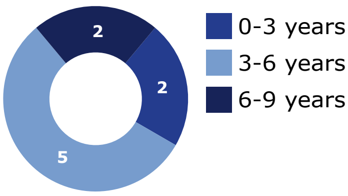
Composition of the board

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

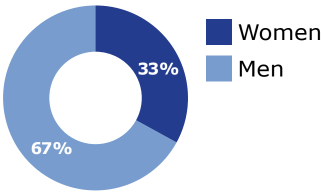
Age profile of the board (number of directors)



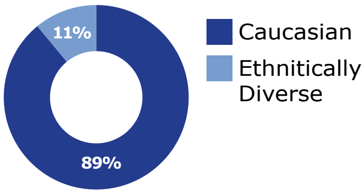
Tenure of board (number of directors)



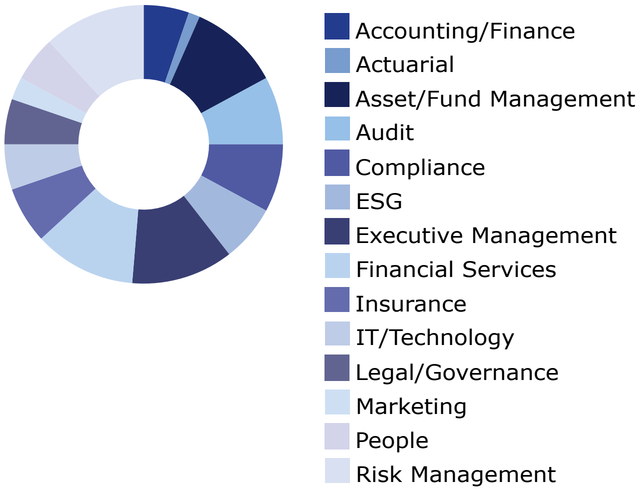
Board gender split (%)



Ethnic diversity of the board (%)



**BOARD SKILLS MATRIX DISCLOSURE
(number of Directors)**



Renewal of existing NED appointments

The Committee reviewed the profile of board tenure of our non-executive directors in light of its future needs. As part of this, it considered the renewal of each of Richard Cranfield's and Robert Lister's term as a non-executive director, their first three-year term of which was due to expire in 2022. The Committee agreed, taking account of the current cycle of board development and succession and the feedback on their contributions in the 2022 board evaluation, to recommend to the board for approval the renewal of each of Richard and Robert's appointment for a further three-year term, subject to annual re-election by shareholders at the AGM.

Board effectiveness

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

Committee self-evaluation

The Nomination Committee conducted a self-assessment of the effectiveness of the Committee, the individual members and the Committee Chair in 2022. 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.

The following areas were agreed as priority areas of focus for the Committee in 2023:

- Continue to strengthen oversight and input into the Group's operating subsidiary NED appointments
- Further oversight into executive's pipeline and talent development.

**Richard Cranfield
Chair, Nomination Committee
13 December 2022**

DIRECTORS' REMUNERATION REPORT

Annual statement by the Chair of the Remuneration Committee

Remuneration Overview

As Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2022.

Our current Directors' Remuneration Policy ('Policy') was approved by over 91% of shareholders at the 2022 AGM.

We remain committed to our responsible and equitable remuneration structure, recognising that employees are one of our key stakeholders. To deliver this we remain committed to ensuring that they participate in our success on broadly the same terms as our executive directors and senior managers. Where we take steps to drive exceptional performance amongst our management team, we do so in a way that focuses delivery, not on short-term outcomes, but on the future success of the Group, aligning their financial interests with the interests of our investors, whilst keeping their reward measured and proportionate, avoiding a "them and us" culture within the workforce.

With this in mind, since the 2021 report, we have continued to invest in our people and our infrastructure, against the backdrop of the inflationary market and cost of living pressures. The Committee has engaged with management regarding the appropriate response to the external market, and response to feedback from the workforce provided by way of this year's employee survey.

Recognising the challenges of the external economy, the Company awarded meaningful, but responsible, pay-rises in June. With effect from the 2023 financial year, and in direct response to the feedback received from our engagement with the workforce, the reward structure for all London and Isle of Man based employees below the Board and the most senior management, has been restructured to enhance the link between variable remuneration and the performance of the Company and the individual employees. As part of this restructuring the Group prioritised increasing basic salary for these individuals, recognising that this is where the greatest pressure from the cost of living crisis was being experienced. In turn, bonuses will be settled within an agreed range, but with individual and Company performance driving individual out-turns. Feedback to the change has been positive.

For the executive directors and most senior leaders, basic pay was increased at a level aligned with that awarded to the wider workforce in June 2022. Amending the structure for executive directors in line with the change made for the wider workforce in October would have resulted in an increase to salaries. The Committee decided not to make these changes to executive director reward. Instead, the Committee has commenced a review of the composition of variable remuneration for directors and senior leaders, with a view to maximising the opportunity to align reward with performance of the individuals and the sustainable growth of the business, whilst remaining within the overall limits set out in the Directors' Remuneration Policy. At this time, the Committee is not seeking to increase the incentive limits set out in the Directors' Remuneration Policy approved by shareholders last year, as these reflect our ongoing commitment to workforce alignment and sustainable, responsible reward.

During the year, the FCA issued a new remuneration code applicable to the Company and three of its subsidiaries, IFAL, ISL and the UK employees of IAD. The Committee has considered the code and incorporated the changes required into the forward-looking reward framework for the Group. These changes are, in the main, aligned with our own equitable and measured reward structure set out in our Directors' Remuneration Policy, and with the feedback we have received from investors over the year.

Further details of all these themes are provided in the Directors' Remuneration Report opposite.

Board and senior management changes

There were no changes to the Board composition during the year. However, after reflecting on its composition and the growing demands on listed companies, the Board has decided to commence a search for a Chief Financial Officer to further enhance the skills of the executive team. The Nomination Committee has been asked to lead the search and the Remuneration Committee will support the process, ensuring any appointment is made within the Directors' Remuneration Policy. An announcement will be made once a suitable candidate has been appointed.

One change to the senior management team occurred during 2022, with the retirement of Judith Davidson, Chief Operating Officer of Integrated Financial Arrangements Ltd, in April. IFAL has decided not to recruit a new COO at this time. Instead IFAL's Chief Development Officer, Tom Dunbar, is supporting Jonathan Gunby in driving forward enhancement to our Transact platform and a UK Chief Technology Officer has been appointed, who will join the management team in the New Year. A search is also under way for a Group Chief Risk Officer to join the senior management team of IHP, following the planned retirement of the Group's Senior Risk Manager.

Together with the Senior Independent Non-Executive Director, the Chair of the Board and the Company Secretary, I attended a number of investor meetings throughout the year to understand investor sentiment on, amongst other matters, executive reward. I am pleased to report that the messages we received were in line with our own views on linking reward to performance, although we remain of the view that our simple reward model is more appropriate to our organisation's culture and risk profile than more traditional LTIPs with enhanced income multiples.

Executive Directors' Remuneration

It remains one of our key principles to create, maintain and improve value provided to our customers, shareholders and employees and to share profits between all three of these stakeholders. This reward philosophy remains unchanged. We take a very distinctive approach to remuneration and are committed to sharing our success evenly across the workforce through the use of responsible and proportionate variable remuneration. We have set out further rationale to our approach to executive director remuneration on pages 113 to 115.

The key features of our reward framework are as follows:

- **Base salary –** Our ethos is to pay base salaries which are set at a level to attract and retain staff but not above market rate. Salaries are benchmarked externally but the external market is only one factor taken into consideration when assessing appropriateness of salaries. Internal parity and the desire to maintain an inclusive and responsible reward framework are equally important. As a result, fixed remuneration for senior roles currently sits in the lower quartile of the FTSE 250 which 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. In accordance with our approach of keeping staff and executive award aligned, it is rare for any executive director's total annual variable remuneration award to exceed 65% of salary.

- **Distinctive approach to performance measurement** – Historically, we have not had mechanical performance targets which apply to variable pay awards, because we believe that applying formulaic measures can lead to undesirable behaviours and / or outcomes. However, we recognise that there is a need to hold management responsible and accountable for the long-term success and stability of the business. The Committee will therefore continue to exercise independent judgement and discretion when authorising cash bonus and deferred bonus remuneration outcomes, taking into account both Company and individual performance, but, going forward, there will be more specific target deliverables, including ESG outcomes, against which performance will be assessed when awards are granted. We will also be introducing performance metrics for the exercise of the deferred element of any awards. Our performance measurement framework will still consider the same four anchors – financial performance; stakeholder outcomes; risk, regulation and ESG; and strategy delivery, but within those criteria will be specific target deliverables.

- **Alignment with wider workforce** – Our approach to remuneration for executive directors is consistent with that for all employees. It has always been our culture that we do not use reward to grow the wealth of our executives and senior managers at the expense of our wider workforce. Our reward framework is designed to drive equitability in the remuneration outcomes in order to drive alignment in the high performance of all our employees. We recognise that our proposition relies upon our workforce performing to the highest standard to deliver the best service proposition to the market. Our variable cash bonus and Share Incentive Plan reward incentive structure reflects this ethos because it is aligned across the workforce and all employees are made cash bonus and Share Incentive Plan awards under the same performance framework.

We do, however, recognise the importance of focusing more senior management on the long-term sustained performance of the business and, as a result, members of the management team, including executive directors, may be considered for a bonus award deferred into shares. However, the quantum of these awards is capped at 33% in order to ensure that the awards drive exceptional performance without creating a division between management and the wider workforce.

The pension policy for executive directors is equivalent to that of the workforce. However, both Jonathan and Alex elected to cap their contributions at the HMRC annual allowance of £4,000. As a result, at 0.9% for Alex and 0.9% 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. Our current pension arrangements therefore align with the new Corporate Governance Code as regards the alignment of executive pensions with the wider workforce. Employees (including the executive directors) may elect to sacrifice their remuneration and receive additional employer contributions. This diverges from the Code provision. However, neither Alex nor Jonathan take advantage of this opportunity.

- **Share ownership** – Our executive directors are significant shareholders in the Company with Alex and Jonathan having a direct or indirect interest in 1,253,833 shares and 908,452 shares respectively. Michael Howard as founder executive director has a direct interest in 32,000,000 shares. With the exception of employees of T4A, all UK and Isle of Man based employees 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 2022, has once again had a 100% uptake for Free Shares and has had an 94.36% uptake for Partnership and Matching shares. All Australian employees are invited to participate in a parallel scheme created in accordance with local remuneration rules.

In summary, we believe in: simple and transparent reward which is linked to Group success and individual personal performance; long term engagement amongst the more senior management; and, which is delivered in a way that does not drive a "them and us" reward culture, 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 workforce.
- We encourage share ownership by all staff 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 typical long-term incentive plan as we believe the provisions of those plans 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 but, commencing this year, link the award and the out-turns of the award, to more defined performance metrics, with malus and clawback applying to non-delivery.

We believe our 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 2022

The Company achieved robust and resilient financial results with profit before tax of £54.3 million (-15%). Directors' salary and bonus awards were made in accordance with the Policy.

The Company and the Committee reviewed salaries in June and determined that, against a backdrop of inflationary and talent pressures, it would be appropriate to make higher than normal increases. The average award to all employees who were eligible for an increase was 7.3%. Salary increases for executive directors were also considered carefully, taking into account the competitive positioning of their packages, and similar awards were made of 7% for Alex and Jonathan, which was marginally lower than the average for all employees.

Directors' bonuses were awarded within the parameters of the Policy. Alex was awarded a cash bonus of 20% and a target bonus award deferred into shares of 31.4%. Jonathan was awarded a cash bonus of 25% and a target bonus award deferred into shares of 31.4%. Michael Howard did not receive a bonus. The Committee considered that these bonus awards were a fair reflection of the Company's overall performance.

In order to further align incentives with performance, the deferred share awards for our more senior managers including Alex and Jonathan will this year have been assessed by reference to individual and Group performance. Awards made to executive directors in financial year 2023 in respect of financial year 2022 will be dependent on performance conditions and the Company is developing individual performance metrics for each executive director and senior manager to further develop the performance based assessment of variable reward.

In making these awards, the Remuneration Committee considered the quantitative and qualitative anchors. In particular, the performance of the Company over the financial year in an increasingly challenging external market, the response to internal and external pressures, the delivery of the business strategy, the impact of the reduction in charges to clients, the Company's response to external feedback and management actions taken to maintain and enhance staff engagement whilst driving service improvements.

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.

To this end I, along with other non-executive members of the board and our Company Secretary met with a selection of our investors to better understand their views and questions around our reward structure. We have listened to those views and hope that the changes we have made clearly articulate our ethos whilst also connecting reward out-turns to individual performance, which we hope will be welcomed by our investors.

We are pleased with the support we have received in the past from shareholders with 92% approval for our previous Remuneration Policy in 2022 and 91% approval for the Annual Remuneration Report at the 2022 AGM. We have engaged with shareholders who voted against the 2022 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 of the IHP Remuneration Committee
13 December 2022

This report has been prepared in accordance with the provisions of the Companies Act 2006 and the Large and Medium-Sized Companies and Groups Regulations 2013, as amended.

It also meets the requirements of the UK Listing Authority's Listing Rules and the Disclosure and Transparency Rules.

The Report describes how the board has complied with the provisions set out in the UK Corporate Governance Code 2018 relating to remuneration matters.

The Remuneration Committee confirms throughout the financial year that the Company has complied with these governance rules and best practice provisions.

UK Corporate Governance Code – Provision 40

When developing the 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 approach to remuneration supports the strategic objectives of the Company, and we seek to maintain a simple remuneration model which is communicated to 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, an all-employee share incentive plan and a deferred bonus share option award.
Risk	▪ We believe our approach to performance measurement supports appropriate consideration of risk management and a long-term view of the business based on sustainable growth. 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 anchors for the business, ensuring a holistic view of business performance. The absence of a traditional LTIP avoids behaviours seeking to maximise share-price growth over the short-to medium-term at the expense of long-term managed and sustainable growth of the business.
Predictability	▪ The maximum opportunities are outlined in the Remuneration Policy. Taking into account our approach to incentives, total remuneration is more predictable in comparison with other listed companies.
Proportionality	▪ Our executive director remuneration is aligned with that of the wider workforce and the result is a reward structure that is low in comparison to the wider FTSE 250.
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 pension policy is aligned across the workforce. We consider that our approach is fully aligned with our culture.

Remuneration Policy 'at a glance'

ELEMENT	OPERATION	OUT-TURNS 2022 AND IMPLEMENTATION IN 2023
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 7% for Alex and 7% for Jonathan which was below the UK and IoM workforce increase of 7.3%. Salary with effect from 1 June 2022: ▪ Alex Scott, CEO: £463,200 ▪ Jonathan Gunby, Executive Director: £463,200.
Benefits	▪ Includes, for example, death in service, private medical insurance and a discount to the fees for use of the Transact Platform. ▪ Executive directors are eligible to receive the same benefits on the same terms as the wider workforce.	▪ Benefits for Alex and Jonathan comprise private healthcare, death in service and PMI. ▪ Alex, Jonathan and Michael Howard benefited from the discounted platform charges.
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%).
Variable reward comprising **i) an annual cash bonus element; and** **ii) a 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. ▪ Awards are made by reference to delivery of defined metrics which are based on a mixture of individual and Group performance. ▪ 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 anchors – financial performance; stakeholder outcomes; risk, regulation and ESG, and strategy delivery. ▪ For 2022 Alex was awarded a cash bonus of 20% and a bonus award deferred into shares of 31.4%. Jonathan was awarded a cash bonus of 25% and a bonus award deferred into shares of 31.4%.

ELEMENT	OPERATION	OUT-TURNS 2022 AND IMPLEMENTATION IN 2023
All employee share incentive plan	Executive directors are eligible to participate in the all-employee SIP on the same terms as all employees.	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 ▪ No changes for 2022/23.

2022 remuneration outcomes for our executive directors

Alexander Scott, CEO				**Total remuneration**
Fixed – £448,000	Cash bonus – £92,700	Deferred bonus – £145,656	Other – £7,854	**£695,000**
Jonathan Gunby, Executive Director				
Fixed – £448,000	Cash bonus – £116,000	Deferred bonus – £145,656	Other – £8,186	**£718,000**

Directors' Remuneration Policy summary - The IntegraFin approach to executive remuneration

Our approach to executive director remuneration is, we believe, aligned to our culture, our strategy and our success to date. In 2021 we considered it afresh as part of our triennial Policy review and still believe that it supports our success.

Modest incentive quantum

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 such that our executives and the wider workforce are rewarded on the same terms, with only the addition of the deferred bonus element being available to the more senior managers, the purpose of which is to drive forward and strategic thinking and resilience of the Group. 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 year ▪ Targets set up fronts	**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 "lookback" basis

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

Why we do not operate a traditional LTIP

We firmly believe that a traditional LTIP with three year time horizons would, for our business model, drive the wrong behaviours. 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, sustainability and stewardship of our business.

The low level of all 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. It also aligns executive reward closely with that of the workforce ensuring common interest in the delivery of the business goals and vision.

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. Going forward, we will continue to award cash and deferred bonuses based on the look-back approach but the awards themselves will be more closely linked to the delivery of metrics which are defined and subsequently developed by the Committee at the beginning of each performance year. Those metrics will still be aligned with the four anchors that underpin our business success. We believe that this design continues to promote long-term thinking, and to promote actions which deliver long-term success whilst maintaining alliance with workforce reward and reflecting our culture of not creating wealth for our directors at the expense of our workforce.

A critical contributor to the success of the Group is the high standard of client service delivered, collectively, by our staff. Our business model and focus on customer service makes it difficult for us to set "hard" targets. The Committee considers that it would not be in the interest of our shareholders to set hard targets for the annual bonus. Our current approach allows the Committee to assess performance in the round, taking into account all relevant factors in order to ensure that outcomes are appropriate and aligned with the experience of our wider stakeholder. As a result our Executives' strategic focus can be on growing inflows in a controlled and responsible trajectory in order to maintain the level of customer satisfaction through delivery of the best platform, supported by exceptional service and the provision of associated ancillary services which make it easier for our clients and advisers to plan and manage their financial affairs.

Through this approach we look 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 individual and Company performance against four anchors and, for individual performance, pre-set metrics.

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 actual performance within this framework (individual performance is also considered)

The Committee considers that this continues to be a controlled, responsible and proportionate approach to executive pay in the round, particularly in the context of low overall quantum and internal alignment.

Annual Remuneration Report

This report details the remuneration arrangements in place for people who were directors of the Company during the financial year.

There have been no changes to Directors' remuneration throughout the year, save for the annual bonus award made in December 2021 and the annual pay award made in June 2022.

Wider workforce/T4A

Note that throughout this report, there are various references and/or comparatives to the wider workforce or the wider UK workforce. The structure of reward for T4A employees continues to be integrated into the IntegraFin business model. Whilst basic pay rise awards have been benchmarked and aligned, variable remuneration continues to differ reflecting the different incentives applicable to the T4A business. Therefore, references to wider workforce currently excludes T4A employees, save where expressly included. In some instances, it also excludes our Australian employees as Australian employment arrangements differ from those in the UK.

Governance

Committee membership during the year

The members of the Remuneration Committee at 30 September 2022 were:

MEMBER	DATE OF APPOINTMENT
Christopher Munro (Chair)	19 January 2018
Richard Cranfield	17 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.

By delegation from IFAL and ILUK, the Committee monitors the content and application of the Company's remuneration policy to individuals whose roles bring them into scope of the FCA and PRA remuneration codes and the Corporate Governance Code (together "Code Staff"). To the extent that the Committee does not approve the remuneration of Code Staff individually, the Committee considers whether the total reward for each Code Staff employee remains compliant with the provisions of the relevant Code. The Committee is also responsible for reviewing a remuneration policy statement (RPS) prepared by IFAL setting out how IFAL complies with FCA regulatory requirements on remuneration.

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

Composition of the Remuneration Committee

The Remuneration Committee is comprised of three non-executive directors of the board and therefore the composition 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 Committee member provides copies of their training record to the Company Secretary annually and undertakes all regulatory training requested by the Group.

Committee meetings and attendance

The Remuneration Committee meets at least twice annually and more frequently when required. The Committee has met seven times during this financial year. Attendance by each member of the Committee as at 30 September 2022 is set out in the board and Committee attendance table on page 92.

The Head of Legal & Company Secretary and the Head of Human Resources attend all meetings and other individuals such as the CEO, the Group Counsel, and external advisers may be invited to attend for all or part of any meeting.

The Committee's work throughout the year

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

The Committee has undertaken the following this financial year:

AREA OF FOCUS	WORK CONDUCTED
Governance	▪ Reviewing the Committee Terms of Reference to ensure their continuing appropriateness. ▪ Considering the membership of the Committee and the provisions of the Code. ▪ Considering the FCA and PRA remuneration requirements in respect of employees who hold Senior Management Functions within the business or who have been identified as Remuneration Code Staff.
Awards	▪ Reviewing the appropriateness of the proposed annual staff pay award by reference to the RPS and the Remuneration Policy. ▪ Approving the proposed remuneration for the executive directors and senior managers. ▪ Considering the appropriateness of remuneration for Code staff and the staff pay award. ▪ Reviewing and approving the making of deferred bonus awards to executive directors and senior managers. ▪ Approving the grant of the Free Share Award. ▪ Considering the proposed structure and quantum of remuneration of the new IFAL Chief Technology Officer. ▪ Considering the proposed re-structure of wider UK workforce remuneration to introduce greater emphasis on individual performance when setting variable awards.

Committee self-evaluation

The Remuneration Committee conducted a self-assessment of its own effectiveness. The Committee considered the feedback and has taken steps to more closely align the linkage of variable remuneration to individual as well as Company performance.

As a result of the evaluation feedback, the Committee has sought more direct engagement with the Head of HR throughout the year and has benefited from advice on remuneration matters and guidance on the internal workforce engagement and external employment market.

The Chair of the Committee has also met with a selection of our institutional investors to share more insight into and receive feedback on our remuneration model.

Feedback regarding the interaction between the Committee and the regulated subsidiary boards continues to be considered and there is a structure in place for cascade of information from the Committee Chair to the Chairs of the UK regulated subsidiary ARCs.

Directors' remuneration policy

The Directors' Remuneration Policy was approved by ordinary resolution at the Company's AGM held on 24 February 2022 and can be found on pages 94 to 102 of the Company's Annual Report and Financial Statements for the year ended 30 September 2021, which is available in the Investor Information section of the Company's website **www.integrafin.co.uk**.

Statement of voting at the AGM

The Company remains committed to ongoing shareholder dialogue and takes a close interest in voting outcomes. The following table sets out voting outcomes in respect of the resolutions relating to approving directors' remuneration matters at the Company's AGM for the last three annual meetings:

YEAR	RESOLUTION	VOTES FOR / DISCRETIONARY	% OF VOTE	VOTES AGAINST	% OF VOTE	VOTES WITHHELD
2022	Approve the Directors' Remuneration Policy	216,703,830	91.90	19,098,977	8.10	1,361,995
2022	Approve the Directors' Remuneration Report	214,085,945	90.89	21,456,381	9.11	1,622,476
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

Application of the Policy in 2022

Summary of total remuneration – executive directors (audited)

		Gross Basic Salary	Benefits[1]	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	2022	443	1	4	**448**	93	146	0	8	**247**	**695**
	2021	426	1	4	**431**	130	135	0	7	**273**	**704**
Jonathan Gunby	2022	443	1	4	**448**	116	146	0	8	**270**	**718**
	2021	425	1	4	**430**	130	135	0	7	**273**	**703**
Michael Howard[3]	0	0	0	0	**0**	0	0	0	0	**0**	**0**
	0	0	0	0	**0**	0	0	0	0	**0**	**0**

1 Benefits for Alexander Scott were £842 for 2022 and £795 for 2021
Benefits for Jonathan Gunby were £842 for 2022 and £795 for 2021

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

Michael Howard receives nil remuneration from the Company, but his employer, ObjectMastery Services Pty Ltd, receives a fee of AUD 80k for his executive appointment to IAD Ltd Pty, a Company within the Group.

Base salary (audited)

The basic annual salaries for Alexander Scott and Jonathan Gunby were reviewed in June 2022 in accordance with the Company's all-employee pay review resulting in the following changes to the annualised salary figures:

Director	Basic annual salary as at 1 June 2021	Salary effective as at 1 June 2022
	£'000	**£'000**
Alexander Scott	433	463
Jonathan Gunby	433	463

Benefits

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

Incentives

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

- **Alignment across all staff** - All staff are eligible for an annual cash bonus award and to participate in the all staff Share Incentive Plan. Our incentive structure is designed to align across the workforce and all employees are made awards under the same performance framework. This ensures that the executive team and the workforce share in the success of the business and drives a culture of inclusivity in the reward structure.
- **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, save with respect to employees of a Company 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. Employees (including 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 the HMRC tax-free contribution allowance. If an employee does not sacrifice into (i) the employer contribution to the contractual enrolment Company pension scheme will be 9% of basic or lower.

    iii) Employees (including directors) 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 IAD 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 interests of both the Company and the employees.

Proportionate incentive opportunity

Our maximum total variable remuneration opportunity for executive directors is 100% of salary, and ordinarily in practice we do not expect awards to exceed 65% of salary. This relatively modest incentive level (compared to normal UK practice) supports the alignment of executive and workforce reward.

Variable reward comprises cash bonus and deferred shares awards

The Company operates a directors' discretionary bonus arrangement with the anticipated award of 65% of basic salary arranged as follows:

i) *Immediate cash bonus*
Anticipated 10% of salary awarded in November and settled in December.

ii) *Deferred cash bonus*
Anticipated 20% of salary awarded in November with 10% settled 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.

Four qualitative and quantitative anchors

The Committee considers Company and individual performance against four qualitative and quantitative anchors:

- Financial performance
- Stakeholder outcomes
- Risk and Regulation (including Environmental Social and Governance)
- Strategy delivery.

Each director's delivery of their objectives is assessed against each anchor, as well as the Group's delivery in the round. Whilst the Committee has not set targets for apportionment of variable awards against each anchor, the awards are assessed by reference to delivery of those anchors and awards are adjusted for non-delivery.

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

Annual bonus (cash and deferred share) awards for financial year 2022 (audited):

Director	Cash award		Deferred award	
Alexander Scott	£92,700	20% of salary	£145,656	31.4% of salary
Jonathan Gunby	£116,000	25% of salary	£145,656	31.4% of salary

The cash and deferred award percentages are by reference to the basic salary on 30 September 2022. 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. The Committee considers 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.

For 2022, the assessment of whether cash and deferred bonus awards were justified was in particular informed by the following metrics and performance in the year:

GOVERNANCE continued

QUANTITATIVE ANCHOR (METRICS AND PERFORMANCE)		OUT TURNS
Financial performance	**Ensure effective financial performance of the Group by:** ▪ Delivering financial performance against forecast, in accordance with projections and market expectations. ▪ Sustaining service excellence within the context of managed expenses. ▪ Managing costs and headcount effectively. ▪ Managing the dividend flow and distributable reserves/regulatory capital from subsidiaries. **Measures of success** ▪ Net inflows ▪ Earnings per share ▪ Expense ratio ▪ Profit margin ▪ Share price ▪ Market cap ▪ T4A user licences ▪ Payment of a dividend ▪ External factors outside of the Company's control, e.g. sudden FTSE and global movements.	In 2022: ▪ Financial performance fell below original projections but in the main, this was due to negative market movements outside the Company's control. ▪ Profit margin has reduced as a result of the historical VAT charges and interest thereon. Underlying profit results in increased profit of 1% which results from the reduced ad valorem charge arising as a result of the negative market movements, and the impact of price reductions in April 2022. ▪ Service delivery, whilst subject to stretch, continued to be regarded as market leading by our Financial Advisers and has not impacted on financial performance. ▪ Dividend flow and distributable reserves/ regulatory capital from subsidiaries to support Group dividend were managed effectively and dividends to shareholders have been paid in line with policy. ▪ Costs have been reviewed and reprojected to ensure sustainability of delivery of a market leading proposition in the long term. ▪ Forward-looking projections indicate that the Company is well placed to sustain performance over the coming year taking into account stress-tested scenarios.
Stakeholder outcomes	**Create, maintain and improve value to our four groups of stakeholders – customer, shareholders, suppliers and employees by:** ▪ Identifying and executing opportunities for consistent growth in gross and net inflows and sustained or improved market share of net inflows. ▪ Sustaining our platform's net promoter score and adviser-voted industry awards. ▪ Ensuring adviser satisfaction with the Company's propositions. ▪ Creating a culture which encourages openness, honesty, prevents harm and results in behaviours that are consistent with the Group's values. ▪ Maintaining a staff attrition rate that remains within appetite.	In 2022, the Company delivered the following: **Clients and advisers** ▪ Market share of gross inflows remained above 12% and net flows make up approximately one fifth of the market. ▪ Transact rated equal second for overall satisfaction in the Platforum Adviser Rated Leaderboard for all platforms. ▪ Transact rated second in CoreData UK Investment Platform study 2022 and topped the Investment Trends Adviser Technology & Business Report 2022. ▪ Clients benefited from further price reduction on both ad valorem fees and on buy commission.

QUANTITATIVE ANCHOR (METRICS AND PERFORMANCE)		OUT TURNS
	▪ Ensuring that the Group does not risk capital beyond reasonable levels, does not create any commercial conflict or make it difficult to meet regulatory responsibilities. **Measures of success** ▪ Net inflows ▪ Adviser and user/client retention ▪ Market share of inflows ▪ Net promoter score ▪ Adviser voted awards received ▪ Market research results (internal and external) ▪ Staff attrition rates ▪ Staff engagement survey results ▪ Under performance rates ▪ Shareholder engagement ▪ Performance and management of third party suppliers.	▪ Clients and advisers benefit from continued investment in the development of digital onboarding tools. **Employees** ▪ Changes to performance-related pay for London and Isle of Man staff has addressed concerns over basic pay levels and strengthened the basis on which performance is measured and rewarded. ▪ 100% of eligible employees took up the SIP free share award and 86% took up the Partnership Share award. ▪ Employee surveys resulted in the creation of a People Platform for the London and Isle of Man offices, and the delivery of enhancements to the work environment for all offices, in response to feedback received. **Shareholders** ▪ The Company distributed dividends in accordance with its dividend policy. ▪ The share price has underperformed relative to peers, primarily due to increased costs in the platform business and increased investment in T4A. ▪ In order to add strength and depth to our investor relations the board has commenced a search for a CFO. **Suppliers** ▪ The Group settled around 90% of its invoices within 30 days of receipt in the last fiscal year. 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	▪ Effective leadership of risk management by reference to all capital liquidity, operational resilience and compliance with 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 firm and Isle of Man insurance firm. ▪ Demonstrable adherence to internal, legal and regulatory policies, law and rules.	In 2022 the Company delivered: ▪ Implementation of hybrid working for the workforce, each office implementing a model which delivered a balance reflective of its business needs against the backdrop of employee feedback. ▪ Ongoing engagement with the FCA, the PRA and the IoM FSA on matters such as board succession and non-standard assets.

GOVERNANCE continued

QUANTITATIVE ANCHOR (METRICS AND PERFORMANCE)

- Effective management of 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.
- Making moral decisions and demonstrating a values-driven approach that seeks to prevent rather than cure.
- Effective delivery of the environmental response plan.

Measures of success

- Complaint and error metrics
- Review of non-compliance or sanctions affecting the Group
- Customer satisfaction
- Internal audit reports and findings, and the resolution thereof
- Performance against risk control self-assessment
- Progress on environmental response plan.

OUT TURNS

- Internal Audit programme completed.
- Risks including regulatory compliance managed within appetite, with T4A and IAD brought into the Group processes. Minor risk appetite breaches promptly identified and addressed.
- Implementation of action plan in response to strain on service and to address corresponding customer and adviser feedback.
- TCFD reporting designed to follow the four anchors approach of Governance, Strategy, Risk Management and Metrics & Targets.
- Continued work with Willis Towers Watson to establish a prioritised plan aligning the Group's ambitions to support a low carbon-emissions economy with the requirement to accommodate changes in regulation. Further information is provided on page 33.

The above achievements are also underpinned by the following:

- Completion of the restructure of the Group entities to deliver internal efficiencies and enhanced reporting.
- 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 demonstrates appropriate attention to maintaining the internal control environment.

QUANTITATIVE ANCHOR (METRICS AND PERFORMANCE)		OUT TURNS
		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. 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, and 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	Ensuring that the Group and each of its subsidiary companies achieves its strategic goals through: ▪ Continuous improvement of the platform functionality. ▪ Responding to customer feedback. ▪ Enhanced resilience of the core platform and associated services. ▪ Increased number of advisers and clients using CURO. ▪ Growth of ancillary services to enhance the adviser and client experience. **Measures of success** ▪ Assessment of the ancillary services offered to clients and advisers ▪ Management of expenses ▪ Number of retained advisers and clients ▪ Number of new advisers and clients ▪ Number of advisers and clients using CURO.	In 2022, the key strategic deliverables by the Company were: ▪ Significant improvement in online platform functionality, widening the scope of the online offering for clients and their advisers. ▪ Launch of the BlackRock MPS on the Transact platform. ▪ Investment in T4A and the development of an enhanced CURO proposition due to launch in 2023. ▪ 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 transition to hybrid working, the ongoing volatility in the markets, the pressure on staff and customer spend as a result of the super-inflationary environment, and the extent to which the Group met its strategic objectives. The Committee weighed up the performance of the Company in 2022 and the future projections in 2023. Consideration was given to the extent to which we delivered the superior customer service to which we aspire and to the Group's financial performance. Financial performance was considered by reference to the Transact platform, the wider associated activities within the Group and to the delivery of stakeholder expectations. Having balanced these deliverables the Committee then considered whether the proposed awards were sustainable given the current projections and future plans and deliverables within the Group.

We 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, and that the awards were consistent with the expectations of our regulators and our other stakeholders regarding proportionate reward, that focused executive remuneration on sustainable delivery over the medium to long-term whilst discouraging inappropriate risk taking or focus on driving up share price at the expense of other stakeholder outcomes.

The Committee concluded that payment of an award was appropriate, given the Group's delivery in the financial year, and sustainable in light of the forward-looking projections and the forecast performance of the Company over the coming year. The Committee discussed the quantum of the proposals and evaluated the appropriate level of awards to the Directors.

In considering the anchors, we reviewed the performance of the external market and the impact of factors that the Group could not control, alongside the delivery of the platform and stakeholder outcomes that it could.

We reviewed the Company's response to the pressure on service driven from the stretch in the recruitment market, and the way in which the executive directors lead the business in ensuring that the Company continued to deliver service in the context of the volume of activity and the agile working environment.

We considered 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. In particular, consideration was given to the Group's preparedness for the strain on IT resource in the recruitment market and how the response to the market in Australia was managed and communicated.

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

We considered the ongoing investment in T4A, their delivery of their business plan, and the Company's steps to align the independent businesses to deliver optimum outcomes for customers.

Finally, we considered the Group's communications to external stakeholders and the clarity of disclosures to manage stakeholder expectations.

Based on a holistic assessment of Group performance, including consideration of the 2022 outcomes set out in the table previous, and individual performance, the Committee granted the following awards:

Alex was granted an overall award (cash and deferred bonus shares) equal to 51.5% of his salary. In making this award, the Committee gave particular regard to the financial performance of the Group, the delivery of the shareholder experience, shareholder communications and management of the market's understanding and expectations of the business. The Committee felt particularly that, whilst the performance of the Group had been robust and resilient in challenging markets and our employee, customer and supplier stakeholder metrics had been met, the award should be scaled back this year to reflect that shareholder outcomes had been below expectations as a result of the response of the market to our disclosures. The Committee allocated the award as 20% cash and 31.4% deferred into shares. The Committee felt that it was essential that the maximum amount of the award be deferred into shares in order to align Alex's reward with long-term stability and the delivery of stakeholder outcomes for the medium to long-term.

Jonathan was granted an overall award (cash and deferred bonus shares) equal to 56.5% of his salary. In making this award the Committee gave particular regard to the financial performance of the Group, the delivery of the shareholder experience through the platform proposition and management of the market's understanding and expectations of the business. The Committee felt particularly that the award should be scaled back this year to reflect that throughout the year the platform had not delivered the service that customers have come to expect and that the performance of T4A had fallen behind expectations. However, the Committee recognised that the platform remained at the forefront of customer experience, albeit in a market where customer outcomes were noted to have reduced across the sector. The Committee allocated the award as 25% cash and 31.4% deferred into shares. The Committee felt that it was essential that the maximum amount of the award be deferred into shares in order to align Jonathan's reward with long-term stability and the delivery of stakeholder outcomes for the medium to long-term.

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 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.

Going forward, the Committee is giving consideration to applying performance conditions to the deferred share award.

LTIPs

In line with the Group's approach to remuneration, the Company does not operate a traditional LTIP and no award to executive directors, which is dependent on performance conditions relating to more than one year, was made in financial year 2022. Awards made to executive directors in financial year 2023 in respect of financial year 2022 will be dependent on performance conditions however they will not be under the framework of an LTIP.

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 2022, the maximum SIP award was granted to qualifying employees (including Alexander Scott and Jonathan Gunby). 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 2022 the board has not revoked that award. The board has considered the Group's performance in financial year 2022 and, with the approval of the Remuneration Committee, has approved the making of a further maximum SIP Free Share award to qualifying employees (including Alexander Scott and Jonathan Gunby) when the Company is not in a closed period. This will be following the announcement of the Group's financial results.

Pension contributions

Pension contributions for Alexander Scott and Jonathan Gunby are currently made by reference to the relevant personal allowance. In the 2022 performance year the employer's pension contribution for Alexander Scott was £4,000 and for Jonathan Gunby was £4,000. In line with our remuneration principles, pension contributions for executive directors are aligned with those available to the wider workforce. In 2022, at less than 0.9% of basic salary, both Alex Scott and Jonathan Gunby received pension contributions below the minimum level contributed in respect of the wider workforce.

The minimum employer contribution available to all-employees in 2022 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 the 2021 Directors' remuneration policy, the Company adopted 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 FY18 to FY19, FY19 to FY20, FY20 to FY21 and FY21 to FY22.

	SALARY AND FEES %				BENEFITS %				ANNUAL BONUS %			
Director	**2019**	**2020**	**2021**	**2022**	**2019**	**2020**	**2021**	**2022**	**2019**	**2020**	**2021**	**2022**
Alexander Scott	3.8	56.4	2.5	7.0	n/a	0.0	19.5	26.6	(9.4)	63.8	(0.7)	(10.1)
Jonathan Gunby	n/a	n/a	2.5[1]	7.0	n/a	n/a	19.5	26.6	n/a	n/a	0.6	(1.4)
Mike Howard	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Caroline Banszky	119.1	0.0	0.0	33.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Robert Lister	n/a	0.0	0.0	28.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Christopher Munro	25.8	(30.0)	(14.3)	45.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Richard Cranfield	n/a	0.0	0.0	40.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Victoria Cochrane	0.0	0.0	0.0	29.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rita Dhut	n/a	n/a	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average employee	3.6	2.9	3.2	7.3	26.8	5.5	19.5	26.6	1.1	12.8	18.0	16.8

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

Notes to the table:

Alexander Scott's basic remuneration increased in 2020 upon appointment as CEO.

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

Michael Howard receives nil remuneration from the Group.

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

[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 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, 2021 and 2022 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
2022	Salary	Method A	14:1	10:1	6:1
	Total Remuneration		16:1	12:1	8:1
2021	Salary	Method A	14:1	11:1	7:1
	Total Remuneration		16:1	13:1	9:1
2020	Salary	Method A	17:1	13:1	9:1
	Total Remuneration		18:1	15:1	10:1
2019	Salary	Method A	n/a	n/a	n/a
	Total Remuneration		18:1	15:1	10:1

The salary and total remuneration ratios for 2022 above are based on the following figures:

Financial year 2022	CEO	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Salary	443,000	32,533	43,583	72,700
Total remuneration	693,000	44,342	59,553	84,621

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 Group's 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.

The ratio for the median and 75th percentile has decreased in 2022. There has been no overall change to the reward structure or benefits provision in the year. The Company has however experienced higher turnover in 2022 compared to prior years resulting in a net reduction in the number of employees included in the comparative calculation. In addition, the remuneration used to calculate the gap is based upon remuneration awarded in respect of the reference year and therefore the reduced bonus awarded for the IHP CEO in 2022 has resulted in a decreased pay gap.

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 2022 was 15.2%. Whilst executive directors are eligible to receive the same level as (but no more than) all employees, the pension currently provided to executive directors is less than 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 profit, dividends paid and overall spend on pay in the year ending 30 September 2022, compared to the year ending 30 September 2021.

	2022 £'000	2021 £'000	Percentage Change
IFRS profit after tax	44,000	51,106	(14%)
Dividends	33,700	28,500	(18%[3])
Employee remuneration costs	38,342	34,590	11%

Payments to past directors (audited)

There were no payments to past directors.

GOVERNANCE continued

Payments for loss of office (audited)

No director received payment for loss of office in 2022.

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	22.12.2021	£135,360	100%	26,573	22.12.2024
	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	07.01.2022 21.01.2022 21.01.2022 21.01.2022 30.06.2022	£3,596 £1,800 £3,600	100%	658 329 658 77 98	N/A[4]
Jonathan Gunby	Deferred bonus	Conditional share award	33% salary less award of SIP Free and Matching shares	22.12.2021	£135,360	100%	26,573	22.12.2024
	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	07.01.2022 21.01.2022 21.01.2022 21.01.2022 30.06.2022	£3,596 £1,800 £3,600	100%	658 329 658 77 98	N/A[4]

[1]Deferred share awards form part of the annual incentive, for which awards were determined based on performance to 30 September 2021.
[2]SIP Free Share awards were determined based on Group performance to 30 September 2021. 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 17 December 2021 to 21 December 2021 which was £5.11. 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 £5.06. 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.

During the 2021 policy review, the Company considered the Investor Association guidance which recommends that executive directors are required to hold two years' basic salary equivalent in shares, the directors' personal holdings and determined that a target shareholding of one year's basic salary is appropriate, this level of holding to be achieved within a four-year period from appointment. 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[1]	NetDeferred bonus share Scheme (no performance conditions)	Net Vested but unexercised	Options exercised	Shares held at 30.09.2022 Total	Percentage of basic pay/fee held in shares	Shares held at 30.09.2021 Total	Percentage of basic pay/fee held in shares
Alexander Scott	1,148,260	7,863	36,288	15,558	0	1,253,833	629%	1,224,915	1457%
Jonathan Gunby[2]	803,665	7,863	35,873	15,496	0	908,452	441%	879,534	1022%
Michael Howard	32,000,000	0	0	0	0	32,000,000	175532%	32,000,000	407595%[3]
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	3,750	0	0	0	0	3,750		0	
Richard Cranfield	10,000	0	0	0	0	10,000		10,000	
Rita Dhut	15,000	0	0	0	0	15,000		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.
[3] Michael Howard's shareholding is shown as a percentage of the fee paid to ObjectMastery for his services to the IHP board.

The value of each director's shareholding has been calculated by reference to the average of the share price over the final three months of the financial year.

The value of unvested and unexercised share options is shown net of Income Tax at the additional rate and Employee's NI.

The rate for Michael Howard has been calculated by reference to the exchange rate on 30 September of the relevant financial year.

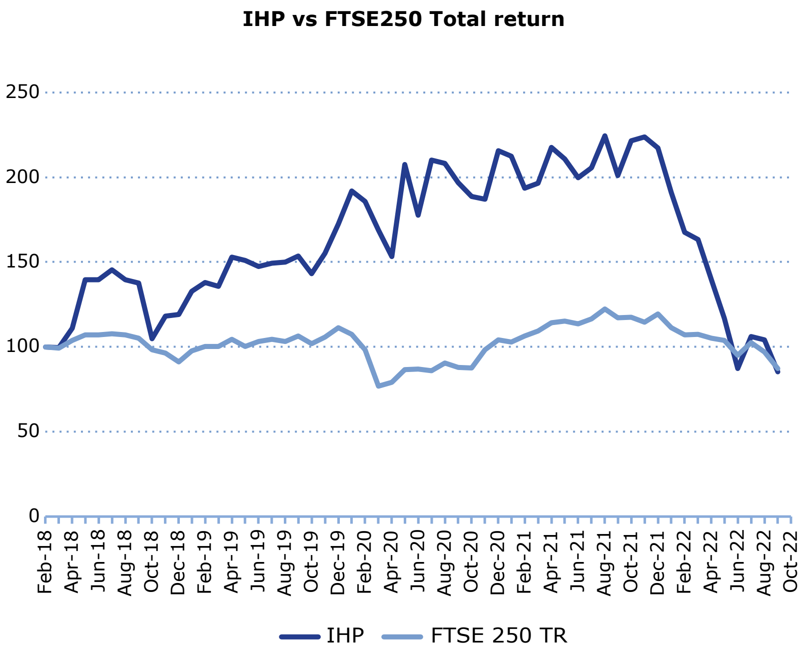
No Directors have any other vested or unvested share options as at the end of the 2022 Financial Year.

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 2022.

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

Total shareholder return performance vs FTSE 250 since 2 March 2018



The following table shows the history of the Chief Executive Officer's remuneration since admission:

CEO REMUNERATION	CEO SINGLE FIGURE OF REMUNERATION	ANNUAL BONUS PAYOUT (AS A % OF MAXIMUM OPPORTUNITY)	LTIP VESTING OUT-TURN (AS A % OF MAXIMUM OPPORTUNITY)
2022	£695k	52%	N/A
2021	£704k	62%	N/A
2020	£639k	72%	N/A
2019	£751k	82%	N/A
2018	£769k	83%	N/A

Note to the table

The figures for 2018 and 2019 relate to the previous CEO, Ian Taylor. The figures for 2020 to date relate to the current CEO, Alexander Scott.

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 2022 the amounts are as follows.

Element of remuneration by director	Year	Fees £'000	Expenses £'000
Richard Cranfield	2022	140	0
	2021	100	1
Caroline Banszky	2022	80	0
	2021	60	0
Victoria Cochrane	2022	78	0
	2021	60	0
Rita Dhut	2022	70	0
	2021	2	0
Robert Lister	2022	78	0
	2021	60	0
Christopher Munro	2022	88	0
	2021	60	0

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

Advisers

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

Deloitte has provided advice on the content of this Directors' Remuneration Report. For 2022, total fees were £20,000, with fees on a time and materials basis. Deloitte has provided no other services to the Company during the financial year.

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

- Alexander Scott – IHP CEO
- Helen Wakeford – Head of Legal and Company Secretary
- Lucy Smith – Head of Human Resources.

DIRECTORS' REPORT

The directors present their report and financial statements for the year ending 30 September 2022.

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 page 73 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	Director's 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 3 to 71.

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 59 to 66 of the Strategic Report.

Directors

The executive directors who served during the financial year were Alexander Scott, Jonathan Gunby and Mike Howard.

The non-executive directors who served during the financial year were Richard Cranfield, Caroline Banszky, Victoria Cochrane, Rita Dhut, Christopher Munro and Robert Lister.

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

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

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.

NEDs 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.

NEDs 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 2022	25 June 2025
Robert Lister	26 June 2019	26 June 2022	26 June 2025
Rita Dhut	22 September 2021	n/a	22 September 2024

GOVERNANCE continued

Directors' interests

Details of the Directors' interests in the Company's ordinary shares can be found on page 133 of the Remuneration Report. During the financial year, rights for share options were granted to Alex and Jonathan under the Company's deferred bonus Share Option Plan.

Throughout the financial year, no director had any material interest in a contract to which the Company or any of its subsidiary undertakings was a party (other than their own service contract) that requires disclosure under the requirements of the Companies Act 2006.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors. These provisions were for the purposes of section 234 of the Companies Act 2006 and were in force throughout the financial year and remain so at the date of this report. In addition, the Company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against its directors.

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 clients and advisers, employees, regulators, shareholders, suppliers, and communities. Details on the Group's stakeholder engagement is outlined on pages 78 to 82.

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. More information on the Group's approach to Diversity and Inclusion is outlined in the People section on page 107.

Share capital

Structure of the Company's capital

As at 30 September 2022, 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.

Purchase of own shares

At the 2022 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 2023.

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.

GOVERNANCE continued

Substantial shareholders

As at 13 December 2022, 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 2022	% of voting rights at 30 September 2022	Number of Ordinary Shares at 13 December 2022	% of voting rights at 13 December 2022
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	21,651,470	6.53%	21,651,470	6.53%
	Securities Lending	570,804	0.17%	570,804	0.17%
	Contracts for difference	2,169,066	0.65%	2,169,066	0.65%
Liontrust Investment Partners LLP	Direct	16,910,112	5.10%	16,910,112	5.10%
Montanaro Asset Management Limited	Direct	10,040,000	3.03%	10,040,000	3.03%

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 133.

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 2022, 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 7.0 pence per share - £23.2 million - was paid on 21 January 2022.

An interim dividend of 3.2 pence per share - £10.6 million - was paid on 30 June 2022.

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 (2021: nil), but the Group had 595 employees at year end (2021: 574). 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 83 to 87, 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. Details of how the Company has engaged with its employees is outlined on page 81 of the Governance Report and in the Responsible Business section on page 38.

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 Stakeholder Engagement section on page 82.

Articles of Association

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

Emissions

For commentary on emissions, please see the Responsible Business section on pages 32 to 36.

Political donations

As per the Responsible Business Section on page 44, 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 Responsible Business section on page 42.

Post year end events

Events after the reporting date are detailed in note 34. There are no reportable events (2021: none).

Disclosure of information to external auditor

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.

Auditor

Resolutions to reappoint EY as external auditor of the Company and to authorise the Audit and Risk Committee to determine its remuneration will be proposed at the AGM to be held on 23 February 2023.

2023 AGM

The AGM will be held in person at the Company's headquarters in London on 23 February 2023. Details of the resolutions to be proposed at the AGM are set out in the separate circular which has been sent to all shareholders and is available on the Company's website at **www.integrafin.co.uk/shareholder-information**.

By order of the board,

Alexander Scott
Chief Executive Officer
13 December 2022

GOVERNANCE continued

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and parent Company financial statements in accordance with UK-adopted international accounting standards ("IFRSs"). 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 the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent Company financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Directors' responsibilities pursuant to DTR4

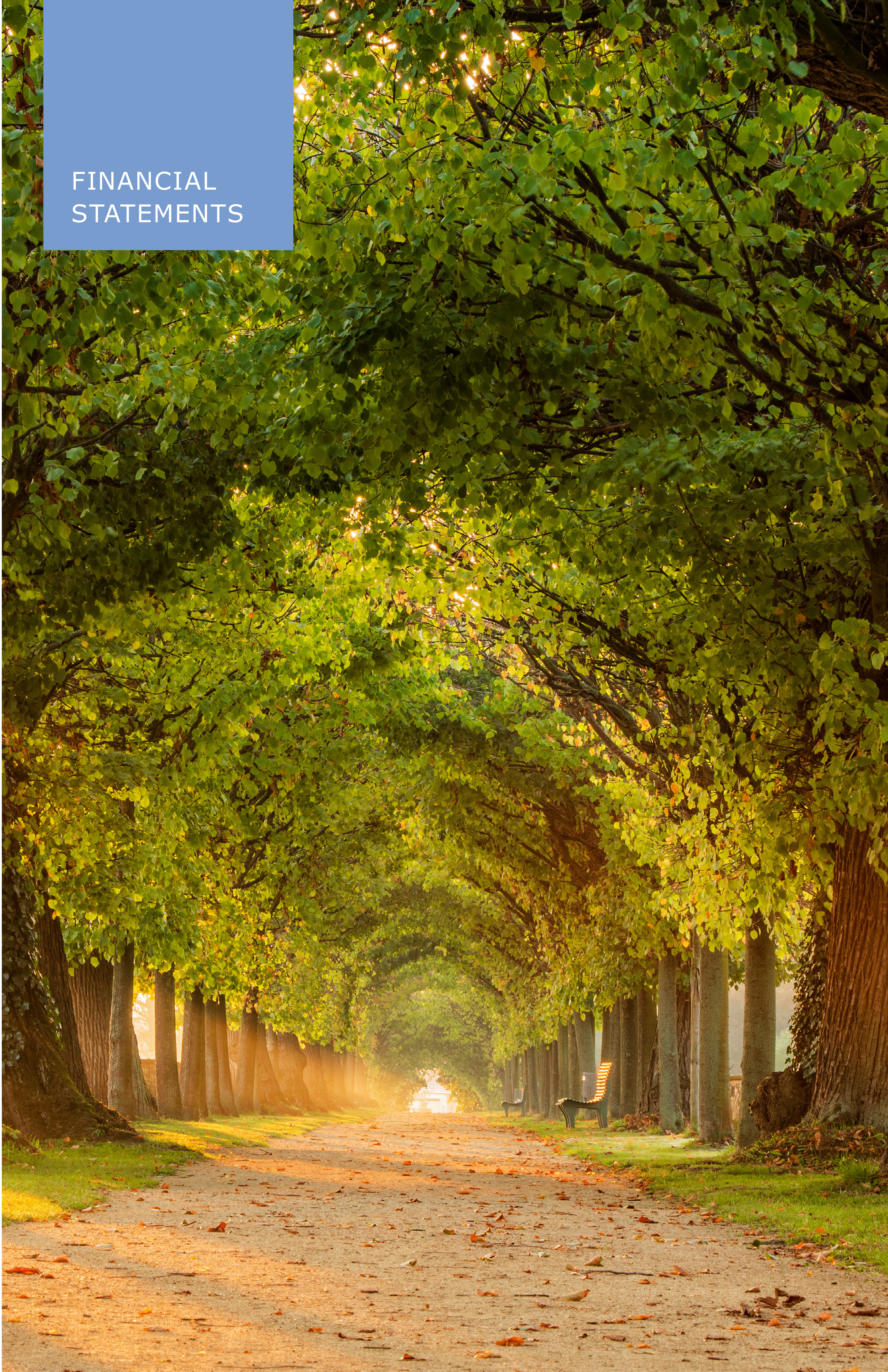
The directors confirm, to the best of their knowledge:

- the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the parent Company and undertakings included in the consolidation taken as a whole;
- the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

By order of the board,

Helen Wakeford
Company Secretary
13 December 2022

FINANCIAL STATEMENTS



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

Opinion

In our opinion:

- IntegraFin Holdings plc's Group financial statements and Parent Company financial statements (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 2022, and of the Group's profit for the year then ended; and
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- The Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of IntegraFin Holdings plc (the 'Parent Company') and its subsidiaries (together the 'Group') for the year ended 30 September 2022 which comprise:

GROUP	PARENT COMPANY
Consolidated Statement of Comprehensive Income for the year ended 30 September 2022	Company Statement of Financial Position as at 30 September 2022
Consolidated Statement of Financial Position as at 30 September 2022	Company Statement of Cash Flows for the year ended 30 September 2022
Consolidated statement of Cash Flows for the year ended 30 September 2022	Company Statement of Changes in Equity for the year ended 30 September 2022
Consolidated Statement of Changes in Equity for the year ended 30 September 2022	Notes 1 to 35 to the financial statements
Notes 1 to 35 to the financial statements	

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with Section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and 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 the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

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 Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the Directors' going concern assessment process and obtaining the Directors' going concern assessment covering the period 12 months from the date of authorisation of the financial statements;
- assessing and challenging the assumptions used in management's forecast and determining the model are appropriate to enable the Directors to make an assessment on the going concern;
- testing the clerical accuracy of the model;
- evaluating the capital and liquidity position of the Group;
- assessing the appropriateness of the stress and reverse stress test scenarios that consider the key risks identified by management. We evaluated management's analysis by testing the clerical accuracy and challenging the conclusions reached in the stress and reverse stress test scenarios;
- performing enquiries of management and those charged with governance to identify risks or events that may impact the Group's ability to continue as a going concern. We also reviewed the management paper presented to the board, minutes of meetings of the board and regulatory correspondence; and
- assessing the appropriateness of the going concern disclosures by comparing the consistency with the Directors' assessment and for compliance with the relevant reporting requirements.

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

In relation to the Group and Parent Company's reporting on how they have 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	▪ We performed an audit of the complete financial information of seven components and audit procedures on specific balances for a further one component. ▪ The components where we performed full or specific audit procedures accounted for 100% of profit before tax and non-recurring items, 100% of revenue and 98% of total assets.
Key audit matters	▪ Recognition of revenue. ▪ Valuation of assets held for the benefit of policyholders to cover unit-linked liabilities. ▪ Impairment of goodwill and intangibles for Group, and Investments in Subsidiaries for Parent Company. ▪ First year audit transition.
Materiality	▪ Overall Group materiality of £3.1 million which represents 5% of Group profit before tax adjusted for certain non-recurring items.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each Company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each Company.

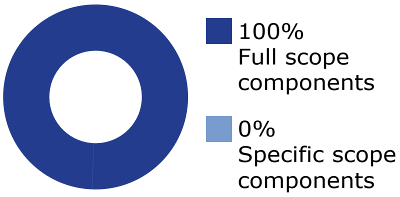
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected eight components covering entities within United Kingdom, Isle of Man and Australia.

Of the eight components selected, we performed an audit of the complete financial information of seven components (“full scope components”) which were selected based on their size or risk characteristics. For the remaining one component (“specific scope component”), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

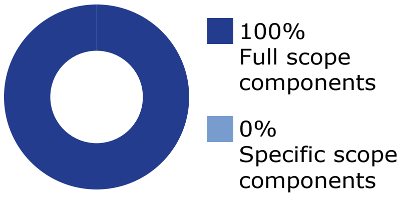
FINANCIAL REPORT continued

The charts below illustrate the coverage obtained from the work performed by our audit teams.

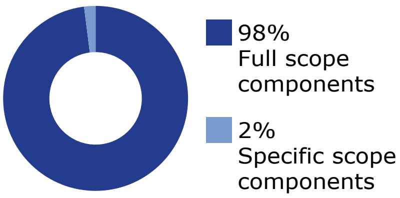
Profit before tax and non-recurring items



Revenue



Total assets



Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction.

Of the seven full scope components, audit procedures were performed on one of these by both the primary audit team and component audit team based on where the procedures were performed from a client perspective. For the remaining six components all procedures were performed by the primary team.

The primary team interacted regularly with the component team where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the Group. The Group has considered the physical and transition risks from climate change and has identified this as an emerging risk, but has concluded that these do not currently pose a material risk to the Group, as described in note 1 to the financial statements on page 172. Climate change risk is further assessed on pages 24 to 36 in the Task Force for Climate related Financial Disclosures and on page 66 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of physical and transition risk, and management's resulting conclusion that there was no material impact from climate change on the recognition and measurement of the assets and liabilities in these financial statements as at 30 September 2022 and the adequacy of the Group's disclosures in the financial statements which explains the rationale. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

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

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT AND RISK COMMITTEE
Recognition of revenue **(£133.6 million, 2021: £123.7 million)** *Accounting policies (pages 174-175); and Note 5 of the Consolidated Financial Statements (page 193)* Revenue is material to the Group and is a key focus of stakeholders. As disclosed in note 5 of the financial statements, the Group categorise revenue into five sub-categories: ▪ Annual commission income (£115.8m, PY £107.7m) is charged for the administration of products on the Transact platform. ▪ Wrapper fee income (£11.6m, PY £10.6m) is charged for each of the tax wrappers held by clients. ▪ Advisor back-office technology (comprising license income and consultancy income) (£4.0m, PY £2.4m) is the rental charge for use of access to T4A's CRM software and the charge for consultancy services provided by T4A. ▪ Other income (£2.2m, PY £3.0m) are charges levied on the acquisition of assets which comprises buy commissions and dealing charges. Annual commission income, wrapper fee income and other income account for 97% of total fee income. These revenues are automatically calculated by the Integrated Administration System ('IAS') IT platform. There is a risk therefore that revenue may be misstated due to failure or manipulation of the calculation methodology within IAS.	For all revenue streams, we have: ▪ confirmed and updated our understanding of the procedures and controls in place throughout the revenue process at the Group through walkthrough procedures; and ▪ performed enquiries of management and performed journal entry testing in order to address the risk of management override. As we were unable to place reliance upon the effectiveness of certain IT General Controls, (as we set out in further detail in the First year audit transition Key Audit Matters section below), we performed additional tests of detail and tests over information prepared by the entity in respect of the functionality of the IAS system and the accuracy of the inputs to the system. Our testing of annual commissions, wrapper fee income and buy commissions income was split into two elements: 1. Testing to address the risk of failure or manipulation within the calculation ▪ recalculated all revenue sub-categories using the criteria and logic per the underlying agreements with investors; ▪ performed a variance analysis between the EY recalculated revenue balance per each sub-category and the amounts per the general ledger, investigating any material differences; ▪ performed completeness checks between the IAS reports and general ledger; and ▪ on a sample basis, reperformed calculations that are automatically performed in IAS and form part of the inputs into the revenue calculations. For example, the daily average value of the portfolio which forms part of the annual commission calculation.	Based on the procedures performed, we have no matters to report in respect of revenue recognition.

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT AND RISK COMMITTEE
The principal data inputs into the automated fee calculations include the quantity and pricing of underlying positions and commission percentages. There is therefore a risk that revenue may be materially misstated due to errors in the underlying data inputs into IAS. There is also the risk that stakeholder expectations place pressure on management to manipulate the recognition of revenue. This may result in an overstatement of revenue to meet targets and expectations. In relation to License and Consultancy Income there is a risk that revenue is not recognised in line with the terms of the underlying contracts and agreements.	2. Testing to address the risk of data inputs being incorrect. On a sample basis: ▪ agreed inputs to the underlying agreements for onboarding clients onto the platform; ▪ agreed the fee terms used in the revenue calculation to the published Transact Commission and Charges Schedule; ▪ for annual commissions recalculated the average portfolio value used within the fee calculations based on the daily pricing per IAS; ▪ for annual commissions, agreed the quantity of positions per portfolio back to the custodian statements; ▪ agreed fees paid back to bank statements. For licence income, consultancy income and other income, on a sample basis we have: ▪ agreed the fee terms used in the calculation to agreements; and ▪ agreed the fees to underlying agreements and invoices and vouched balances to the bank statements.	
Valuation of assets held for the benefit of the policyholders to cover unit-linked liabilities (£22.2 billion, 2021: £21.8 billion) *Accounting policies (page 175 and pages 179-180); and Note 3 of the Consolidated Financial Statements (pages 182-190)* Assets held for the benefit of the policyholders to cover unit-linked liabilities represent the most material element of the Group's total assets, and as such, there is an inherent risk that an error in these assets may result in a material misstatement.	We have performed the following procedures: ▪ confirmed and updated our understanding of the procedures and controls in place involving the assets held for the benefit of the policyholders through walkthrough procedures; ▪ using the EY valuation tool, we performed independent valuation of level 1 and 2 investments covering 98% of the total portfolio; ▪ obtained understanding of the fair value hierarchy or levelling process of the Group. We have validated the parameters used to determine the level of investments and challenged management on any inputs or judgements applied as discussed below;	We concluded the valuation of the assets held for the benefit of the policyholders as at 30 September 2022 is not materially misstated and is in compliance with the requirements of the relevant accounting standards. We concluded that the levelling of assets held for the benefit of the policyholders as at 30 September 2022 is not materially misstated and is in compliance with the requirements of the relevant accounting standards.

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT AND RISK COMMITTEE
Assets held for the benefit of the policyholders comprise cash and cash equivalents and investments, which are accounted for at fair value. The fair value is measured in accordance with the methodology in Note 3. The Group does not hold a material amount of level 3 assets, and the assets held in level 1 and 2 have a lower estimation uncertainty. There remains however a risk that errors occur in the classification of assets between levels 1, 2 and 3.	▪ we have assessed whether the various considerations management observed (i.e. active market, pricing frequency, price rate threshold) in relation to assigning the levels are appropriate and in compliance with the requirements of the relevant accounting standards; ▪ obtained bank confirmation letters directly from the related depository institutions for all cash held for the benefit of the policyholders; and ▪ tested on a sample basis the reconciliation performed between the custodian statements and the Group's records in the IAS system, including gaining an understanding of any discrepancies identified and how it they were resolved.	
Impairment of goodwill and intangibles in Group and investments in subsidiaries in Parent Company **In the Consolidated Statement of Financial Position, £21.8 million, (2021: £22.3 million) and in the Parent Company Statement of Financial Position £33.3 million (2021 £31.6 million)** *Accounting policies (pages 175-177); Note 12 of the Consolidated financial statements (pages 208-210); and Note 15 of the Consolidated financial statements (pages 213-214).* The carrying value of goodwill and intangibles, and in the Parent Company financial statements, investments in subsidiaries are based on estimates of future profitability which includes significant management judgement and the risk of management bias. Goodwill was recognised on the acquisition of IAD Pty in July 2016 and Time 4 Advice Limited ('T4A') in January 2021. Acquired intangible assets consist of contractual customer relationships, software and brand.	We have: ▪ confirmed and updated our understanding of the procedures and controls in place to assess the Value in Use and therefore need for impairment in Cash Generating Units or Subsidiaries; ▪ challenged management over the appropriateness of the CGUs identified for which a goodwill impairment assessment is performed, by reviewing supporting evidence to demonstrate the separately identifiable assets and cash inflows for each CGU and by considering the level at which management monitor financial information; ▪ with the support of our valuation specialists, reviewed the methodology, terminal growth rate and discount rate used in the assessment of impairment, for each CGU, with reference to comparable companies and observable market data. Using our specialists' own assumptions, we derived a reasonable range for the recoverable value for each CGU and compared this to management's value-in-use; ▪ reviewed the future cash flow forecasts against budget and back testing the accuracy of prior cash flow forecasting; ▪ performed sensitivity analysis by flexing the key assumptions to establish the values that would result in an impairment; and	

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT AND RISK COMMITTEE
There is a risk that management makes an inaccurate assumption when determining the discount rate, growth rate or forecast profit before tax used for forecasting future profitability, resulting in incorrectly identifying whether an impairment is required.	▪ assessed the adequacy of management's accounting policies and disclosures in respect of IAS 38 – Intangible Assets ('IAS 38') and IAS 36 – Impairment of Assets ('IAS 36').	Based on the procedures performed, we have no matters to report in respect of goodwill and intangibles and investments in subsidiaries.
First year audit transition The Group approved the appointment of Ernst & Young LLP as auditor for the year ended 30 September 2022, and our appointment took effect from the Annual General Meeting in February 2022. In our first year as auditor, it has been critical to gain an understanding of the Group's specific risks, controls, policies and processes in order to make audit risk assessments and develop an audit strategy. In particular, we have considered the design effectiveness of controls over financial reporting, including IT General Controls, in place at the Group to determine our audit strategy. In accordance with ISA 510 (UK) Initial Audit Engagements ('ISA 510'), we are required to perform a review of opening balances and obtain appropriate audit evidence of whether: ▪ opening balances contain misstatements that materially affect the current period's financial statements; and ▪ appropriate accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, or changes there to are appropriately accounted for and adequately presented and disclosed in accordance with IFRS.	In preparation for our first year audit of the 30 September 2022 financial statements, we prepared a detailed transition plan. Our audit planning and transition commenced in September 2021 after we had confirmed our independence of the Group to the Audit and Risk Committee. Our transition activities included shadowing the former auditor at key meetings with management, and through attending meetings of the Audit and Risk Committee. We reviewed the predecessor auditor's 2021 audit work papers and gained an understanding of their risk assessment and key accounting estimates and judgments. We conducted walkthroughs to assess the design effectiveness of controls over financial reporting, including IT General Controls. We concluded we could not rely on the operating effectiveness of IT General Controls. We have reflected this in our audit strategy. In order to assess whether opening balances were appropriately stated, we: ▪ read the most recent financial statements, and the predecessor auditor's report thereon, for information relevant to opening balances, including disclosures; and ▪ obtained sufficient and appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current period's financial statements by: ▪ determining that the prior-period's closing balances have been correctly bought forward to the current period, or, when appropriate, have been restated; ▪ determining whether the opening balances reflect the application of appropriate accounting policies; and ▪ reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances.	Where accounting policies have been updated or where restatements to the comparative period have been made as a result of challenges made during the first year audit, we are satisfied these have been appropriately disclosed.

FINANCIAL REPORT continued

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT AND RISK COMMITTEE
	In order to obtain an understanding of the Group's accounting policies and historic accounting judgments, we reviewed accounting policy manuals and technical documentation on specific accounting topics including assessing the appropriateness of the levelling applied to financial instruments under IFRS 13.	

In the prior year, the BDO LLP auditor's report identified 'Completeness, existence, and accuracy of revenue' to be the only key audit matter. This area of the audit is covered by the key audit matters identified 'Recognition of revenue' above for the 2022 audit.

We have identified 'Valuation of assets held for the benefit of the policyholders to cover unit-linked liabilities', 'Impairment of goodwill and intangibles in Group and investments in subsidiaries in Parent Company' and 'First year audit transition' as new key audit matters in the current year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £3.1 million, which is 5% of profit before tax adjusted for certain non-recurring items, being the one off impact of the backdated VAT expensed in the financial year. We believe that profit before tax and non-recurring items is the most relevant performance measure to the stakeholders of the entity.

We determined materiality for the Parent Company to be £0.63 million, which is 1% of net assets. The Parent Company primarily holds the investments in Group entities and, therefore, net assets is considered to be the key focus for users of the financial statements.

During the course of our audit, we reassessed initial materiality based on 30 September 2022 financial statement amounts and adjusted our audit procedures accordingly.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £1.5 million; this percentage is our normal practice for a first year audit. We have set performance materiality at this percentage due to our assessment of the risk of misstatement.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.15 million, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report, including Strategic Report, Governance Report and Other Information sections, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

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

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

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

Corporate Governance Statement

We have reviewed the Directors' Statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

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:

- Directors' Statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 67;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 67;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 67;
- Directors' statement on fair, balanced and understandable set out on page 147;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 65 to 66.
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 53; and
- The section describing the work of the Audit and Risk Committee set out on page 96.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 146-147, 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 and 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined previously, to detect irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK-adopted international accounting standards, the Companies Act 2006 and UK Corporate Governance Code) and relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules and relevant Prudential Regulation Authority ('PRA') and Financial Conduct Authority ('FCA') rules and regulations.
- We understood how IntegraFin Holdings plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance matters and those charged with Governance. We also reviewed correspondences between the Company and UK regulatory bodies; reviewed minutes of the board, and the Audit and Risk Committee; and gained understanding of the Company's approach to governance framework.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We have considered performance targets and their potential influence on efforts made by management to manage or influence the perceptions of analysts. We considered the controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, including in a remote-working environment and how senior management monitors these controls. We also considered areas of significant judgements, complex transactions and economic or external pressures and the impact these have on the control environment. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of senior management, including those at full and specific scope; and focused testing, as referred to in the key audit matters section. We also enquired about the policies that have been established to prevent non-compliance with laws and regulations by officer and employees and the Company's methods of enforcing and monitoring compliance with such policies. We inspected significant correspondence with the PRA and FCA.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Other matters we are required to address

Following the recommendation from the Audit and Risk Committee we were appointed by the Company on 24 February 2022 to audit the financial statements for the year ending 30 September 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the year ending 30 September 2022. The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

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

Mike Gaylor (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
13 December 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2022 £'m	2021 £'m
Revenue			
Fee income	**5**	133.6	123.7
Cost of sales		(2.1)	(1.5)
Gross profit		**131.5**	**122.2**
Expenses			
Administrative expenses	**8**	(77.7)	(58.8)
Credit loss allowance on financial assets	**22**	(0.2)	(0.2)
Operating profit		**53.6**	**63.2**
Interest expense	**25**	(0.1)	(0.2)
Interest income	**9**	0.8	0.1
Net policyholder returns[1]			
Net income/(loss) attributable to policyholder returns		(38.5)	31.5
Change in investment contract liabilities		2,770.3	(2,736.1)
Fee and commission expenses	**18**	(192.6)	(204.1)
Policyholder investment returns	**10**	(2,577.7)	2,940.2
Net policyholder returns		(38.5)	31.5
Profit on ordinary activities before taxation attributable to policyholders and shareholders		**15.8**	**94.6**
Policyholder tax credit/(charge)		38.5	(31.0)
Profit on ordinary activities before taxation attributable to shareholders		**54.3**	**63.6**
Total tax attributable to shareholder and policyholder returns	**11**	28.2	(43.5)
Less: tax attributable to policyholder returns		(38.5)	31.0
Shareholder tax on profit on ordinary activities		**(10.3)**	**(12.5)**
Profit for the financial year		**44.0**	**51.1**
Other comprehensive (loss)/income			
Exchange (losses)/gains arising on translation of foreign operations		0.1	(0.1)
Total other comprehensive (losses)/income for the financial year		**0.1**	**(0.1)**
Total comprehensive income for the financial year		**44.1**	**51.0**
Earnings per share			
Earnings per share – basic and diluted	**7**	13.3p	15.4p

[1] See note 1 for details on the presentational changes to policyholder balances.

All activities of the Group are classed as continuing.

Notes 1 to 35 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2022 £'m	2021 £'m
Non-current assets			
Loans	**16**	5.5	3.4
Intangible assets	**12**	21.8	22.3
Property, plant and equipment	**13**	1.2	1.8
Right-of-use assets	**14**	2.1	3.6
Deferred tax asset	**26**	6.0	0.7
		36.6	**31.8**
Current assets			
Financial assets at fair value through profit or loss	**21**	3.1	5.1
Other prepayments and accrued income	**22**	17.2	16.0
Trade and other receivables	**23**	2.0	3.7
Cash and cash equivalents	**19**	183.0	176.1
Current tax asset		15.0	1.1
		220.3	**202.0**
Current liabilities			
Trade and other payables	**24**	21.5	17.4
Provisions	**28**	10.7	11.6
Lease liabilities	**25**	1.9	2.3
		34.1	**31.3**
Non-current liabilities			
Provisions	**28**	46.1	6.2
Contingent consideration	**29**	1.7	0.8
Lease liabilities	**25**	0.9	2.7
Deferred tax liabilities	**26**	0.9	29.5
		49.6	**39.2**
Policyholder assets and liabilities[1]			
Cash held for the benefit of policyholders	**20**	1,458.6	1,266.3
Investments held for the benefit of policyholders	**17**	20,715.8	21,787.1
Liabilities for linked investment contracts	**18**	**(22,174.4)**	**(23,053.4)**
		-	**-**
Net assets		**173.2**	**163.3**

[1] See note 1 for details on the presentational changes to policyholder balances.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	2022 £'m	2021 £'m
Equity			
Called up equity share capital		3.3	3.3
Share-based payment reserve	**30**	2.6	2.4
Employee Benefit Trust reserve	**31**	(2.4)	(2.1)
Foreign exchange reserve	**32**	-	(0.1)
Non-distributable reserves	**32**	5.7	5.7
Non-distributable insurance reserves	**32**	-	0.5
Retained earnings		164.0	153.6
Total equity		**173.2**	**163.3**

These Financial Statements were approved by the board of Directors on 13 December 2022 and are signed on their behalf by:

Alexander Scott
Director
Company Registration Number: 08860879

Notes 1 to 35 form part of these Financial Statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	2022 £'m	2021 £'m
Non-current assets			
Investment in subsidiaries	**15**	33.3	31.6
Loans receivable	**16**	5.5	3.4
		38.8	**35.0**
Current assets			
Prepayments	**22**	0.1	-
Other receivables	**23**	0.2	0.1
Cash and cash equivalents		33.1	31.0
		33.4	**31.1**
Current liabilities			
Trade and other payables	**24**	2.4	2.4
Loans payable	**16**	1.0	1.0
		3.4	**3.4**
Non-current liabilities			
Contingent consideration	**29**	1.7	0.8
Loans payable	**16**	7.0	8.0
		8.7	**8.8**
Net assets		**60.1**	**53.9**
Equity			
Called up equity share capital		3.3	3.3
Share-based payment reserve	**30**	2.2	1.7
Employee Benefit Trust reserve	**31**	(2.1)	(1.8)
Profit or loss account			
Brought forward retained earnings		50.7	42.0
Profit for the year		39.8	37.2
Dividends paid in the year		(33.8)	(28.5)
Profit or loss account		56.7	50.7
Total equity		**60.1**	**53.9**

The Company has taken advantage of the exemption in section 408 (3) of the Companies Act 2006 not to present its own income statement in these financial statements.

These Financial Statements were approved by the board of Directors on 13 December 2022 and are signed on their behalf by:

Alexander Scott
Director
Company Registration Number: 08860879

Notes 1 to 35 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 £'m	2021 £'m
Cash flows from operating activities		
Profit on ordinary activities before taxation	54.3	63.6
Adjustments for income statement non-cash movements:		
Amortisation and depreciation	3.0	3.1
Share-based payment charge	2.0	1.9
Release of actuarial provision	(0.5)	-
Adjustments for cash effecting investing activities:		
Interest on cash and loans	(0.8)	(0.1)
Interest charged on lease	0.1	0.2
Decrease/(increase) in current asset investments	2.0	(0.1)
Adjustments for statement of financial position movements:		
Decrease/(increase) in trade and other receivables	0.5	(1.3)
Increase/(decrease) in trade and other payables	4.0	(2.1)
Increase in contingent consideration	0.9	0.7
Decrease in share-based payment reserve	(1.3)	(1.2)
Increase/(decrease) in provisions	39.0	(7.4)
Adjustments for policyholder balances:		
(Decrease)/increase in investments held for the benefit of policyholders	1,071.3	(5,059.9)
Increase in liabilities for linked investment contracts	(879.0)	4,940.5
(Decrease)/increase in policyholder tax recoverable	(44.5)	19.4
Cash generated (used in)/generated from operations	**251.0**	**(42.7)**
Income taxes paid	(13.5)	(13.3)
Interest paid on lease liabilities	(0.1)	(0.2)
Net cash flows (used in)/generated from operating activities	**237.5**	**(56.2)**
Investing activities		
Acquisition of tangible assets	(0.4)	(0.7)
Acquisition of subsidiary, net of cash acquired	-	(7.9)
Increase in loans	(2.1)	(0.8)
Interest on cash held	0.8	0.1
Net cash used in investing activities	**(1.7)**	**(9.3)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2022 £'m	2021 £'m
Financing activities		
Purchase of own shares in Employee Benefit Trust	(0.5)	(1.0)
Equity dividends paid	(33.7)	(28.5)
Repayment of lease liabilities	(2.4)	(2.3)
Net cash used in financing activities	**(36.6)**	**(31.8)**
Net (decrease)/increase in cash and cash equivalents	**199.2**	**(97.3)**
Cash and cash equivalents at beginning of year	**1,442.4**	**1,539.8**
Exchange (losses)/gains on cash and cash equivalents	-	(0.1)
Cash and cash equivalents at end of year	**1,641.6**	**1,442.4**
Cash and cash equivalents consist of:		
Cash and cash equivalents	183.0	176.1
Cash held for the benefit of policyholders	1,458.6	1,266.3
Cash and cash equivalents	**1,641.6**	**1,442.4**

Notes 1 to 35 form part of these Financial Statements.

COMPANY STATEMENT OF CASH FLOWS

	2022 £'000	2021 £'000
Cash flows from operating activities		
Loss before interest and dividends	(4.9)	(4.8)
Adjustment for statement of financial position movements:		
Decrease/(increase) in trade and other receivables	(0.2)	0.2
Increase/(decrease) in trade and other payables	-	1.7
Increase in contingent consideration	0.9	0.7
Settlement of share-based payment reserve	(1.3)	(1.1)
Net cash flows used in operating activities	**(5.5)**	**(3.3)**
Investing activities		
Acquisition of subsidiary	-	(8.6)
Purchase of subsidiary share capital	-	(4.0)
Dividends received	45.0	42.1
Interest received	0.2	0.1
Increase in loans receivable	(2.0)	(0.8)
Net cash generated from investing activities	**43.3**	**28.8**
Financing activities		
Purchase of own shares in Employee Benefit Trust	(0.5)	(0.9)
Increase in loans payable	-	10.0
Repayment of loans	(1.0)	(1.0)
Interest expense on loans	(0.2)	(0.2)
Equity dividends paid	(33.8)	(28.5)
Net cash used in financing activities	**(35.5)**	**(20.6)**
Net increase in cash and cash equivalents	**2.2**	**4.9**
Cash and cash equivalents at beginning of year	**31.0**	**26.1**
Cash and cash equivalents at end of year	**33.2**	**31.0**

Notes 1 to 35 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Non-distributable insurance and other reserves	Share-based payment reserve	Employee Benefit Trust	Retained earnings	Total equity
	£'m	£'m	£m	£'m	£'m	£'m
Balance at 1 October 2020	**3.3**	**6.2**	**1.7**	**(1.1)**	**130.8**	**140.9**
Comprehensive income for the year:						
Profit for the year	-	-	-	-	51.1	51.1
Movement in currency translation	-	(0.1)	-	-	-	(0.1)
Total comprehensive income for the year	**-**	**(0.1)**	**-**	**-**	**51.1**	**51.0**
Share-based payment expense	-	-	1.9	-	-	1.9
Settlement of share based payment	-	-	(1.2)	-	-	(1.2)
Purchase of own shares in EBT	-	-	-	(1.0)	-	(1.0)
Excess tax relief charged to equity	-	-	0.1	-	-	0.1
Other movement	-	-	(0.1)	-	0.1	-
Distributions to owners - Dividends paid	**-**	**-**	**-**	**-**	**(28.5)**	**(28.5)**
Balance at 30 September 2021	**3.3**	**6.2**	**2.4**	**(2.1)**	**153.5**	**163.3**
Balance at 1 October 2021						
Comprehensive income for the year:						
Profit for the year	-	-	-	-	44.0	44.0
Movement in currency translation	-	0.1	-	-	-	0.1
Total comprehensive income for the year	**-**	**0.1**	**-**	**-**	**44.0**	**44.1**
Share-based payment expense	-	-	2.0	-	-	2.0
Settlement of share based payment	-	-	(1.5)	-	-	(1.5)
Purchase of own shares in EBT	-	-	-	(0.5)	-	(0.5)
Excess tax relief charged to equity	-	-	(0.3)	-	-	(0.3)
Exercised share options	-	-	-	0.2	(0.2)	-
Release of actuarial reserve	-	(0.5)		-	0.5	-
Other movement	-	-	-	-	-	-
Distributions to owners - Dividends paid	**-**	**-**	**-**	**-**	**(33.9)**	**(33.9)**
Balance at 30 September 2022	**3.3**	**5.7**	**2.6**	**(2.4)**	**164.0**	**173.2**

Notes 1 to 35 form part of these Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'m	Share-based payment reserve £m	Employee Benefit Trust £'m	Retained earnings £'m	Total equity £'m
Balance at 1 October 2020	**3.3**	**1.1**	**(0.9)**	**42.0**	**45.5**
Comprehensive income for the year:					
Profit for the year	-	-	-	37.2	37.2
Total comprehensive income for the year	**-**	**-**	**-**	**37.2**	**37.2**
Settlement of share-based payments	-	0.6	-	-	0.6
Purchase of own shares in EBT	-	-	(0.9)	-	(0.9)
Distributions to owners - dividends	**-**	**-**	**-**	**(28.5)**	**(28.5)**
Balance at 30 September 2021	**3.3**	**1.7**	**(1.8)**	**50.7**	**53.9**
Comprehensive income for the year:					
Profit for the year	-	-	-	40.0	40.0
Total comprehensive income for the year	**-**	**-**	**-**	**40.0**	**40.0**
Settlement of share-based payments	-	0.5	-	-	0.5
Purchase of own shares in EBT	-	-	(0.5)	-	(0.5)
Distributions to owners - dividends	**-**	**-**	**-**	**(33.8)**	**(33.8)**
Balance at 30 September 2022	**3.3**	**2.2**	**(2.3)**	**56.9**	**60.1**

Notes 1 to 35 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 range of services which are designed to help financial advisers and their clients to manage financial plans in a simple, effective and tax efficient way.

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

a) Basis of preparation

The consolidated Financial Statements have been prepared and approved by the directors in accordance with UK-adopted International Accounting Standards.

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 hundred thousand.

Climate risks have been considered where appropriate in the preparation of these Financial Statements, with particular consideration given to the impact of climate risk on the fair value calculations and impairment assessments. This has concluded that the impact of climate risk on the financial statements is not material.

The effects of the Ukraine/Russia war has been considered in the preparation of these Financial Statements, and the impact is not material.

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, liquidity and capital 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 2022, the Group had £183.0 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.

When making this assessment, the board has taken into consideration both the Group's current performance and the future outlook, including the impact of events in Ukraine and rising inflation rates. Market volatility and uncertainty is expected to continue for some time, due to these evolving world events 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 69), 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 pandemic.

Having conducted detailed cash flow and working capital projections, and stress-tested liquidity, profitability and regulatory capital, 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).

1. Basis of preparation and significant accounting policies (continued)

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 presumed to exist where the Group owns the majority of the voting rights of an entity. 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 on consolidation.

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.

Presentational changes to Policyholder items

Presentational changes have been made to the consolidated statement of comprehensive income and the consolidated statement of financial position in order to provide information that is more relevant to users of the financial statements, by splitting out the policyholder and shareholder values. This revised structure is likely to continue going forward and prior year comparative information has also been reclassified.

Changes in accounting policies

i) There have been no new standards, amendments to standards or interpretations adopted during the financial year 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 January 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 an assessment regarding the impact of IFRS 17 on the Financial Statements and, while the insurance companies in the Group do administer insurance business and hold capital relating to the risks associated with this, the vast majority of contracts written by the insurance companies are investment contracts under IFRS 9, and the impact of IFRS 17 will therefore be negligible.

1. Basis of preparation and significant accounting policies (continued)

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 has assessed the impact of this amendment and does not note any significant impact.

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 has assessed the impact of this amendment and does not note any significant impact.

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 has assessed the impact of this amendment and does not note any significant impact.

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 has assessed the impact of this amendment and does not note 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 on an accruals basis and 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.

1. Basis of preparation and significant accounting policies (continued)

Licence income

Licence income is the rental charge for use of access to T4A's CRM software. The rental charge is billed monthly in advance, based on the number of users. Revenue is recognised in line with the provision of the service.

Consultancy income

Consultancy income relates to consultancy services provided by T4A on an as-needs basis. Revenue is recognised when the services are provided.

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.

Investment income

Interest on shareholder cash, policyholder cash and coupon on shareholder gilts are the three sources of investment income received. These are recognised in the Consolidated Statement of Comprehensive Income in interest income and within policy holder returns. Interest income is recognised using the effective interest method.

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 held for the benefit of policy holders are comprised of unit-linked contracts. Investments held for the benefit of policyholders are stated at fair value and reported on a separate line in the statement of financial position, see accounting policy on financial instruments for fair value determination. 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. 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.

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.

1. Basis of preparation and significant accounting policies (continued)

Dividends

Dividends are usually announced with the Group's interim and annual results. Equity dividends paid are recognised in the accounting period in which the dividends are declared and approved. The reduction in equity in the year therefore comprises the prior year final dividend and the current year interim dividend.

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.

1. Basis of preparation and significant accounting policies (continued)

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 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 in the consolidated statement of comprehensive income within administration expenses 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

1. Basis of preparation and significant accounting policies (continued)

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 12.

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 yearend closing rate. 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 retranslated 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

HMRC requires ILUK to charge basic rate income tax on its life insurance policies (FA 2012, s102). ILUK collects this tax quarterly, by charging 20% tax (2021: 20%) on gains from assets held in the policies, based on the policyholder's acquisition costs and market value at each quarter end. Additional charges are applied on any increases in the previously charged gain. The charge is adjusted by the fourth financial year quarter so that the total charge for the year is based on the gain at the end of the financial year. When assets are sold at a loss, or reduce in market value by the financial year end, a refund of the charges may be applied. 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 IAS 12).

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.

1. Basis of preparation and significant accounting policies (continued)

For the year ended 30 September 2022, the business of ILUK and ILInt was the direct insurance of investment linked pensions business written by single premium in the United Kingdom, and single premium life assurance linked bonds and linked qualifying investment plans written in the United Kingdom and Isle of Man. Insurance risk is minimal as all contracts have been classed as investment contracts.

Client assets and client monies

Integrated Financial Arrangements Ltd (IFAL) client assets and client monies are not recognised in the parent and consolidated statements of financial position (see note 27) as they are owned by the clients of IFAL.

Lease assets and lease liabilities

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 IAS 16: Property, Plant and Equipment. Right-of-use assets are depreciated over the lease term. See note 13 and 14.

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 25.

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 date, and subsequently measured 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

1. Basis of preparation and significant accounting policies (continued)

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*

These assets 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 the element of the loan payable to subsidiary which is to be settled after 12 months, which is included in non-current assets.

Financial assets are measured at amortised cost when they are held within the business model whose objective is to hold assets to collect contractual cash flows and their contractual cash flows represent solely payments of principal and interest.

The carrying value of assets held at amortised cost are adjusted for impairment arising from expected credit losses.

(iii) *Financial liabilities at amortised cost*

Financial liabilities at amortised cost comprise trade and other payables and loans payable. 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, where the simplified approach is applied to assets that do not contain a significant financing component.

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.

1. Basis of preparation and significant accounting policies (continued)

The ILUK policyholder reserves, which are 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.

Balances due to HMRC are considered under IAS 12 Income Taxes, whereas balances due to policyholders are considered under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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) Share Incentive Plan (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) Performance share plan (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. 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.

Judgements which do not involve estimates

The assessment to recognise the ILUK policyholder provision comes from an evaluation of the likelihood of a constructive or legal obligation, and whether that obligation can be estimated reliably. The provision required has been calculated based on an assessment of tax payable to HM Revenue & Customs (HMRC) and refunds payable back to policyholders.

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
- 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**	
	2022	**2021**	**2022**	**2021**
	£'m	**£'m**	**£'m**	**£'m**
Cash and cash equivalents	-	-	183.0	176.1
Cash and cash equivalents policyholder	-	-	1,458.6	1,266.3
Listed shares and securities	0.1	0.1	-	-
Loans	-	-	5.5	3.4
Investments in quoted debt instruments	3.0	5.0	-	-
Accrued income	-	-	12.1	12.0
Trade and other receivables	-	-	0.6	0.9
Investments held for the policyholders	20,715.8	21,787.1	-	-
Total financial assets	**20,718.9**	**21,792.2**	**1,659.8**	**1,458.7**

Financial liabilities:

	Fair value through profit or loss		**Amortised cost**	
	2022	**2021**	**2022**	**2021**
	£'m	**£'m**	**£'m**	**£'m**
Trade and other payables	-	-	7.4	7.1
Accruals	-	-	3.0	7.9
Lease liabilities	-	-	2.8	5.0
Deferred consideration	-	-	1.7	1.7
Contingent consideration	1.7	0.8	-	-
Liabilities for linked investments contracts	22,174.4	23,053.4	-	-
Total financial liabilities	**22,176.1**	**23,054.2**	**14.9**	**21.7**

3. Financial instruments (continued)

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	
	2022	**2021**	**2022**	**2021**
	£'m	**£'m**	**£'m**	**£'m**
Cash and cash equivalents	-	-	33.1	31.0
Trade and other receivables	-	-	0.2	-
Loans	-	-	5.5	3.4
Total financial assets	**-**	**-**	**38.8**	**34.4**

Financial liabilities:

	Fair value through profit or loss		Amortised cost	
	2022	**2021**	**2022**	**2021**
	£'m	**£'m**	**£'m**	**£'m**
Trade and other payables	-	-	0.4	-
Loans	-	-	8.0	9.0
Deferred consideration	-	-	1.7	2.5
Contingent consideration	1.7	0.8	-	-
Accruals	-	-	0.2	0.4
Total financial liabilities	**1.7**	**0.8**	**10.3**	**11.9**

(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 following table 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 recorded at fair value through the profit or loss and reported on a separate line in the statement of financial position.

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

3. Financial instruments (continued)

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.	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:

2022

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Investments and assets held for the benefit of policyholders				
Term deposit	63.9	-	-	63.9
Investments and securities	631.9	137.9	0.3	770.1
Bonds and other fixed-income securities	10.9	1.2	-	12.1
Holdings in collective investment schemes	19,730.4	137.7	1.6	19,869.7
	20,437.1	**276.8**	**1.9**	**20,715.8**
Other investments	3.0	-	-	3.0
Total	**20,440.1**	**276.8**	**1.9**	**20,718.8**

2021

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Investments and assets held for the benefit of policyholders				
Investments and securities	633.6	163.9	0.4	797.9
Bonds and other fixed-income securities	14.8	0.6	-	15.4
Holdings in collective investment schemes	20,859.0	113.3	1.5	20,973.8
	21,507.4	**277.8**	**1.9**	**21,787.1**
Other investments	5.0	-	-	5.0
Total	**21,512.4**	**277.8**	**1.9**	**21,792.1**

The Group regularly reviews whether a market is active or not, based on available market data and the specific circumstances of each market.

3. Financial instruments (continued)

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

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 assets have unobservable inputs as the 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.

Level 3 sensitivity to changes in unobservable measurements

For financial assets assessed as Level 3, based on its review of the prices used, the Group 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 and whether a market is now active or not.

Transfers between Levels between 01 October 2021 and 30 September 2022 are presented in the table below at their valuation at 30 September 2022:

Transfers from	Transfers to	£'m
Level 1	Level 2	18.8
Level 2	Level 1	1.3

3. Financial instruments (continued)

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

	2022 £'m	2021 £'m
Opening balance	**1.9**	**1.7**
Unrealised gains or losses in the year ended 30 September 2022	(0.4)	(0.2)
Transfers in to Level 3 at 30 September 2022 valuation	0.4	1.1
Transfers out of Level 3 at 30 September 2022 valuation	-	(0.7)
Closing balance	**1.9**	**1.9**

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 Fair Value Hierarchy (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 the Group are subject to capital requirements imposed by the relevant regulators as detailed below:

Legal entity	Regulatory regime
IFAL	IFRP
ILUK	Solvency II
ILInt	Isle of Man risk based capital regime

Group capital requirements for 2022 are driven by the regulated entities, whose capital resources and requirements as detailed below:

	IFAL 30 September		ILUK 30 September		ILInt 30 September	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Capital resource	39.7	37.2	244.0	268.7	42.0	43.4
Capital requirement	32.6	25.4	186.9	214.1	23.7	23.9
Coverage ratio	122%	147%	131%	125%	177%	181%

3. Financial instruments (continued)

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. Further information is detailed in the risk and risk management section of this report on pages 57 to 58 and in the financial review on pages 50 to 51.

4. Risk and risk management

This note supplements the details provided in the Risk and Risk Management section of this report on pages 52 to 58.

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

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 subsidiaries, IFAL, ILUK and ILInt, 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. These are recorded in note 5 as wrapper fee income and annual commission income, respectively. 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	
	2022	**2021**
	£’m	**£’m**
10% increase in asset values	8.5	7.9
10% decrease in asset values	(8.5)	(7.9)

4. Risk and risk management (continued)

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.

Market risk from unit-linked assets

The Group and the Company have limited exposure to primary market risk from the value of unit-linked assets as fluctuations are borne by the policyholders.

(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:

	2022	2022	2021	2021
Currency	**£'m**	**%**	**£'m**	**%**
GBP	22,021.1	99.3	22,914.6	99.4
USD	127.0	0.6	111.0	0.5
EUR	16.4	0.1	18.1	0.1
Others	9.8	0.0	9.7	0.0
Total	**22,174.3**	**100.0**	**23,053.4**	**100.0**

99.3% of investments and cash held for the benefit of policyholders are denominated in GBP, its base currency. Remaining currency holdings greater than 0.1% of the total are shown separately in the table. However, it is recognised that the majority of investments held for the benefit of policyholders are in collective investment schemes and some of their underlying assets are denominated in currencies other than GBP, which increases the funds under direction currency risk exposure. A significant rise or fall in sterling exchange rates would not have a significant first order impact on the Group's 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, while for the Group this risk also arises from fees owed by clients.

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, but 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.

4. Risk and risk management (continued)

Details of the ECLs recognised in relation to accrued income can be seen in note 22.

(b) Loans

Loans subject to the 12 month ECL are £5.5m (2021: £3.6m). 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 significant 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 £5.6m in undrawn loans.

Details of the ECLs recognised in relation to loans can be seen in note 16. No ECLs have been recognised on the undrawn loan commitments, as any ECLs would not be considered to be material.

(c) Cash and equivalents

The Group has a low risk appetite for credit risk, which is mainly 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 £5.5m (2021: £3.4m). 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 £160k (2021: £130k) 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.

4. Risk and risk management (continued)

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 £11.8m (2021: £12.0m) from fee income owed by clients.

Impact of credit risk on fair value

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

(3) Liquidity risk

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

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

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

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

The Group's liquidity risk arises from a lack of readily realisable cash to meet debts as they become due. This takes 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 three 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 entities to ensure the level of affordability of the future dividends.

4. Risk and risk management (continued)

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 four equal annual instalments 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 table shows an analysis of the financial assets and financial liabilities by remaining expected maturities as at 30 September 2022 and 30 September 2021.

In addition to the financial assets and financial liabilities shown in the tables below, the Company committed a further £5.6m in undrawn loans. These are available to be drawn down immediately.

Financial assets:

2022	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
	£'m	£'m	£'m	£'m	£'m
Investments held for the policyholders	20,715.8	-	-	-	20,715.8
Investments	124.2	-	3.1	-	127.3
Accruals and deferred income	12.1	-	-	-	12.1
Trade and other receivables	2.0	0.2	-	-	2.2
Loans	-	-	5.5	-	5.5
Cash and cash equivalents	183.0	-	-	-	183.0
Cash held for the benefit of policyholders	1,458.6	-	-	-	1,458.6
Total	**22,495.7**	**0.2**	**8.6**	**-**	**22,504.5**

2021	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
	£'m	£'m	£'m	£'m	£'m
Investments held for the policyholders	21,787.1	-	-	-	21,787.1
Investments	0.2	-	5.0	-	5.2
Accruals and deferred income	12.0	-	-	-	12.0
Trade and other receivables	0.8	0.2	-	-	1.0
Loans	-	-	3.4	-	3.4
Cash and cash equivalents	176.1	-	-	-	176.1
Cash held for the benefit of policyholders	1,266.3	-	-	-	1,266.3
Total	**23,242.5**	**0.2**	**8.4**	**-**	**23,251.1**

4. Risk and risk management (continued)

Financial liabilities:

2022

	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
	£'m	£'m	£'m	£'m	£'m
Liabilities for linked investment contracts	22,174.4	-	-	-	22,174.4
Trade and other payables	11.8	3.7	-	-	15.5
Lease liabilities	0.6	1.3	0.9	-	2.8
Deferred consideration	-	1.5	0.2	-	1.7
Contingent consideration	-	-	1.7	-	1.7
Total	**22,186.8**	**6.5**	**2.8**	**-**	**22,196.1**

2021

	Up to 3 months	3-12 months	1-5 years	Over 5 years	Total
	£'m	£'m	£'m	£'m	£'m
Liabilities for linked investment contracts	23,053.4	-	-	-	23,053.4
Trade and other payables	9.9	5.1	-	-	15.0
Lease liabilities	0.6	1.9	2.8	-	5.3
Deferred consideration	-	1.6	0.2	-	1.8
Contingent consideration	-	-	0.8	-	0.8
Total	**23,063.9**	**8.6**	**3.8**	**-**	**23,076.3**

(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 the following categories of revenue:

- Annual commission - based on a fixed percentage applied to the value of the client's portfolio each month.
- Wrapper fee income - based on a fixed quarterly charge per wrapper.
- Other income – buy commission is based on a set percentage charge applied to each transaction. Dealing charges are charged based on a fixed fee for each type of transaction.
- Adviser back-office technology – licence income based on a fixed monthly charge per number of users. Consultancy income is charged based on the services provided.

	For the financial year ended 30 September	
	2022	**2021**
	£'m	**£'m**
Annual commission income	115.8	107.7
Wrapper fee income	11.6	10.6
Other income	2.2	3.0
Adviser back-office technology	4.0	2.4
Total fee income	133.6	123.7

6. Segmental reporting

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

The Group has three classes of business, which have been organised primarily based on the products they offer, as detailed below:

- **Investment administration services –** this relates to services performed by IFAL, which is the provider of the Transact wrap service. It is the provider of the General Investment Account (GIA), is a Self-Invested Personal Pension (SIPP) operator, an ISA manager and is the custodian for all assets held on the platform (except for those held by third party custodians).
- **Insurance and life assurance business –** this relates to ILUK and ILInt, insurance companies which provide the Transact Personal Pension, Executive Pension, Section 32 Buy-Out Bond, Transact Onshore and Offshore Bonds, and Qualifying Savings Plan on the Transact platform.
- **Adviser back-office technology -** this relates to T4A, provider of financial planning technology to adviser and wealth management firms via the CURO adviser support system. T4A was acquired during the financial period ending 30 September 2021.

Other Group entities relates to the rest of the Group, which provide services to support the Group's core operating segments.

Analysis by class of business is given on the following page.

6. Segmental reporting (continued)

Statement of comprehensive income – segmental information for the year ended 30 September 2022

	Investment administration services	Insurance and life assurance business	Adviser back-office technology	Other Group entities	Consolidation adjustments	Total
	£m	£m	£m	£m	£m	£m
Revenue						
Annual commission income	63.4	52.6	-	-	-	116.0
Wrapper fee income	2.8	8.7	-	-	-	11.5
Adviser back-office technology	-	-	3.9	-	-	3.9
Other income	1.3	0.9	-	64.4	(64.4)	2.2
Fee income	**67.5**	**62.2**	**3.9**	**64.4**	**(64.4)**	**133.6**
Cost of sales	(0.7)	(0.4)	(0.5)	(0.5)	-	(2.1)
Expenses						
Admin expenses	(43.0)	(28.8)	(5.3)	(64.6)	64.0	(77.7)
Credit loss allowance on financial assets	(0.1)	-	-	(0.1)	-	(0.2)
Operating profit/(loss)	**23.7**	**33.0**	**(1.9)**	**(0.8)**	**(0.4)**	**53.6**
Interest expense	-	-	-	(0.4)	0.3	(0.1)
Interest income	0.1	1.0	-	-	(0.3)	0.8
Net policyholder returns						
Net income/(loss) attributable to policyholder returns		(38.5)	-	-	-	(38.5)
Change in investment contract liabilities	-	2,770.3	-	-	-	2,770.3
Fee and commission expenses	-	(192.6)	-	-	-	(192.6)
Policyholder investment returns	-	(2,577.7)	-	-	-	(2,577.7)
Net policyholder returns	**-**	**(38.5)**	**-**	**-**	**-**	**(38.5)**
Profit on ordinary activities before taxation attributable to policyholders and shareholders	**23.8**	**(4.5)**	**(1.9)**	**(1.2)**	**(0.4)**	**15.8**
Policyholder tax credit/(charge)	-	38.5	-	-	-	38.5
Profit on ordinary activities before taxation attributable to shareholders	**23.8**	**34.0**	**(1.9)**	**(1.2)**	**(0.4)**	**54.3**

6. Segmental reporting (continued):

	Investment administration services	Insurance and life assurance business	Adviser back-office technology	Other Group entities	Consolidation adjustments	Total
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Total tax attributable to shareholder and policyholder returns	(4.4)	32.6	0.3	(0.4)	0.1	28.2
Less: tax attributable to policyholder returns	-	(38.5)	-	-	-	(38.5)
Shareholder tax on profit on ordinary activities	**(4.4)**	**(5.9)**	**0.3**	**(0.4)**	**0.1**	**(10.3)**
Profit/(loss) for the financial year	**19.4**	**28.1**	**(1.6)**	**(1.6)**	**(0.3)**	**44.0**

6. Segmental reporting (continued)

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	Other Group entities	Consolidation adjustments	Total
	£m	£m	£m	£m	£m	£m
Revenue						
Annual commission income	58.9	45.3	-	-	-	104.2
Wrapper fee income	2.6	8.1	-	-	-	10.7
Adviser back-office technology	-	-	2.4	-	-	2.4
Other income	1.8	4.6	-	60.4	(60.4)	6.4
Fee income	**63.3**	**58.0**	**2.4**	**60.4**	**(60.4)**	**123.7**
Cost of sales	(0.6)	(0.4)	(0.3)	(0.2)	-	(1.5)
Expenses						
Admin expenses	(34.5)	(21.8)	(3.4)	(59.2)	60.2	(58.8)
Credit loss allowance on financial assets	(0.2)	-	-	-	-	(0.2)
Operating profit/(loss)	**28.0**	**35.8**	**(1.3)**	**0.9**	**(0.2)**	**63.2**
Interest expense	-	-	-	(0.4)	0.2	(0.2)
Interest income	-	0.2	-	0.1	(0.2)	0.1
Net policyholder returns						
Net income/(loss) attributable to policyholder returns		31.5	-	-	-	31.5
Change in investment contract liabilities	-	(2,736.1)	-	-	-	(2,736.1)
Fee and commission expenses	-	(204.1)	-	-	-	(204.1)
Policyholder investment returns	-	2,940.2	-	-	-	2,940.2
Net policyholder returns	**-**	**31.5**	**-**	**-**	**-**	**0.5**
Profit on ordinary activities before taxation attributable to policyholders and shareholders	**28.0**	**36.5**	**(1.3)**	**0.6**	**(0.2)**	**63.6**
Policyholder tax credit/(charge)	-	(31.0)	-	-	-	(31.0)
Profit on ordinary activities before taxation attributable to shareholders	**28.0**	**36.5**	**(1.3)**	**0.6**	**(0.2)**	**63.6**

6. Segmental reporting (continued):

	Investment administration services	Insurance and life assurance business	Adviser back-office technology	Other Group entities	Consolidation adjustments	Total
	£m	£m	£m	£m	£m	£m
Total tax attributable to shareholder and policyholder returns	(5.3)	(37.6)	0.3	(0.7)	(0.2)	(43.5)
Less: tax attributable to policyholder returns	-	31.0	-	-	-	31.0
Shareholder tax on profit on ordinary activities	**(5.3)**	**(6.6)**	**0.3**	**(0.7)**	**(0.2)**	**(12.5)**
Profit/(loss) for the financial year	**22.7**	**29.9**	**(1.0)**	**(0.1)**	**(0.4)**	**51.1**

The comparative table has been restated to correct arithmetic errors and to include the 'Other Operating Entities' segment. These errors related only to the segmental reporting table and did not impact any financial statement line items. See further details on the following page.

6. Segmental reporting (continued)

Line in current year	Line in prior year	Segment	Amount in CY (£m)	Amount in PY (£m)	Change (£m)	Explanation of change
Annual Commission Income	Annual Commission Income	Insurance	45.3	48.7	(3.4)	Reclass amount of 3.4m from Annual commissions to other income
Other Income	Other Income	Insurance	4.6	1.2	3.4	Reclass amount of 3.4m from Annual commissions to other income
Other Income Total fee income	Other Income Total fee income	Other Group Entities	60.4	-	60.4	Recharged services of £60.4m to ISL that are eliminated on consolidation that hadn't been included in PY disclosure
Other Income Total fee income	Other Income Total fee income	Consolidated adjustments	(60.4)	-	(60.4)	Recharged services of £60.4m to ISL that are eliminated on consolidation not included in PY disclosure
Admin expenses	Admin expense	Investment administration services (IAS)	(34.5)	(64.8)	(30.3)	Reclass the amount of admin expense that should be included in other group entities of total 59.2m from IAS (30.3m), Insurance (27.8m) and T4A (1.1m)
Admin expenses	Admin expense	Insurance	(21.8)	(49.6)	(27.8)	Reclass the amount of admin expense that should be included in other group entities of total 59.2m from IAS (30.3m), Insurance (27.8m) and T4A (1.1m)
Admin expenses	Admin expense	Other Group Entities	(59.2)	-	59.2	Reclass the amount of admin expense that should be included in other group entities of total 59.2m from IAS (30.3m), Insurance (27.8m) and T4A (1.1m)

6. Segmental reporting (continued)

Line in current year	Line in prior year	Segment	Amount in CY (£m)	Amount in PY (£m)	Change (£m)	Explanation of change
Profit/(loss) before tax	Profit/(loss) before tax	IAS	28.0	3.2	24.8	Number changed to correctly sum the revenue – expenses for the segment
Profit/(loss) before tax	Profit/(loss) before tax	Insurance	36.5	39.0	(2.5)	Number changed to correctly sum the revenue – expenses for the segment
Profit/(loss) before tax	Profit/(loss) before tax	Consolidation adjustments	(0.2)	60.2	(60.4)	Number changed to correctly sum the revenue – expenses for the segment
Profit for the financial year	Profit for the financial year	IAS	22.7	44.1	(21.4)	Correctly casting the segmental column
Profit for the financial year	Profit for the financial year	Insurance	29.9	49.6	(19.7)	Correctly casting the segmental column
Profit for the financial year	Profit for the financial year	Other Group Entities	(0.1)	-	(0.1)	Correctly casting the segmental column
Profit for the financial year	Profit for the financial year	Consolidation adjustments	(0.4)	(42.4)	42.0	Correctly casting the segmental column

6. Segmental reporting (continued)

Statement of financial position – segmental information for the year ended 30 September 2022:

	Investment administration services £'m	Insurance and life assurance business £'m	Adviser back-office technology £'m	Total £'m
Assets				
Non-current assets	10.4	30.6	0.8	41.8
Current assets	71.8	144.7	3.8	220.3
Total assets	**82.2**	**175.3**	**4.6**	**262.1**
Liabilities				
Current liabilities	10.5	22.5	1.1	34.1
Non-current liabilities	1.9	52.8	0.1	54.8
Total liabilities	**12.4**	**75.3**	**1.2**	**88.9**
Policyholder assets and liabilities				
Cash held for the benefit of policyholder	-	1,458.6	-	1,458.6
Investments held for the benefit of policyholders	-	20,715.8	-	20,715.8
Liabilities for linked investment contracts	-	(22,174.4)	-	(22,174.4)
Total policyholder assets and liabilities	**-**	**-**	**-**	**-**
Net assets	69.8	100.0	3.4	173.2
Non-current asset additions	0.2	0.1	0.0	0.3

6. Segmental reporting (continued)

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

	Investment administration services £'m	Insurance and life assurance business £'m	Adviser back-office technology £'m	Total £'m
Assets				
Non-current assets	11.8	20.0	-	31.8
Current assets	67.3	130.8	3.9	202.0
Total assets	**79.1**	**150.8**	**3.9**	**233.8**
Liabilities				
Current liabilities	8.1	22.5	0.7	31.3
Non-current liabilities	2.6	36.6	-	39.2
Total liabilities	**10.7**	**59.1**	**0.7**	**70.5**
Policyholder assets and liabilities				
Cash held for the benefit of policyholder	-	1,266.3	-	1,266.3
Investments held for the benefit of policyholders	-	21,787.1	-	21,787.1
Liabilities for linked investment contracts	-	(23,053.4)	-	(23,053.4)
Total policyholder assets and liabilities	**-**	**-**	**-**	**-**
Net assets	68.4	91.7	3.2	163.3
Non-current asset additions	0.3	0.3	-	0.6

Segmental information: Split by geographical location

	2022 £'m	2021 £'m
Revenue		
United Kingdom	128.3	118.9
Isle of Man	5.3	4.8
Total	**133.6**	**123.7**

6. Segmental reporting (continued)

	2022 £'m	2021 £'m
Non-current assets		
United Kingdom	25.1	26.8
Isle of Man	-	0.1
Total	**25.1**	**26.9**

7. Earnings per share

	2022	2021
Profit		
Profit for the year and earnings used in basic and diluted earnings per share	£44.0m	£51.1m
Weighted average number of shares		
Weighted average number of Ordinary shares	331.3m	331.3m
Weighted average numbers of Ordinary Shares held by Employee Benefit Trust	(0.4m)	(0.3m)
Weighted average number of Ordinary Shares for the purposes of basic EPS	**330.9m**	**331.0m**
Adjustment for dilutive share option awards	0.4m	0.3m
Weighted average number of Ordinary Shares for the purposes of diluted EPS	**331.3m**	**331.3m**
Earnings per share		
Basic and diluted	13.3p	15.4p

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

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

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

8. Expenses by nature

The following expenses are included within administrative expenses:

Group

	2022 £'m	2021 £'m
Depreciation	2.6	2.8
Amortisation	0.4	0.3
Wages and employee benefits expense	46.1	41.0
Other staff costs	1.0	0.6
Auditor's remuneration:		
auditing of the Financial Statements of the Company pursuant to the legislation	0.1	0.2
- auditing of the Financial Statements of subsidiaries	0.4	0.2
- other assurance services	0.3	0.1
Other Auditor's remuneration:		
- auditing of the Financial Statements of subsidiaries	-	0.2
- other assurance services	-	0.1
Other professional fees	4.7	3.5
Regulatory fees	4.2	3.5
- Non-underlying expenses - backdated VAT	8.0	-
- Non-underlying expenses - interest on backdated VAT	0.8	-
- Other non-underlying expenses	2.7	3.3
Short-term lease payments:		
- land and buildings	0.1	0.1
Other occupancy costs	2.3	1.2
Other costs	6.4	3.9
Other income – tax relief due to shareholders	(2.4)	(2.2)
Total administrative expenses	**77.7**	**58.8**

"Other income – tax relief due to shareholders" relates to the release of policyholder reserves to the statement of comprehensive income.

Non-underlying expenses relate to back dated VAT and interest being due to HMRC after their review concluded that the inclusion of IAD in our VAT group was terminated with effect from July 2016, and reverse charge VAT is therefore payable on services provided by IAD since that date. We have been unsuccessful in two stages of appealing the decision, which resulted in non-underlying expenses of backdated VAT of £8.0 million for the period to September 2021 and non-recurring interest on the VAT due of £0.8m. For further details see financial review, page 47.

8. Expenses by nature (continued)

Other non-underlying expenses relate professional fees and stamp duty in relation to acquisitions, and post-combination remuneration. The post-combination remuneration payment to the original shareholders of T4A 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.

Company		
	2022	**2021**
	£'m	**£'m**
Wages and employee benefits expense	0.6	0.4
Non underlying expenses:		
- Remuneration	3.0	2.2
Auditor's remuneration:		
- auditing of the Financial Statements of the Company pursuant to the legislation	0.2	0.3
Other professional fees	0.8	1.2
Other costs	0.2	0.6
Total administrative expenses	**4.8**	**4.7**

Wages and employee benefits expense

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

	2022	**2021**
	No.	**No.**
CEO	2	2
Client services staff	223	231
Finance staff	69	61
Legal and compliance staff	38	33
Sales, marketing and product development staff	64	45
Software development staff	131	122
Technical and support staff	67	49
	594	**543**

The Company has no employees (2021: nil).

8. Expenses by nature (continued)

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

	2022 £'m	2021 £'m
Wages and salaries	36.3	32.9
Social security costs	4.2	3.4
Other pension costs	3.6	2.8
Share-based payment costs	2.0	1.9
	46.1	**41.0**

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.

	2022 £'m	2021 £'m
Short-term employee benefits*	2.9	2.9
Post-employment benefits	0.2	0.1
Share based payment	0.4	0.4
Social security costs	0.4	0.4
	4.1	**3.8**
Highest paid director:		
Short-term employee benefits*	0.6	0.6
Other benefits	0.2	0.1
	No.	**No.**
Number of directors for whom pension contributions are paid	**8**	**8**

*Short-term employee benefits comprise salary and cash bonus.

9. Interest income

	Group 2022 £'m	Company 2022 £'m	Group 2021 £'m	Company 2021 £'m
Interest income on bank deposits	0.6	-	-	-
Interest income on loans	0.2	0.2	0.1	0.1
	0.8	**0.2**	**0.1**	**0.1**

10. Policyholder investment returns

	2022 £'m	2021 £'m
Change in fair value of underlying assets	(2,729.2)	2,810.1
Investment income	151.5	130.1
Total investment returns	**(2,577.7)**	**2,940.2**

11. Tax on profit on ordinary activities

Group

a) Analysis of charge in year

The income tax expense comprises:

	2022 £'m	2021 £'m
Corporation tax		
Current year - corporation tax	10.0	12.2
Adjustment in respect of prior years	0.7	0.4
	10.7	**12.6**
Deferred tax		
Current year	(0.4)	(0.2)
Change in deferred tax charge/(credit) as a result of higher tax rate	-	0.1
Total shareholder tax charge for the year	**10.3**	**12.5**
Policyholder taxation		
UK policyholder tax at 20% (2021: 20%)	-	11.5
Deferred tax at 20% (2021: 20%)	(33.8)	19.6
Prior year adjustments	(4.9)	(0.3)
Tax deducted on overseas dividends	0.2	0.2
Total policyholder taxation	**(38.5)**	**31.0**
Total tax attributable to shareholder and policyholder returns	**(28.2)**	**43.5**

11. Tax on profit on ordinary activities (continued)

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:

	2022	**2021**
	£'m	**£'m**
Profit on ordinary activities before taxation attributable to shareholders	54.3	63.6
Profit on ordinary activities multiplied by effective rate of Corporation Tax 19% (2021: 19%)	**10.3**	**12.1**
Effects of:		
Non-taxable dividends	-	(0.1)
Income / expenses not taxable / deductible for tax purposes multiplied by effective rate of corporation tax	(0.2)	0.7
Adjustments in respect of prior years	0.7	(0.1)
Effect of change in tax rate	-	0.1
Effect of lower tax rate jurisdiction	(0.5)	-
Other adjustments	-	(0.2)
	10.3	12.5
Add policyholder tax	(38.5)	31.0
	(28.2)	**43.5**

Company

a) Analysis of charge in year

	2022	**2021**
	£'m	**£'m**
Deferred tax charge/(credit) (see note 26)	-	-
Total	-	-

11. Tax on profit on ordinary activities (continued)

b) Factors affecting tax charge for the year

	2022 £'m	2021 £'m
Profit on ordinary activities before tax	39.9	37.2
Profit on ordinary activities multiplied by effective rate of Corporation Tax 19% (2021: 19%)	7.6	7.1
Effects of:		
Non-taxable dividends	(8.5)	(8.0)
Income / expenses not taxable / deductible for tax purposes multiplied by effective rate of Corporation Tax	0.6	0.6
Group loss relief to ISL	0.3	0.3
	-	**-**

12. Intangible assets – Group

	Software and IP rights	Goodwill	Customer relationships	Software	Brand	Total
Cost	£'m	£'m	£'m	£'m	£'m	£'m
At 1 October 2021	12.5	18.3	2.1	2.0	0.3	35.2
At 30 September 2022	**12.5**	**18.3**	**2.1**	**2.0**	**0.3**	**35.2**
Amortisation						
At 1 October 2021	12.5	-	0.1	0.2	0.1	12.9
Charge for the year	-	-	0.2	0.3	-	0.5
At 30 September 2022	**12.5**	**-**	**0.3**	**0.5**	**0.1**	**13.4**
Net Book Value						
At 30 September 2021	-	18.3	2.0	1.8	0.2	22.3
At 30 September 2022	**-**	**18.3**	**1.7**	**1.5**	**0.2**	**21.8**
Cost						
At 1 October 2020	12.5	13.0	-	-	-	25.5
Acquisitions through business combinations	-	5.3	2.1	2.0	0.3	9.7
At 30 September 2021	**12.5**	**18.3**	**2.1**	**2.0**	**0.3**	**35.2**
Amortisation						
At 1 October 2020	12.5	-	-	-	-	12.5
Charge for the year	-	-	0.1	0.2	0.1	0.4
At 30 September 2021	**12.5**	**-**	**0.1**	**0.2**	**0.1**	**12.9**
Net Book Value						
At 30 September 2020	-	13.0	-	-	-	13.0
At 30 September 2021	-	18.3	2.0	1.8	0.2	22.3

12. Intangible assets - Group (continued)

All intangible assets are externally generated.

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 the IAD Pty goodwill is allocated to the two cash generating units ("CGUs") that relate to the Transact platform, as these are benefitting from the IAD PTY acquisition. The carrying amount of the goodwill for T4A is allocated to the CGU that relates to the CURO software as this is the source of revenue for T4A

IAD Pty

	2022	2021
	£'m	£'m
Investment administration services	7.2	7.2
Insurance and life assurance business	5.7	5.7
Total	**12.9**	**12.9**

The carrying amount of the T4A goodwill is all allocated to the below CGU:

T4A

	2022	2021
	£'m	£'m
Adviser back-office technology	5.3	5.3

Other assumptions are as follows:

	2022	2021
Discount rate	11.6%	10.0%
Period on which detailed forecasts are based	5 years	5 years
Long-term growth rate	2.0%	1.0%

12. Intangible assets - Group (continued)

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 2027. 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 2.0%. The discount rate is assessed on an annual basis and has been calculated using the weighted average cost of capital.

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.

Projected cash flows are impacted by movements in underlying assumptions, including equity market levels, number of CURO users, employee numbers and cost inflation. The Group considers that projected cash flows of the investment administration services and insurance and life assurance business CGUs are most sensitive to movements in equity markets, because they have a direct impact on the level of the Group's fee income, while the adviser back-office technology CGU is most sensitive to the number of CURO users, as this forms the basis of its licence income.

A sensitivity analysis has been performed, with key assumptions being revised adversely to reflect the potential for future performance being below expected levels. This estimated that a fall in equity markets of approximately 45%, or a reduction of CURO users of 25% compared to expectations, would be required before the carrying value of any CGU would exceed the recoverable amount.

13. Property, plant and equipment – Group

	Leasehold improvements	Equipment	Fixtures and Fittings	Motor Vehicles	Total
Cost	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
At 1 October 2021	1.7	3.6	0.2	-	5.5
Additions	-	0.3	-	-	0.3
Disposals	-	(0.2)	-	-	(0.2)
Foreign exchange	-	-	-	-	-
At 30 September 2022	**1.7**	**3.7**	**0.2**	**-**	**5.6**
Depreciation					
At 1 October 2021	1.3	2.3	0.1	-	3.7
Charge in the year	0.1	0.8	-	-	0.9
Disposals	-	(0.2)	-	-	(0.2)
Foreign exchange	-	-	-	-	-
At 30 September 2022	**1.4**	**2.9**	**0.1**	**-**	**4.4**
Net Book Value					
At 30 September 2021	0.4	1.3	0.1	-	1.8
At 30 September 2022	0.3	0.8	0.1	-	1.2
Cost					
At 1 October 2020	1.7	3.3	0.2	0.1	5.3
Additions	-	0.6	-	-	0.6
Disposals	-	(0.3)	-	(0.1)	(0.4)
At 30 September 2021	**1.7**	**3.6**	**0.2**	**-**	**5.5**
Depreciation					
At 1 October 2020	1.2	1.6	0.1	0.1	3.0
Charge in the year	0.1	1.0	-		1.1
Disposals	-	(0.3)	-	(0.1)	(0.4)
At 30 September 2021	**1.3**	**2.3**	**0.1**	**-**	**3.7**
Net Book Value					
At 30 September 2020	0.6	1.7	-	-	2.3
At 30 September 2021	0.4	1.3	0.1	-	1.8

The Company holds no property, plant and equipment.

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14. Right-of-use assets – Property – Group

Cost	**£'m**
At 1 October 2021	6.5
Additions	-
Disposals	-
Foreign exchange	0.1
At 30 September 2022	6.6
Depreciation	
At 1 October 2021	2.8
Charge in the year	1.7
Disposals	-
Foreign exchange	-
At 30 September 2022	4.5
Net Book Value	
At 30 September 2021	3.6
At 30 September 2022	2.1
Cost	
At 1 October 2020	5.6
Additions	1.3
Disposals	(0.4)
At 30 September 2021	6.5
Depreciation	
At 1 October 2020	1.6
Charge in the year	1.6
Disposals	(0.4)
At 30 September 2021	2.8
Net Book Value	
At 30 September 2020	4.0
At 30 September 2021	3.6

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

15. Investment in subsidiaries

	2022 £'m	2021 £'m
Carrying value at 1 October	31.6	16.8
Additions	-	13.0
Share-based payments	1.7	1.8
Carrying value at 30 September	**33.3**	**31.6**

The Company has investments in the ordinary share capital of the following subsidiaries at 30 September 2022:

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
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
Transact Trustees Limited	Ordinary Shares	100%	United Kingdom	Non-trading
Objective Funds Limited	Ordinary Shares	100%	United Kingdom	Dormant
Objective Wealth Management Limited	Ordinary Shares	100%	United Kingdom	Dormant
Time For Advice Limited	Ordinary Shares	100%	United Kingdom	Financial planning software
Indirect holdings				
IntegraFin Limited	Ordinary Shares	100%	United Kingdom	Non-trading
ObjectMastery (UK) Limited	Ordinary Shares	100%	United Kingdom	Dormant
IntegraFin (Australia) Pty Limited	Ordinary Shares	100%	Australia	Non-trading

15. Investment in subsidiaries (continued)

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.

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.

Group restructure

On 1 July 2022 IFAL transferred the entire issued share capital of six subsidiaries to the Company. These transfers were made for nil consideration, and each of the transfers constituted a distribution in kind by IFAL. The amount of each distribution was taken to be the book value of the relevant shares, being:

- £1.7m for ILUK
- £1.0m for ILInt
- £1 for each of Transact Nominees Limited, Transact Trustees Limited TTL, Objective Funds Limited and Objective Wealth Management Limited.

The investments in the Company accounts are valued at cost, which in this case is nil.

16. Loans

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

Loans receivable

	2022 £'m	2021 £'m
Loans receivable from third parties	5.7	3.5
Interest receivable on loans	-	0.1
Total gross loans	**5.7**	**3.6**
Credit loss allowance	(0.2)	(0.2)
Total net loans	**5.5**	**3.4**

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 22.

Loans payable

	2022 £'m	2021 £'m
Loan payable to subsidiary	8.0	9.0
To be settled within 12 months	1.0	1.0
To be settled after 12 months	7.0	8.0
Total loan payable	**8.0**	**9.0**

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 8 years.

17. Investments held for the benefit of policyholders

ILInt	**2022 Cost £'m**	**2022 Fair value £'m**	**2021 Cost £'m**	**2021 Fair value £'m**
Investments held for the benefit of policyholders	1,988.9	2,057.2	1,737.5	2,102.2
	1,998.9	**2,057.2**	**1,737.5**	**2,102.2**
ILUK				
Investments held for the benefit of policyholders	19,215.4	18,658.6	16,146.4	19,684.9
	19,215.4	**18,658.6**	**16,146.4**	**19,684.9**
Total	**21,214.3**	**20,715.8**	**17,883.9**	**21,787.1**

17. Investments held for the benefit of policyholders (continued)

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

18. Liabilities for linked investment contracts

	2022 Fair value £'m	2021 Fair value £'m
ILInt		
Unit linked liabilities	2,201.4	2,199.7
	2,201.4	**2,199.7**
ILUK		
Unit linked liabilities	19,973.0	20,853.7
	19,973.0	**20,853.7**
Total	**22,174.4**	**23,053.4**

Analysis of change in liabilities for linked investment contracts

	2022 £'m	2021 £'m
Opening balance	23,053.4	18,112.9
Investment inflows	3,113.9	3,391.3
Investment outflows	(1,163.1)	(1,130.5)
Compensation	-	0.2
Changes in fair value of underlying assets	2,729.0	2,940.2
Investment income	151.5	-
Other fees and charges - Transact	(59.7)	(56.6)
Other fees and charges – third parties	(192.6)	(204.1)
Closing balance	**22,174.4**	**23,053.4**

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.

19. Cash and cash equivalents

	2022 £'m	2021 £'m
Bank balances – instant access	173.5	169.6
Bank balances – notice accounts	9.5	6.5
Total	**183.0**	**176.1**

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.

20. Cash held for the benefit of policyholders

	2022 £'m	2021 £'m
Cash and cash equivalents held for the benefit of the policyholders – instant access - ILUK	1,314.3	1,131.6
Cash and cash equivalents held for the benefit of the policyholders – term deposits - ILUK	-	37.2
Cash and cash equivalents held for the benefit of the policyholders – instant access - ILINT	144.2	96.5
Cash and cash equivalents held for the benefit of the policyholders – term deposits - ILINT	-	1.0
Total	**1,458.5**	**1,266.3**

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.

21. Financial assets at fair value through profit or loss

	Group 2022 £'m	Group 2020 £'m
Listed shares and securities	0.1	0.1
Gilts	3.0	5.0
Total	**3.1**	**5.1**

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

22. Other prepayments and accrued income

	Group 2022 £'m	Company 2022 £'m	Group 2021 £'m	Company 2021 £'m
Accrued income	13.1	-	12.8	-
Less: credit loss allowance	(1.0)	-	(0.8)	-
Accrued income - net	12.1	-	12.0	-
Prepayments	5.1	0.1	4.0	-
Total	**17.2**	**0.1**	**16.0**	**-**

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

	2022 £'m	2021 £'m
Opening credit loss allowance	(0.8)	(0.6)
Reduction in credit loss allowance	-	-
Decrease/(Increase) during the year	(0.2)	(0.2)
Balance at 30 September	**(1.0)**	**(0.8)**

23. Trade and other receivables

	Group 2022 £'m	Company 2022 £'m	Group 2021 £'m	Company 2021 £'m
Other receivables	2.1	-	0.9	-
Less: credit loss allowance	(0.1)	-	(0.1)	-
Other receivables net	**2.0**	**-**	**0.8**	-
Amounts owed by Group undertakings	-	0.2	-	0.1
Amounts due from HMRC	-	-	1.8	-
Amount due from policyholders to meet current tax liability	-	-	1.1	-
Total	**2.0**	**0.2**	**3.7**	**0.1**

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

24. Trade and other payables

	Group 2022 £'m	Company 2022 £'m	Group 2021 £'m	Company 2021 £'m
Trade payables	1.6	-	0.4	-
PAYE and other taxation	2.2	0.1	1.7	0.1
Other payables	7.7	0.3	5.5	0.2
Accruals and deferred income	8.3	0.3	8.1	0.4
Deferred consideration	1.7	1.7	1.7	1.7
Total	**21.5**	**2.4**	**17.4**	**2.4**

Other payables mainly comprises £4.8 million (2021: £4.2 million) in relation to bonds awaiting approval.

25. Lease liabilities

Lease liabilities – Property:

	2022 £'m	2021 £'m
Opening balance	5.1	6.1
Additions	-	1.3
Lease payments	(2.4)	(2.5)
Interest expense	0.1	0.2
Balance at 30 September	2.8	5.1
Amounts falling due within one year	1.9	2.4
Amounts falling due after one year	0.9	2.7

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.

26. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2021: 20%) on policyholder assets and liabilities and 25% (2021: 25%) on non-policyholder items. The increase in the UK corporation tax rate from the current rate of 19% 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.

26. Deferred tax (continued)

Deferred Tax Asset	Accelerated Capital Allowances	Share based payments	Policyholder Unrealised losses/ (unrealised gains)	Policyholder Excess management expenses and deferred acquisition costs	Policyholder Unrealised losses on investment trusts	Other deductible temporary differences	Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
At 1 October 2020	-	0.4	-	-	-	0.1	0.5
Charge to income	-	0.2	-	-	-	-	0.2
At 30 September 2021	**-**	**0.6**	**-**	**-**	**-**	**0.1**	**0.7**
Excess tax relief charged to equity	-	(0.3)	-	-	-	-	(0.3)
Charge to income	0.1	0.2	8.1	2.2	0.2	-	10.8
Offset Deferred Tax Liability			(5.2)				(5.2)
At 30 September 2022	**0.1**	**0.5**	**2.9**	**2.2**	**0.2**	**0.1**	**6.0**

Deferred Tax Liability	Accelerated capital allowances	Policyholder tax on unrealised gains	Other taxable differences	Total
	£'m	£'m	£'m	£'m
At 1 October 2020	0.1	8.8	-	8.9
Charge to income	-	19.6	0.2	19.8
Deferred tax acquired through business combination	-	-	0.8	0.8
At 30 September 2021	**0.1**	**28.4**	**1.0**	**29.5**
Charge to income	(0.1)	(23.2)	(0.1)	(23.4)
Offset against Deferred Tax asset		(5.2)		(5.2)
At 30 September 2022	**-**	**-**	**0.9**	**0.9**

26. Deferred tax (continued)

The Company has no deferred tax assets or liabilities.

The deferred tax movement in 2022 arises due to significant falls in the value of equity and bond markets resulting in losses on investments held for the benefit of policyholders (£184.4m), as well as excess management charges (£3.7m). To support the recognition of the policyholder net deferred tax asset of £5.4m, modelling has been carried out to review the likely recovery period for the deferred tax asset. The modelling is based on management forecasts and concludes that the deferred tax asset on losses is expected to be recovered by financial year 2024. An extreme downside case was also modelled based on PRA Solvency II guidance to include a fall in type 1 equity stock markets, and a mass lapse of life insurance products, neither of which impacted the anticipated recovery.

27. Client monies and client assets

2022	**£'m**		**£'m**
Client monies	3,346.8	Amounts due to clients	3,346.8
Client assets	46,723.7	Corresponding liability	46,723.7

2021	**£'m**		**£'m**
Client monies	2,901.5	Amounts due to clients	2,901.5
Client assets	49,210.1	Corresponding liability	49,210.1

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.

28. Provisions - Group

	2022	**2021**
	£'m	**£'m**
Balance brought forward	17.8	25.2
(Decrease)/increase in dilapidations provision	(0.3)	0.1
Decrease in ILInt non-linked unit provision	(0.1)	-
(Decrease)/increase in ILUK policyholder reserves	45.0	(7.5)
Decrease in other provisions	(5.6)	-
Balance carried forward	**56.8**	**17.8**
Amounts falling due within one year	10.7	11.6
Amounts falling due after one year	46.1	6.2
Dilapidations provisions	0.2	0.5
ILInt non-linked unit provision	-	0.1
Current ILUK policyholder reserves	56.6	11.6
Non-current ILUK policyholder reserves	-	5.6
Total	**56.8**	**17.8**

28. Provisions - Group (continued)

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 policyholder reserve 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.

29. Contingent consideration – Group and Company

	2022 £'m	2021 £'m
Contingent consideration	1.7	0.8

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.

The fair value of the contingent consideration is remeasured at each reporting date. Management have estimated the fair value at 30 September 2022 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 2022

30. Share-based payments

	Group 2022 £'m	Company 2022 £'m	Group 2021 £'m	Company 2021 £'m
Balance brought forward	2.4	1.7	1.7	1.1
Movement in the year	0.2	0.5	0.7	0.6
Balance carried forward	**2.6**	**2.2**	**2.4**	**1.7**

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 2022 was £nil (2021: £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 30.

30. Share-based payments (continued)

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 2022 was £0.6m (2021: £0.7m).

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 2022 was £0.5m (2021: £0.5m).

(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 2022 was £0.8m (2021: £0.7m). 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:

	2022 Shares (number)	**2021 Shares (number)**
SIP 2018		
Shares in the plan at start of the year	692,683	473,683
Granted	292,318	295,210
Shares withdrawn from the plan	(130,754)	(76,210)
Shares in the plan at end of year	**854,247**	**692,683**
Available to withdraw from the plan at end of year	**314,161**	**148,543**

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

30. Share-based payments (continued)

	Group Weighted average exercise price (pence)	Company Shares (number)	Group Weighted average exercise price (pence)	Company Shares (number)
SIP 2005				
Outstanding at start of the year	0.00	872,709	0.00	1,201,223
Shares withdrawn from the plan	**0.00**	**(67,200)**	**0.00**	(328,514)
Shares in the plan at end of year	0.00	805,509	0.00	872,709
Available to withdraw from the plan at end of year	0.00	805,509	0.00	872,709

The weighted average share price at the date of withdrawal for shares withdrawn from the plan during the year was 425.47 pence (2021: 507.35 pence).

At 30 September 2022 the exercise price was £nil as they were all nil cost options.

	2022 Weighted average exercise price (pence)	2022 Share options (number)	2021 Weighted average exercise price (pence)	2021 Share options (number)
PSP				
Outstanding at start of the year	0.00	576,088	0.00	434,643
Granted	0.00	184,772	0.00	141,445
Forfeited	0.00	-	0.00	-
Exercised	0.00	(85,553)		
Outstanding at end of year	**0.00**	**675,307**	**0.00**	**576,088**
Exercisable at end of year	**0.00**	**183,958**	**0.00**	**-**

30. Share-based payments (continued)

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:

	2022	2021
PSP		
Share price at date of grant	522.5p	555.0p
Exercise price	Nil	Nil
Expected life	3 years	3 years
Risk free rate	0.69%	0.00%
Dividend yield	1.91%	1.50%
Weighted average fair value per option	**493.3p**	**530.7p**

31. Employee Benefit Trust reserve

Group:

	2022 £'m	2021 £'m
Balance brought forward	(2.1)	(1.1)
Purchase of own shares	(0.3)	(1.0)
Balance carried forward	**(2.4)**	**(2.1)**

Company:

	2022 £'m	2021 £'m
Balance brought forward	(1.8)	(0.9)
Purchase of own shares	(0.3)	(0.9)
Balance carried forward	**(2.1)**	**(1.8)**

31. Employee Benefit Trust reserve (continued)

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.

32. Other reserves – Group

	2022 £'m	2021 £'m
Foreign exchange reserves	-	(0.1)
Non-distributable merger reserve	5.7	5.7
Non-distributable insurance reserves	-	0.5

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

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

33. Related parties

During the year the Company did not render nor receive any services with related parties within the Group, and at the year end the Company had the following intra-Group receivables:

	Amounts owed by related parties	
Company	**2022** **£'m**	**2021** **£'m**
Integrated Financial Arrangements Ltd	0.1	0.1

33. Related parties (continued)

A loan of £10 million was issued to the Company by IntegraLife UK Limited in FY21. This is an arm's length transaction as interest is charged at a commercial rate. IHP is paying the loan off over ten years and made the second payment of £1 million, plus accrued interest, during the year. The current loan balance is £8 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 2022 or 2021 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 £3.6million (2021: £3.3million) in dividends during the year and benefitted from staff discounts for using the platform of £2k (2021: £2k). The number of IHP shares held at the end of the year by key management personnel was 35,207,874, a increase of 1,123 from last year.

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

34. Events after the reporting date

As per the Chair's statement on page 3, a second interim dividend of 7.0 pence per share was declared on 13 December 2022. This dividend has not been accrued in the consolidated statement of financial position.

35. Dividends

During the year to 30 September 2022 the Company paid interim dividends of £33.8million (2021: £28.5million) to shareholders. The Company received dividends from subsidiaries of £45.0million (2021: £42.1million).

OTHER INFORMATION

DIRECTORS, COMPANY DETAILS, ADVISERS

Executive Directors
Michael Howard
Alexander Scott
Jonathan Gunby

Non-Executive Directors
Richard Cranfield
Christopher Munro
Rita Dhut
Caroline Banszky
Victoria Cochrane
Robert Lister

Company Secretary
Helen Wakeford

Independent Auditors
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Solicitors
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Corporate Advisers
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Principal Bankers

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Registrars
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Registered Office
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Investor Relations
Luke Carrivick 020 7608 4900

Website
www.integrafin.co.uk

Company number
8860879

OTHER INFORMATION

GLOSSARY OF TERMS

AGM	Annual General Meeting
CASS	Client Assets Sourcebook
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
COREP	Common Reporting, as required by the Capital Requirements Directive IV
COSO	Committee of Sponsoring Organisation of the Treadway Commission
ETF	Exchange-traded Fund
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FUD	Funds Under Direction
GDPR	General Data Protection Regulation
GIA	General Investment Account
HMRC	Her Majesty's Revenue and Customs
IAD	Integrated Application Development Pty Ltd
ICA	Individual Capital Assessment
ICAAP	Internal Capital Adequacy Assessment Process
IFAL	Integrated Financial Arrangements Ltd
IFRS	International Financial Reporting Standards
ILInt	IntegraLife International Limited
ILUK	IntegraLife UK Limited
Gross inflow	Gross new business onto the platform
IntegraFin	IntegraFin Holdings Limited
IP	Intellectual Property
ISA	Individual Savings Account
ISAs (UK)	International Standards on Auditing (UK)
IT	Investment Trust
MiFID II	Second Markets in Financial Instruments Directive
NED	Non-Executive Director
Net inflow	Net new business onto the platform
OEIC	Open Ended Investment Company
ORSA	Own Risk and Solvency Assessment
Outflow	Business leaving the platform
SCR	Solvency Capital Requirement
TCF	Treating Customers Fairly
The Company	IntegraFin Holdings plc
The Group	IntegraFin Holdings plc and its subsidiaries
VCT	Venture Capital Trust

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.

Year end	2022 £'bn	2021 £'bn
Cash	3.51	2.91
Assets	46.56	49.20
FUD	50.07	52.11
% change on the previous year	-4%	27%

Average daily FUD	2022 £'bn	2021 £'bn
Cash	3.23	2.91
Assets	49.27	44.33
FUD	52.50	47.24
% change on the previous year	11%	22%

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.

	2022 £'bn	2021 £'bn
Gross inflows	4.73	7.70
Outflows	2.53	2.74
Net inflows	2.19	4.95
% change on the previous year	-56%	38%

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.

STRATEGIC REPORT GOVERNANCE FINANCIAL STATEMENTS OTHER INFORMATION

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. T4A licence users calculated as the total number of core licence users active on the CURO platform.

	2022 £'000	2021 £'000
Advisers	6.9	6.5
% increase	5%	5%
Clients	224.7	208.6
% increase	8%	9%
T4A licence users	2.2	1.5
% increase	44%	

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.

	2022	2021
Client retention	97%	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 163	Calculated as costs which have been incurred outside of the ordinary course of the business.

Non-underlying expenses	2022 £'m	2021 £'m
Backdated VAT	8.0	-
Interest on backdated VAT	0.8	-
Other	2.7	3.3
Non-underlying expenses	11.5	3.3

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.

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.

Non-underlying expenses relate to back dated VAT and interest being due to HMRC after their review concluded that the inclusion of IAD in our VAT group was terminated with effect from July 2016, and reverse charge VAT is therefore payable on services provided by IAD since that date. We have been unsuccessful in two stages of appealing the decision, which resulted in non-underlying expenses of backdated VAT of £8.0 million for the period to September 2021 and non-recurring interest on the VAT due of £0.8m. For further details see financial review, page 47.

Other costs consist of professional fees and stamp duty in relation to acquisitions (FY21 only), and post-combination remuneration. 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. Other costs in FY22 also include a credit of £0.3 million in relation to the dilapidations provision on the Group's Clement's Lane office, as it has been established that this is no longer required.

Underlying earnings per share

Financial review

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Calculated as profit after tax net of non-underlying expenses, divided by called up equity share capital.

	2022 £'m	**2021 £'m**
Profit after tax	44.0	51.1
Non-underlying expenses	11.5	1.6*
Tax allowable element of costs	(1.4)	0.3
Underlying profit after tax	54.1	53.0
Divide by: Called up equity share capital	3.3	3.3
Underlying earnings per share	16.3p	16.0p

* Includes VAT on IAD costs of £1.7 million for FY21, though the actual costs were recorded in FY22

STRATEGIC REPORT GOVERNANCE FINANCIAL STATEMENTS OTHER INFORMATION

Underlying profit before tax	Financial review Page 45	Calculated as profit before tax net of non-underlying expenses.

	2022 £'m	2021 £'m
Profit before tax	54.3	63.6
Add: Non-underlying expenses	11.5	1.6*
Underlying profit before tax	65.8	65.2

* Includes VAT on IAD costs of £1.7 million for FY21, though the actual costs were recorded in FY22

Shareholder returns	Consolidated statement of comprehensive income Page 163	Calculated as dividend per share paid to shareholders, which relate to the respective financial years.

	2022	2021
1st interim dividend		3.0 pence
2nd interim dividend	7.0 pence	7.0 pence
Shareholder returns	10.2 pence	10.0 pence
% increase on previous financial year	2.0%	20.5%

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 163	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.

	2022 £'m	2021 £'m
Total cash dividends paid	33.8	33.1
Profit for the financial year	44.0	51.1
Dividends as a % of profit	77%	65%

Our policy is to pay 60% to 65% of full year profit after tax as two interim dividends. For FY22 the total dividend is 77% of IFRS reported profit for the financial year, but is 62% after excluding non-underlying expenses.

Delivery on dividend policy is a measurement of our performance against the policy and the businesses ability to generate distributable profits.

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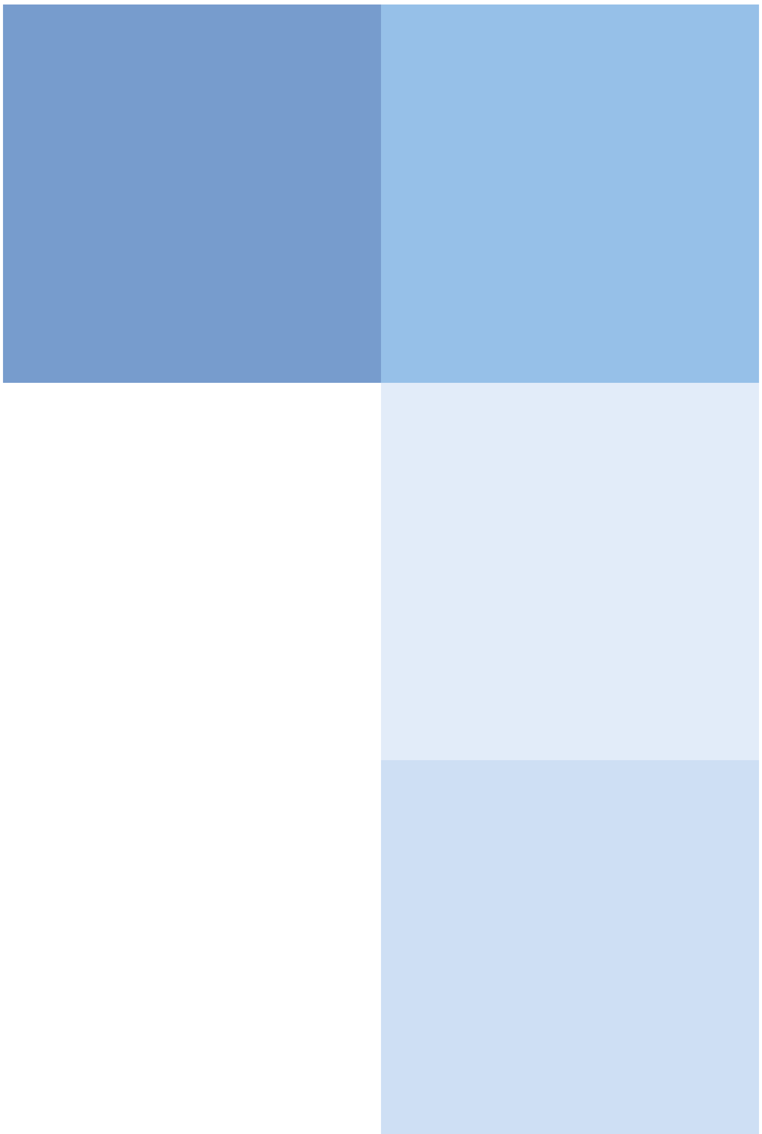
(Registered office: as above; Registered in England and Wales under number: 8860879)
The holding Company of the Integrated Financial Arrangements Ltd Group of companies.



M137 September 2022

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