Registered number: 00607039

TILNEY FINANCIAL PLANNING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

Directors	A M Baddeley A J Grant (resigned 29 November 2019) D W S Reid (resigned 29 November 2019) C Woodhouse W M Samuel (appointed 30 January 2020) J A Fraser (appointed 30 January 2020)
Company secretary	R Hasan
Registered number	00607039
Registered office	6 Chesterfield Gardens London W1J 5BQ
Independent auditors	KPMG LLP Statutory Auditor & Chartered Accountants 15 Canada Square London E14 5GL

TILNEY FINANCIAL PLANNING LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Business review

Principal activities
The Company provides financial advice and is regulated by the Financial Conduct Authority.

Clients of the Company are predominantly individuals. Individual clients are typically medium to high net worth individuals, with the services offered including wealth management and holistic financial planning.

Performance and future developments
The performance of the Company in 2019 is considered satisfactory. Turnover was lower than in the previous year for a number of reasons, including lower financial planning fees, ongoing falls in trail commissions as policies mature or lapse, and a change to the allocation of income between companies in the Tilney Group.

The Company completed the acquisition of the wealth planning business of Moore Stephens on 18 January 2019, for total expected consideration of £10.7m. This has helped to reduce the falls in revenue in 2019, bringing in £2.7m in revenue during the year, and is expected to assist in returning the Company to growth in future years.

Operating margins, being operating profit as a percentage of turnover, have reduced, falling from 24.3% in 2018 to 21.0% in 2019. Much of this fall is due to amortisation charges relating to the Moore Stephens acquisition, which have increased administrative expenses: without this impact, the 2019 operating margin would have 22.8%.

The Company will continue to provide financial advice in 2020. No significant changes to the client proposition or the target market are expected.

Principal risks and uncertainties

The Company is exposed to financial risk through the financial assets and liabilities that it has. The main areas of financial risk for the Company are market risk, being the risk that movements in financial markets will adversely impact income generated by the Company, and credit risk, being the risk that a counterparty will be unable to pay amounts in full when they fall due. These areas are considered further below. The Company's exposure to price risk, liquidity risk and cash flow risk is not considered material for the assessment of the assets, liabilities, financial position and profit of the Company.

Market risk
The Company's exposure to financial markets is mitigated by the diversified portfolios that the Company offers to clients. Whilst a fall in financial markets will have an impact on income levels, the application of sound portfolio strategies reduces the potential downside resulting from market fluctuations.

Credit risk
Amounts due from clients are taken directly from their investment portfolios, and hence the credit risk in relation to these balances is low.

Brexit
The UK's decision to leave the European Union in 2016 resulted in a prolonged period of political and economic uncertainty. This heightened as the original formal departure date approached without clarity around the nature of the UK's future relationship with the EU. Whilst the UK has now left the EU the potential consequences of Brexit continues to represent a risk to our business, principally because this uncertainty, whilst all is unravelled, impacts investor sentiment. We have therefore been monitoring Brexit-related developments closely and regularly communicating our market views with our clients.

However, the direct operational impacts on our business from Brexit are minimal. Tilney is a UK regulated business with an overwhelmingly UK client base. We have no offices, no staff and no material dependencies on suppliers or people based in other EU countries. The Group already has a Dublin-domiciled fund range structured as an Irish collective asset management vehicle and qualifying as a Retail Investor Alternative Investment Fund, compliant with the EU AIFM regulations. Brexit will not therefore change the nature of the services we offer to the vast majority of our clients. Under all Brexit scenarios, clients will continue to need their long-term investments managed and our approach of investing on globally diversified, multi-asset basis will remain unchanged.

COVID-19 Coronavirus
The spread of the COVID-19 virus represents a significant near term risk to the global economy and is causing turbulence across global markets. For the Company, the principal risks are from the impact on revenues should market levels and client assets decline and remain subdued for a prolonged period, the effect on client sentiment and new business volumes and the potential operational disruption from reduced staffing levels should the virus spread widely in the UK. We have invested in technology that has both enabled most of our staff to work remotely from home and enabled us to maintain minimum levels of staff and operations across our UK office network. We have reduced staff travel and now facilitate both internal and external client meetings by telephone, video conferencing and Skype. All client assets are held with third-party custodians and so we have also sought and received confirmation of their ability to continue operating in all eventualities, including staff being required to work remotely from home.

Financial key performance indicators

As the Company is managed as part of the Tilney Group, the majority of key performance indicators are not specific to the Company. The exception to this is for the Company to maintain sufficient regulatory capital resources to meet capital requirements with a satisfactory buffer being held. Performance against this key performance indicator is formally monitored on a monthly basis, with capital being maintained above minimum levels throughout the year.

The key performance indicators applicable to the group are included in the consolidated financial statements for Tilney Group Limited.

Directors' statement of compliance with duty to promote the success of the Company

Throughout this report, we provide examples of how we comply with s.172(1) of the Companies Act 2006 by giving wide regard to long term strategy, business relationships and our impact on community and the environment. The Directors consider, both individually and collectively, that they have acted in the 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 in the decisions taken during the year ended 31 December 2019.

We believe that effective corporate strategy is key to having a long-term beneficial impact on the Company and contributes to success in delivering a better quality service for our clients across the UK to 2022 and beyond. Our business model has received numerous awards and we will continue to operate our business within budgetary controls and in line with our regulatory requirements and targets.

We recognise the importance of our wider stakeholders in delivering our strategy and achieving sustainability within our business. Our commitment, is to provide highly personalised client advice and wealth management services and our model was informed by extensive engagement with clients, enabling us to gain an understanding of their views and priorities. We also aim to act responsibly and fairly in how we engage with our supply chain and co-operate with our regulators, all of whom are integral to the successful delivery of our model.

Our business model took into account the impact of the company's operations on the community and environment and our wider societal responsibilities in the UK. Several of the proposed measures in our plan will deliver environmental improvements.

Our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our model. The intention is to nurture our reputation, through both the construction and delivery of our model that reflects our responsible behaviour. We also intend to behave responsibly toward our members and treat them fairly and equally, so that they may benefit from the successful delivery of our model.

This report was approved by the board on 23 April 2020 and signed on its behalf.

A M Baddeley
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

The principal activities of the Company are set out in the Strategic Report. The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the business of the Company during the year and of likely future developments in its business. Details of the principal risks and uncertainties are included in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Going concern

The Company's business activities, together with financial risk management issues, are set out above as part of the strategic report.

In preparing these financial statements, the Directors have considered the uncertainty created by COVID-19. Whilst there are many unknowns at the time of writing, it is clear that the extent and nature of the impacts to the Company and wider Group will be determined by both the number of people infected, national and individual responses as well as our own business continuity actions.

The Company, as part of the Tilney Group, is taking proactive action and is activating business continuity plans to minimise the risk of disruption to business operations, considering Government advice and the need to safeguard the health of our employees.

The Directors have performed cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which take account of reasonably possible downsides in relation to AUM flows, market movements and costs.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Results and dividends

The profit for the year, after taxation, amounted to £7,815,000 (2018 - £12,688,000).

During the year the directors declared dividends of £3,500,000 (2018 - £11,000,000).

Directors

The directors who served during the year were:

A M Baddeley
A J Grant (resigned 29 November 2019)
D W S Reid (resigned 29 November 2019)
C Woodhouse

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Company consists of issued share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

The Company conducts an Internal Capital Adequacy Assessment Process ("ICAAP"), as required by the Financial Conduct Authority ("FCA") for establishing the amount of regulatory capital to be held by the Company.

The Pillar II assessment of the ICAAP is the Board of Directors' opinion of the level of capital the Company should hold to support the risks to which the Company is exposed, be they internal or external in origin. This takes into account the Company's Risk Register which is updated on a quarterly basis. The ICAAP is discussed and approved at a Tilney Investment Management Services Limited's Board meeting at least annually.

Capital adequacy is monitored monthly by management. The Company complied with the FCA's regulatory requirements throughout the period.

Pillar 3 disclosure under Basel II

The European Capital Requirements Directive introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel II rules. It is the application of the Capital Requirement Directive and Basel II to the firm that requires it to make a public disclosure of qualitative information and is designed to promote market discipline by providing market participants with key information on a firm's risk exposures and risk management processes. For details of the Company's unaudited Pillar 3 disclosures, required under the FCA's Prudential Sourcebook for Investment Firms ("IFPRU"), please visit the Tilney Group website at www.tilney.co.uk.

Engagement with suppliers, customers and others

The Directors are clear that good governance and effective communication are essential on a day-to-day basis to deliver the Company's purpose and to protect the Company's brand, reputation and relationships with all our stakeholder community. The Company actively engages with its stakeholders throughout the business cycle and continues to review and be challenged on how it can improve engagement. The Company is committed to appropriate and proactive client and supplier care of the highest standards and undertakes ongoing feedback assessments which enables the Company to enhance its relationships and develop its plans.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Since the balance sheet date, the COVID-19 pandemic has had a major impact around the world, with many countries introducing restrictions on free movement. This has had a major impact on financial markets, which have fallen sharply over concerns about the effect on the global economy. The Company has assessed whether the impact of COVID-19 impacts any of the key judgements made in preparing the financial statements, including use of the going concern basis, and has concluded that it does not. This assessment has included both the direct impact on the Company and its ability to continue operating under national "lockdown" restrictions, and the indirect effect of sharp market falls which impact the revenue generated by the Company.

Auditors

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 23 April 2020 and signed on its behalf.

A M Baddeley
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TILNEY FINANCIAL PLANNING LIMITED

Opinion

We have audited the financial statements of Tilney Financial Planning Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TILNEY FINANCIAL PLANNING LIMITED

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
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.

M. Humphrey.

Matthew Humphrey (Senior statutory auditor)

for and on behalf of
KPMG LLP

Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
27 April 2020

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Turnover	4	48,459	54,039
Cost of sales		(56)	-
Gross profit		48,403	54,039
Administrative expenses		(38,206)	(40,907)
Operating profit	5	10,197	13,132
Interest payable and similar expenses	8	(417)	-
Profit before tax		9,780	13,132
Tax on profit	9	(1,965)	(444)
Profit for the financial year		7,815	12,688

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

The notes on pages 13 to 25 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £000		2018 £000
Fixed assets					
Intangible assets	11		34,952		24,173
			34,952		24,173
Current assets					
Debtors: amounts falling due within one year	12	50,116		14,924	
Cash at bank and in hand		7,996		4,464	
		58,112		19,388	
Creditors: amounts falling due within one year	13	(45,006)		(428)	
Net current assets			13,106		18,960
Total assets less current liabilities			48,058		43,133
Provisions for liabilities					
Deferred taxation	14	(610)		-	
Other provisions	15	(30)		(30)	
			(640)		(30)
Net assets			47,418		43,103
Capital and reserves					
Called up share capital	16		37,000		37,000
Capital redemption reserve			45		45
Profit and loss account			10,373		6,058
			47,418		43,103

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 April 2020.

A M Baddeley
Director

The notes on pages 13 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2018	37,000	45	4,370	41,415
Profit for the year	-	-	12,688	12,688
Dividends: Equity capital	-	-	(11,000)	(11,000)
At 1 January 2019	37,000	45	6,058	43,103
Profit for the year	-	-	7,815	7,815
Dividends: Equity capital	-	-	(3,500)	(3,500)
At 31 December 2019	37,000	45	10,373	47,418

The notes on pages 13 to 25 form part of these financial statements.

1. General information

The Company is a private company incorporated, domiciled and registered in the United Kingdom. The registered number is 00607039 and the registered office address is 6 Chesterfield Gardens, London, W1J 5BQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 *Financial reporting standard 101 - reduced disclosure exemptions*

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with financial risk management issues, are set out above as part of the strategic report.

In preparing these financial statements, the Directors have considered the uncertainty created by COVID-19. Whilst there are many unknowns at the time of writing, it is clear that the extent and nature of the impacts to the Company and wider Group will be determined by both the number of people infected, national and individual responses as well as our own business continuity actions.

The Company, as part of the Tilney Group, is taking proactive action and is activating business continuity plans to minimise the risk of disruption to business operations, considering Government advice and the need to safeguard the health of our employees.

The Directors have performed cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which take account of reasonably possible downsides in relation to AUM flows, market movements and costs.

Consequently, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Amounts payable under earnout agreements have been capitalised as costs of obtaining contracts under IFRS 15 and are included within customer relationships. These contract assets will be amortised over the period for which future economic benefits are expected to be received.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts

2. Accounting policies (continued)

2.13 Financial instruments (continued)

with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies
The following are the critical judgements and estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Useful lives of intangible asset
As described in note 2, the Company reviews the estimated useful lives of intangible assets at the end of each reporting period. The estimated useful lives for customer relationships of between 12 and 20 years (note 11) are based on management's best estimate and a decrease of 1 year in the useful life of the intangible assets would result in a £530,000 increase in the amortisation for the current year. An assessment has been made for each intangible asset as to whether there are any indicators of impairment that would require a full impairment review to be undertaken.

Intangible assets acquired separately
Intangibles have arisen in relation to the Company's acquisitions of businesses and are represented by the difference between the consideration paid and the identifiable assets acquired and liabilities assumed. The Group is required to assess annually, or more often if there is an indication of impairment, the carrying value of intangibles. It does this by assessing the future cash flows generated by the business units to which the intangibles have been allocated and by discounting those cash flows to assess whether the discounted value is higher or lower than the carrying value of the related intangibles. Management judgement is applied in assessing future cash flows and in determining discount rates.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Financial Planning	48,459	54,039
	48,459	54,039

All turnover arose within the United Kingdom.

Income relating to the provision of financial planning, pensions advisory services and material renewal and fee income is accounted for on an accruals basis. All turnover arises from business in the UK.

5. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Amortisation of intangible assets, including goodwill	2,546	1,756

6. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	22	25

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Staff costs

The emoluments of the directors were paid and borne by Tilney Services Limited, another subsidiary within the group. None of their remuneration was specifically attributable to their services to the Company.

Staff costs were paid and borne by Tilney Services Ltd. Tilney Services Limited allocated a portion of its salary and administrative costs to the Company based upon the proportion of revenue generated by the Company and the other operating subsidiaries within the group.

8. Interest payable and similar expenses

	2019 £000	2018 £000
Other loan interest payable	417	-
	417	-

9. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	1,936	412
Adjustments in respect of previous periods	(112)	(257)
Total current tax	1,824	155
Deferred tax		
Deferred tax charge / (credit)	108	5
Adjustment to prior year	-	285
Effect of changes in tax rates	33	(1)
Total deferred tax	141	289
Taxation on profit on ordinary activities	1,965	444

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	9,780	13,132
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	1,858	2,495
Effects of:		
Expenses not deductible for tax purposes	261	95
Effects of other tax rates	(33)	1
Adjustments to tax charge in respect of prior periods	(112)	28
Group relief received for nil value	-	(2,175)
Amounts not recognised	(9)	-
Total tax charge for the year	1,965	444

9. Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions were substantively enacted by the balance sheet date and therefore included in these financial statements. Temporary differences have been re-measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

10. Dividends

	2019 £000	2018 £000
Dividends paid	3,500	11,000
	3,500	11,000

11. Intangible assets

	Customer Relationships £000
Cost	
At 1 January 2019	33,464
Additions - external	13,325
At 31 December 2019	46,789
Amortisation	
At 1 January 2019	9,291
Charge for the year on owned assets	2,546
At 31 December 2019	11,837
Net book value	
At 31 December 2019	34,952
At 31 December 2018	24,173

12. Debtors

	2019 £000	2018 £000
Trade debtors	989	892
Amounts owed by group undertakings	45,543	9,583
Other debtors	-	7
Prepayments and accrued income	3,584	3,147
Deferred taxation	-	1,295
	50,116	14,924

In 2018, amounts owed by group undertakings and amounts owed to group undertakings were netted off and presented as amounts owed by group undertakings. In 2019, the amounts have been presented separately. The 2018 equivalent of amounts owed by group undertakings is £30,733,000.

13. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	42,206	-
Other creditors	2,800	428
	45,006	428

In 2018, amounts owed by group undertakings and amounts owed to group undertakings were netted off and presented as amounts owed by group undertakings. In 2019, the amounts have been presented separately. The 2018 equivalent of amounts owed by group undertakings is £21,150,000.

14. Deferred taxation

	2019 £000
At beginning of year	1,295
Charged to profit or loss	(141)
Charge to asset	(1,764)
At end of year	(610)

14. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2019 £000	2018 £000
Decelerated capital allowances	11	13
Tax losses carried forward	990	1,277
Intangibles	(1,616)	-
General provision	5	5
	(610)	1,295

15. Provisions

	Commission clawback £000
At 1 January 2019	30
At 31 December 2019	30

The commission clawback provision relates to the potential clawback of commissions on business sold on indemnity terms, and is based on projected lapse rates using past experience.

16. Share capital

	2019 £000	2018 £000
Authorised, allotted, called up and fully paid		
2,000 (2018 - 2,000) Preference shares shares of £1.00 each	2	2
27,001,600 (2018 - 27,001,600) Ordinary shares shares of £1.00 each	27,002	27,002
9,996,400 (2018 - 9,996,400) 'A' Ordinary shares shares of £1.00 each	9,996	9,996
	37,000	37,000

The Ordinary shares and 'A' Ordinary shares rank the same upon winding up and the issue of any dividends; however 'A' Ordinary shares have no voting rights. The Preference shares have priority upon winding up but have no dividend rights.

17. Acquisitions

Moore Stephens

On 18 January 2019, the Company acquired the wealth management business of Moore Stephens through a Business Purchase Agreement. The total consideration payable in relation to the business combination is expected to be £10.7 million.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£000
Identifiable intangible assets	10,264
Net assets acquired	10,264
Total consideration	10,681
Discounted due to deferred payments	(417)
	10,264
Less: net assets acquired	(10,264)
Deferred tax liability recognised on acquisition	1,765
Goodwill on acquisition	1,765
Satisfied by:	
Cash	8,200
Deferred consideration	2,481
Total consideration	10,681
Net cash outflow arising on acquisition	
Cash consideration	8,200

Acquisition-related costs (included in exceptional costs) amount to £0.2 million.

The Moore Stephens wealth management business contributed £2.7 million revenue and £0.7 million of operating profit to the Company for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 January 2019, total revenue for the year from this acquisition would have been £2.8 million and the operating profit would have been £0.8 million.

18. Related party transactions

The Company has taken advantage of the exemption given by FRS 101 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

19. Post balance sheet events

Since the balance sheet date, the COVID-19 pandemic has had a major impact around the world, with many countries introducing restrictions on free movement. This has had a major impact on financial markets, which have fallen sharply over concerns about the effect on the global economy. The Company has assessed whether the impact of COVID-19 impacts any of the key judgements made in preparing the financial statements, including use of the going concern basis, and has concluded that it does not. This assessment has included both the direct impact on the Company and its ability to continue operating under national "lockdown" restrictions, and the indirect effect of sharp market falls which impact the revenue generated by the Company.

20. Controlling party

The Company's immediate parent undertaking is Towry Finance Company Limited whose registered office is The Observatory, Western Road, Bracknell, RG12 1TL.

The Directors consider the ultimate parent company to be Alexlux Sarl, a company incorporated in Luxembourg.

Tilney Group Limited is the parent undertaking of the smallest group for which group financial statements are produced. The address for Tilney Group Limited is 6 Chesterfield Gardens, Mayfair, London, W1J 5BQ. Copies of the group accounts of that company are available from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.