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IntegraFin Holdings plc

Announcement of full year results for the year ended 30 September 2023

IntegraFin Holdings plc (IHP, or the Group), operator of the UK's premium investment platform - Transact - for clients and UK financial advisers, is pleased to report its full year results.

The Group displayed solid financial performance and operational progress in a challenging macro-economic environment.

Highlights

- Record year end Transact investment platform funds under direction ('FUD') of £55.0bn.
- Solid growth of the Transact investment platform business during FY23 with resilient net inflows of £2.7bn, representing over 5% of opening FUD.
- Group revenue increase of 1% to £134.9m (FY22: £133.6m).
- Underlying Group profit before tax of £63.0m (FY22: £65.8m), after adjusting for non-underlying expenses of £0.4m, with IFRS profit before tax up 15% to £62.6m (FY22: £54.3m).
- Underlying Group earnings per share of 15.2p (FY22:16.3p). IFRS Group earnings per share of 15.1p (FY22: 13.3p).
- Financial guidance for the year ending 30 September 2024 remains unchanged.
- Declared second interim dividend of 7.0 pence per ordinary share, resulting in a total dividend for the year of 10.2 pence per share in line with prior year (2022: 10.2 pps). The dividend is payable on 26 January 2024 to ordinary shareholders on the register on 22 December 2023. The ex-dividend date will be 21 December 2023.

Commenting on the Full Year results, Alexander Scott, IHP Group Chief Executive said:

"I am pleased with the solid performance shown by the Group during the past financial year. We have grown Group revenue, client numbers, and adviser numbers, and delivered resilient net inflows over the period. This is attributable to the dedication of our staff in delivering a first-class service to our clients and their advisers.

"While the external market has been volatile, the UK adviser platform market remains healthy and is expected to grow well over the coming years. We are well placed to take advantage of this market growth, and we remain confident in our market position, despite the uncertainty in the wider economy.

"Above all, we remain focused on our goal of being the number one provider of software and services for clients and UK financial advisers."

Operational Highlights

- Performance of the **Transact platform** remains strong and growing:
    - A 2% increase in the Transact platform's adviser base to c.7.7k advisers (30 September 2022: 7.5k)
    - A 2% increase in the number of clients using the Transact platform to c.230k (30 September 2022: 225k)
- Digitalisation programme to deliver operational efficiencies for the Transact platform is progressing well:
    - Recruitment of IT and software professionals advancing despite competitive IT recruitment market

recruitment market

  - Recruitment will continue into FY24 in line with planned total headcount additions

- Strong growth at **Time4Advice** including:

  - Revenue for FY23 of £4.8m, an increase of 22% over the past financial year

  - Increase in chargeable users for FY23 of 22%

Financial information

IHP Group

	Year to 30 September 2023	Year to 30 September 2022
Total Group revenue	**£134.9m**	£133.6m
Underlying profit before tax	**£63.0m**	£65.8m
IFRS profit before tax	**£62.6m**	£54.3m
Underlying earnings per share	**15.2p**	16.3p
Total dividend per share	**10.2p**	10.2p

Transact platform:

	Year ended 30 September 2023	Year ended 30 September 2022
Net new business inflows	**£2.7bn**	£4.4bn
Closing funds under direction ('FUD')	**£55.0bn**	£50.1bn
Average daily FUD	**£53.6bn**	£52.5bn
Transact platform clients (as at 30 September)	**230,294**	224,705
Transact platform registered advisers (as at 30 September)	**7,683**	7,537

Time4Advice:

	Year ended 30 September 2023	Year ended 30 September 2022
Time4Advice revenue	**£4.8m**	£3.9m

Total number of CURO software users (as at 30 September)	**2.8k**	2.3k

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2023 Full year results presentation

IHP will be hosting a virtual analyst audio presentation at 09:30am on 14 December 2023. This will be available at https://brrmedia.news/IHP_FY23.

A recording of the presentation will be available for playback after the event at https://www.integrafin.co.uk/. Slides accompanying the analyst presentation will also be available this morning at https://www.integrafin.co.uk/annual-reports/.

CEO Statement

Overview

The Group has continued its record of resilient growth, with Transact demonstrating robust performance in increasing funds under direction (FUD), net inflows and client and adviser numbers. This financial year has been marked by persistently high inflation and interest rates, with only modest economic growth.

The first half of our financial year saw relatively solid equity market performance. Global equity markets were volatile but there was an upward trend during the period from October 2022 to March 2023. The latter two quarters of financial year 2023 saw less volatility. Slowing inflation towards year end led to a pause in the rate rises that characterised much of the year but the high cost of living persisted.

Under these challenging conditions, we support our clients and their financial advisers through our combination of proprietary technologies - the Transact investment platform and CURO - and our industry-leading customer service.

We remain focused on our goal of making financial planning easier and more efficient and, to this end, we have continued our programme to deliver organic growth through investment in our people and our technologies, seeking long-term efficiencies through scale and ensuring we continue to attract investors to our platform.

Platform performance - Transact overview

Throughout the period, Transact has steadily grown both its adviser base and client numbers. In the first half of the year, we undertook a programme of portfolio rationalisation as part of preparations for the Consumer Duty regulations, resulting in a one-time reduction.

Platform inflows fell across the whole advised retail sector due to the cost-of-living crisis, which diminished the available income for investment. Consequently, our gross inflows fell during the year. This nevertheless represents strong performance in a difficult market, being the third highest level of gross inflows in the industry which, coupled with high retention, delivered 22% of net inflows within the advised platform market.

Transact grew its market share as a result of these resilient net inflows. Nevertheless, owing to both macro-economic and industry factors, outflows were substantially higher in the year. In contrast to FY22 - where sharply negative market movements in the second half reduced otherwise-robust net inflows - market movements this year were broadly positive.

Financial performance

Driven by the rise in FUD, revenue grew during the year. Annual commission on client funds remains the main contributor to revenue, whilst administration fees were the second largest component. T4A's contribution also increased during this year.

Underlying expenses rose in 2023, with most of the uplift stemming from our increase in staff costs. This is in line with our expectations, as the bulk of the IT software hires stipulated in our growth strategy fell within this year. Other cost increases were driven by both inflationary and scale-based factors, as the Group continues to invest in its key competencies.

The Group's IFRS profit before tax has risen by £8.3m, a 15% increase over the prior year. However, there is a decrease in underlying profit before tax from last year. The underlying figure excludes exceptional items, which were elevated in FY22 due to the impact of T4A post-combination remuneration and the VAT decision. The reduction in underlying profit before tax is driven by the increased investment in the business in this year and next year; we then anticipate the resultant improvements from scale and efficiency to start to come through from 2025.

The Group maintains its focus on organic platform growth, which has continued to yield steady increases in both FUD and revenue. Our aim is to achieve sustainable growth through incremental improvements to our proposition, thereby allowing us to continue providing the high quality of service to which we are committed.

Our people

We have continued with the IT and software professional hiring plan announced in mid-2022 and since then we have added 27 such employees. Based on this progress, we anticipate finalising the plan during 2024. We are already benefitting from the new expertise and scale, allowing us to accelerate our programme of platform improvement.

Given the importance of our people to the Group's success, we have made their wellbeing a priority during the year. Responding to feedback from the previous employee engagement survey, we have reworked our remuneration approach. This has led to a tiered pay rise, changes to the bonus system and enhanced maternity and paternity benefits.

We have selected a new CFO, Euan Marshall, who will be joining in January 2024. Euan brings with him significant experience in listed financial services companies and I look forward to working with him to execute on our Group strategy.

The Group has made other key senior hires, specifically our first UK-based Chief Technology Officer (CTO), Damien Francis, and a new Group Chief Risk Officer (CRO), Emma Vernon, both of whom joined in January 2023. These new perspectives and skills will strengthen our strategy as well as helping the Group adapt to key changes taking place in the industry.

Digitalisation programme

Led by our new CTO, our programme of platform digitalisation has delivered significant improvements. We have aimed to reduce as many paper routes as possible on the platform, especially those relating to account transfers, and we have introduced efficient, intuitive digital alternatives. The success of these initiatives means that now all new accounts opened on our platform are paperless and the majority of wrappers in portfolios are also opened on a paperless online basis.

Our adviser support team is now well established and has been making use of new support functionality to promptly address questions from our clients and advisers; through our live chat feature we have achieved a 96% query resolution rate. In addition to the technical improvements to the platform, we have sought also to expand our service offerings.

Our BlackRock Model Portfolio Service (MPS), launched in November 2022, has outperformed our expectations in terms of adviser and client interest. This service offers our clients access to flexible, diversified model portfolios investing in a broad range of markets.

Protecting our customers - Consumer Duty

Consumer Duty represented perhaps the largest regulatory change of the year, with the legislation taking effect in July 2023. Prioritising good outcomes for our clients and advisers has always been at the centre of the Group's activities. We were well positioned to adapt to the new rules and have ensured the necessary changes have been implemented. This includes mandatory training for all employees and new joiners.

Our commitment to Consumer Duty is embodied in our approach to interest on client cash. With interest rates at their highest level in recent years, greater industry focus has been placed on the interest generated from client cash. In accordance with our 'customer first' principles, Transact does not take any client cash interest earned and instead passes it all onto our clients. At the time of writing, we are paying the highest interest rate across the UK platform sector to our clients.

Throughout 2023, we have moved forward with our sustainability initiatives including significantly increased monitoring of energy usage and waste, as well as applying tangible initiatives such as solar panels on our Melbourne office.

Outlook

The market outlook for the coming year is more optimistic than it was at the start of FY23 but headwinds are anticipated to persist. Inflation is expected to come down but at a pace that is as yet unknown, and the Bank of England base rate is predicted to remain at a higher level than has been seen in the past 10 years. By investing in the key drivers of our competitive advantage - our proprietary technology and our industry-leading customer service - the Group aims to continue to grow our adviser, client and FUD base.

grow our adviser, client and FUD base.

Throughout FY24, we will continue our work on the platform digitalisation project. Our digitalisation approach will focus on further limiting paper-based forms and expanding straight-through processing. These technological developments will accelerate processing, making transfers quicker and easier for clients and advisers. We also seek to add additional data analysis functionality by making available to advisers more data on the transactions they perform.

Consumer Duty is expected to remain one of the most prominent features of the regulatory environment. We put positive consumer outcomes at the centre of our business model. To secure continued adherence to the new requirements, we will focus our training and development to ensure our people are well able to comply with the objectives of Consumer Duty.

Following the successful beta client test during the year, T4A's next generation Power Platform CURO software will commence roll out to the pipeline of adviser firms. We will seek further innovation including a data interface with the Transact platform.

In this period of ongoing economic and market volatility, clients rely more than ever on their advisers for high quality, personalised financial planning and support. As we have always done, we'll continue to support UK financial advisers and their clients by providing our combination of in-house technology and well-trained people delivering high quality service. Our holistic financial planning solution will serve clients and advisers alike in managing their portfolios easily and efficiently.

I would like to thank all my colleagues across the Group for their diligent work over the year. Their commitment and dedication have been crucial in working towards our strategic objective: to be the number one provider of software and services for our clients and their financial advisers. I look forward to continuing to grow our business and deliver on our strategy throughout FY24 and beyond.

Alexander Scott
IHP Group CEO

13 December 2023

Financial Review

Headlines

Group revenue remained broadly steady in FY23, increasing by 1% to £134.9 million. This was against another year of economic volatility, due to elevated inflation and rapidly increasing interest rates, both of which impacted the financial markets and client wealth.

Despite ongoing global economic challenges, FY23 ended with a record 230,294 Transact platform clients (FY22: 224,705) and 7,683 registered advisers (FY22: 7,537).

IHP Group has a strong liquidity profile, largely due to regulatory capital requirements, and therefore benefited from UK interest rates rising, with interest received on corporate cash increasing from £0.6 million in FY22 to £5.3 million in FY23.

Headline IFRS profit before tax rose 15% to £62.6 million (FY22: £54.3 million), however underlying profit before tax fell by 4% to £63.0 million (FY22: £65.8 million). The reduction is due to an increase in administration expenses, largely driven by the ongoing strategic programme of investment in software and IT infrastructure and offset by the increase in corporate interest income.

Profit after tax rose 13% to £49.9 million (FY22: £44.0 million).

EPS (earnings per share) is 15.1p (FY22: 13.3p). After removing all non-underlying expenses in FY23, underlying EPS* is 15.2p, compared with 16.3p in FY22.

Transact platform operational performance

	FY23 £m	FY22 £m
Opening FUD	50,070	52,112
Inflows	6,406	7,275
Outflows	(3,753)	(2,873)
Net flows	**2,653**	**4,402**
Market movements	2,272	(6,248)
Other movements[1]	(36)	(196)
Closing FUD	**54,959**	**50,070**

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

Funds Under Direction closed the year up 10% on FY22 at £55.0 billion.

FY23 gross inflows of £6.4 billion, in a competitive marketplace and with ongoing economic pressure on our clients, are due to the reliability and quality of our advised investment platform.

Whilst outflows have increased to £3.8 billion, the annualised rate is 7% of opening FUD (FY22: 6%) therefore they are still within the historical banding, as a percentage of FUD, that we expect. One factor driving outflows is clients withdrawing savings as the cost of living has increased and also as the world has returned to normal post lockdown.

Our net flows of £2.7 billion are strong for the sector and represent more than 50% of the increase in FUD in FY23.

**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.*

T4A operational performance

In the 12 months to September 2022, T4A has increased CURO licence users by 22%, from 2,253 at 30 September 2022, to 2,752 at September 2023.

Group financial performance

There are two streams of Group revenue: investment platform revenue (96% of total revenue) and T4A revenue (4% of total revenue).

Investment platform revenue

Investment platform revenue has increased by £0.4 million year-on-year to £130.1 million and comprises three elements, 99% (FY22: 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.

	FY23	FY22
Investment platform revenue	**£m**	**£m**
Annual commission income (recurring)	116.1	115.9
Wrapper fee income (recurring)	12.3	11.6
Other income	1.7	2.2
Total platform revenue	**130.1**	**129.7**

Average daily FUD for the year, arising from the performance of the assets in client portfolios, increased by 2% in FY23 to £53.6 billion. Annual commission income increased to £116.1 million in FY23. The increase in annual commission revenue was moderated by the reduction in the annual commission rate from 0.27% to 0.26%, with effect from 1 July 2022, therefore only three months of the reduction impacted FY22, but a full 12 months impacted FY23.

Recurring wrapper administration fee income increased by £0.7 million (6%) year-on-year, reflecting the increase in the number of open tax wrappers for both existing and new clients.

Buy commission, included in other income, has been deliberately reduced as a component of revenue each year. Buy commission was £0.7 million in FY23 (FY22: £1.5 million), falling due to the threshold at which clients receive a rebate of buy commission being reduced from £0.2 million which was the threshold from 1 March 2022, to £0.1 million with effect from 1 March 2023. The reduction in the buy commission threshold is another positive step in our responsible pricing strategy, as we seek to remove an increasing proportion of clients from the buy commission charge and simplify our fee structure.

T4A revenue

T4A's revenue was £4.8 million for FY23, compared with £3.9 million for FY22, an increase of 23%. This was driven by an increase in recurring revenue from additional CURO user licences.

Interest income on corporate cash

Interest income rose from £0.8 million in FY22 to £6.4 million in FY23. The average Group corporate cash balance was £186.3 million over the year and the Bank of England base rate rose 3% over the course of the financial year, ending the financial year at 5.25%.
This resulted in interest income on corporate cash balances rising £4.7 million, to £5.3 million. We also received another £0.8 million, being a combination of interest due from the Vertus loan facility and interest received from HMRC.

Operating expenses

	FY23 £m	FY22 £m
Employee costs	53.9	47.1
Occupancy	2.8	2.4
Regulatory and professional fees	9.8	9.8
Other income - tax relief due to shareholders	(1.6)	(2.4)
Other costs	6.8	6.3
Non-underlying expenses - backdated VAT and interest	-	8.8
Non-underlying expenses - other	0.4	2.7

Total expenses	**72.1**	**74.7**
Depreciation and amortisation	2.5	3.0
Total operating expenses	**74.6**	**77.7**

Operating expenses on a statutory IFRS basis have reduced by £2.6 million, or 3%.

Underlying expenses

Employee costs £53.9 million (+£6.8 million, +14%)
Costs have increased due to increased headcount and pay rises.

Group employee numbers through the year increased by 6% (FY22: 8%) from an average of 594 in FY22 to an average of 631 in FY23, this accounted for £2.7 million of the increase in costs. Notable senior additions are a CTO and CRO. We have also recruited a further 26 people in IT through the year, as we continue to implement plans announced in FY22 to significantly increase system development capacity across the Group and drive future efficiencies.

We continued to enhance salaries to reflect the inflationary environment, recognising the pressures being placed on our people due to the rise in the cost of living. We also want to ensure we retain talent and we monitor the market with regard to inflationary pressures and market-competitive salary levels. Inflationary pay rises, including resultant impact on share scheme costs and company pension contributions, increased costs by £3.7 million in FY23.

Current year VAT, included in Other costs (£3.6 million (+£0.4 million (+13%))
Current year VAT has increased by £0.4 million, largely due to increased investment platform development software fees, charged by IHP's wholly owned software development company and now subject to reverse charge VAT.

Occupancy costs £2.8 million (+£0.4 million, +17%), depreciation and amortisation costs £2.5 million (-£0.5 million, -17%)
Occupancy costs increased by £0.4 million, and depreciation and amortisation reduced by £0.5 million. The increase in occupancy costs is due to the head office lease ending in June 2023 and the accounting impact of IFRS 16, the Leases accounting standard, no longer applying. This means depreciation of the right of use asset has been replaced by rent expense for the final three months of the financial year. The lease is being renewed for a limited period.

Regulatory and professional fees £9.8 million (no change)
Regulatory and professional fees did not increase in FY23, due to an uplift in professional fees being partially offset by regulatory fees that were lower than expected.

Other income - tax relief due to shareholders £1.6 million (-£0.8 million, -33%)
Tax relief due to shareholders relates to life insurance company tax requirements and thus is subject to valuations at year-end, which are inherently dependent on market valuations at that date.

Non-underlying expenses

Non-underlying expenses - other £0.4 million (-£2.3 million, -85%)
In FY22, within non-underlying expenses, we recognised £3.0 million of ongoing expenses. This was attributable to the IFRS requirement that we recognise the post combination deferred and additional consideration payable to the original T4A shareholders in respect of the acquisition of T4A, as remuneration over the four years from January 2021 to December 2024.

However, T4A has not met the minimum threshold for highly stretching targets to earn the additional consideration element of post combination remuneration. Therefore, the post combination expense in respect of the additional consideration element that was recognised in FY21 and FY22 of £1.6 million has been released, and we have not recognised any cost in FY23. This has led to the reduction in non-underlying post combination remuneration expense for FY23 from £3.0 million to £0.4 million.

Moreover, the post combination consideration cost in respect of FY24 and FY25 is expected to reduce to £2.1 million and £0.5 million respectively, as only the deferred consideration element will now be recognised.

Tax

The Group has operations in three tax jurisdictions: UK, Australia and the Isle of Man. This results in profits being subject to tax at three different rates. However, 96% of the Group's income is earned in the UK.

Shareholder tax on ordinary activities for the year increased by £2.5 million, or 24%, to £12.8 million (FY22: £10.3 million) due to the increase in taxable profit and the increase in corporation tax rate from 19% to 25%, with effect from 6 April 2023.

Our effective rate of tax over the period was 20% (FY22: 18%). The effective rate of tax in FY22 was dampened by the effect of the backdated, non-recurring VAT expense of £8.8 million, incurred in September 2022, being tax deductible.

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

Consolidated statement of financial position

Net assets have grown 10% (FY22: 8%), or £16.7 million, in the year to £189.9 million, and the material movements on the consolidated statement of financial position are as follows:

Cash and significant cash flows
Shareholder cash has decreased by £5.1 million year on year to £177.9 million (FY22: £183.0 million). This is due to the strong cash flows generated from operating activities being used to invest in gilts to maximise returns, whilst maintaining minimal risk on assets supporting regulatory solvency requirements. The gilt investments increased by £19.3 million from £3.1 million to £22.3 million. We also paid dividends of £33.7 million in the year (FY22: £33.7 million).

We continue to operate without any need for debt, so have not incurred an increase in financing costs from the increase in base rate through the year, rather, we benefited due to our strong corporate cash reserves.

Deferred tax asset, non-current provisions and non-current deferred tax liability
The reduction in the deferred tax asset of £5.2 million to £0.8 million (FY22: £6.0 million) the non-current provisions of £5.6 million to £40.5 million (FY22: £46.1 million), and the current provision of £3.0 million to £7.7 million (FY22: 10.7 million), plus the increase in non-current deferred tax liabilities of £6.4 million to £7.3 million (FY22: 0.9 million) are all a function of the realised and unrealised gains that have arisen on policyholder assets, as the value of linked funds has risen 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 risen to £24.4 billion (FY21: £22.2 billion). This increase of 10% is entirely consistent with the rise in total FUD on the investment platform.

Capital resources and capital management

To enable the investment platform within 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 is subject to Investment Firms Prudential Regime (IFPR) regulatory capital and liquidity rules introduced in January 2022, following the implementation in the UK of the MiFIDPRU rule book.

These prudential rules require the calculation of capital requirements reflecting 'K' factor requirements that cover potential harms arising from business activities. The K factors are calculated using formulae for assets and cash under administration.

Regulatory Capital as at 30 September 2023

	Regulatory Capital requirements £m	Regulatory Capital resources £m	Regulatory cover %
IFAL	33.3	44.4	133
ILUK	201.4	261.6	130
ILInt	23.8	41.1	173

Regulatory Capital as at 30 September 2022

	Regulatory Capital requirements £m	Regulatory Capital resources £m	Regulatory cover %
IFAL	32.6	39.7	122
ILUK	186.9	244.0	131
ILInt	23.7	42.0	177

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 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.

The following table shows the surplus capital held by the Group, after consideration of the Group's risk appetite and future dividend payments. This is shown on a different basis to the above table, which is on a regulatory basis while the below shows equity on an IFRS basis.

Capital as at 30 September 2023

	FY23 £m	**FY22 £m**
Total equity	189.9	173.2
Loans and receivables, intangible assets and property, plant and equipment	(30.6)	(30.6)
Available capital pre dividend	159.3	142.6
Interim dividend declared	(23.2)	(23.2)
Available capital post dividend	136.1	119.4
Additional risk appetite capital	(72.7)	(76.2)
Surplus	**63.4**	**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 can meet future risks to the business plan and future changes to regulatory capital requirements without recourse to additional capital.

The board considers the impact of regulatory capital requirements and risk appetite levels on prospective dividends from its regulated subsidiaries.

Our Group's Pillar 3 document contains further details and can be found on our website at: https://www.integrafin.co.uk/legal-and-regulatory-information/ Pillar 3 Disclosures.

As stated in the Chair's report, the board has declared a second interim dividend for the year of 7.0 pence per ordinary share, taking the total dividend for the year to 10.2 pence per share (2022: 10.2p)

Dividends

During the year to 30 September 2023, IHP (the Company) paid a second interim dividend of £23.2 million to shareholders in respect of financial year 2022 and a first interim dividend of £10.6 million in respect of financial year 2023.

In respect of the second interim dividend for financial year 2023, the board has declared a dividend of 7.0 pence per ordinary share (FY22: 7.0p).

The financial year 2023 total dividends paid and declared of £33.7 million compares with full year interim dividends of £33.7 million in respect of financial year 2022.

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 to the achievement of the identified strategic objectives, risk trend for 2023 together with a summary of how we manage the risks.

Business and strategic risks

Principal risk and uncertainty	**Management of the principal risk and uncertainty**
Service standard failure - our high levels of client and adviser retention are dependent upon our consistent and reliable levels of service. Failure to maintain these service levels would affect our ability to attract and retain business. There is a potential risk of greater outflows than expected and/or a net outflow of FUD impacting profitability and/or the medium/long-term sustainability of the platform. **Change over the year** Stable ↔ **Aligned to strategic financial objectives**	We manage the risk by providing our client service teams with extensive initial and ongoing training, supported by experienced subject matter experts and managers. 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 there is deviation from expected service levels or where processing backlogs have arisen and to deliver targeted remediation plans to ensure client outcomes and service standards are maintained. We have substantially reduced backlogs relative to FY22 and are better able to address them when they occur. 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. T4A continues to develop the delivery of next generation CURO.

Principal risk and uncertainty	**Management of the principal risk and uncertainty**
Sustainable growth Increase earnings	
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.** **Change over the year** Increase **Aligned to strategic financial objectives** Sustainable growth Invest Increase earnings	The risk of reduced investment in the platform is managed through a disciplined approach to expense management and forecasting. We horizon scan for upcoming regulatory and taxation regime changes and maintain contingency to allow for unexpected expenses e.g. UK Financial Services Compensation Scheme (FSCS) levies, which ensures we do not need to compromise on investment in our platform to a degree that affects our offering. The risk has increased over the year driven in large part due to preparation for, and the implementation of, the Consumer Duty regime for our regulated entities, both as manufacturers and/or distributors. We remain proactive in embedding all mandatory changes (e.g. Consumer Duty, Operational Resilience, HMRC changes to lifetime allowances) through our business-as-usual model. Our platform developers remain responsive to the business needs and have increased developer resources over the year.
Increased competition: cheaper and/or more sophisticated propositions - we operate in an increasingly competitive market, both for clients and their advisers. Consolidation in the adviser market makes it more challenging to attract and retain business. The consequences may be that greater outflows are experienced than expected and/or a net outflow of FUD impacting profitability and/or the medium/long-term sustainability of the platform. **Change over the year** Increase **Aligned to strategic financial objectives** Sustainable growth Increase earnings	The advised market remains our key target and competitor risk is mitigated by focusing on providing exceptionally high levels of service and being responsive to client and financial adviser feedback and demands through an efficient process and operational base. We also keep close to the landscape of our platform competitors, as well as the trends impacting the financial adviser market. Our platform service and developments remain award winning. We release a monthly update to our proprietary platform technology, incorporating improvements and new functionality. We continue to develop our digital strategy, expanding our Transact Online interface allowing advisers direct processing onto the platform. This is essential to remain relevant and competitive, improving both functionality and service efficiency 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. 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 of the principal risk and uncertainty**
Stock and bond market value volatility (Market Risk) - our core business revenue is derived from our platform business which has a fee structure based, in large part, upon a percentage of the FUD. Depressed equity and bond values have an impact on the revenue streams of the platform business. **Change over the year** **Increase** **Aligned to strategic financial objectives** Sustainable growth Increase earnings Generate cash Retain strong balance sheet Deliver on dividend policy	The risk of depressed stock and bond market values, and the impact on revenue, has been and remains high. External economic, political and geopolitical factors continue to influence markets in 2023. The risk 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 supported by our top quartile interest rates. In addition, our wrapper fees are not impacted by market volatility as they are based on a fixed quarterly charge. We can closely monitor and control expenses by continually driving efficiency improvements in our business processes including increasing online and digital processing. 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. This value volatility is not expected to ease in the foreseeable future and while hedging options have been explored, they have been deemed expensive in terms of the revenue protection they afford.
Uncontrolled expense risk - higher expenses than expected and budgeted for would adversely impact cash profits. **Change over the year** Increase	The risk has increased over the year as a direct result of sustained inflationary pressures on the UK and global economy. The most significant element of our expense base is employee costs. These are controlled through modelling employee requirements against forecast business volumes. The Group has made sustainable salary increases to employees over the year and built out its capability in

Principal risk and uncertainty	Management of the principal risk and uncertainty
	several key areas across all three lines of risk governance to support the business.
Aligned to strategic financial objectives Generate cash £ Deliver on dividend policy	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 required to build our operational capability and cost-effective scalability of the business. Cost base variance analysis is completed monthly with any expenditure that deviates unexpectedly from plan being rigorously reviewed to assess the likely trend with reforecasts completed accordingly. Occupancy and utility costs have also increased. Regulatory fees decreased slightly while professional fees have increased in line with expectations, as a result of the broad regulatory agenda. Also notable, and a growing issue, is that suppliers are wrestling with the requirements of climate initiatives in terms of disclosures, and 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 may unexpectedly impact the base case budget.
Capital strain (including liquidity) - unexpected, additional capital or liquidity requirements imposed by regulators may negatively impact our solvency coverage ratio. **Change over the year** Stable ⟷ **Aligned to strategic financial objectives** Retain strong balance sheet 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. We await the detail of corporate tax changes resulting from the OECD Base Erosion and Profit Shifting project relating to our Isle of Man life company, ILInt. We anticipate that there will be a reduced level of retained income, which will impact the future coverage levels of regulatory capital.
Credit risk - loss due to defaults from holdings of cash and cash equivalents, deposits, formal loans and reinsurance treaties with banks and financial institutions. **Change over the year** Stable ⟷ **Aligned to strategic financial objectives** Retain strong balance sheet	The Group seeks to invest its shareholder assets in high quality, highly liquid, short-dated investments. For the banks holding corporate cash, maximum counterparty limits are set in addition to minimum credit quality steps. 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.

Non-financial risks

Principal risk and uncertainty	Management of the principal risk and uncertainty
Reputational risk - the risk that current and potential clients' and their advisers desire to do business with the Group reduces due to a lower perception in the marketplace of the Group's offered services covering the Transact platform and T4A adviser support software. **Change over the year** Stable ⟷ **Aligned to strategic financial objectives** Sustainable growth ⬆	The Risk Management Framework provides the monitoring mechanisms to ensure that reputational damage controls operate effectively and reputational risk is mitigated. Mitigation includes a focus on internal operational risk controls, error management and complaints handling processes as well as root cause analysis investigations. Additionally, controls include training for key company staff on how to manage company reputation internally; regular management and monitoring of the company websites and social media; and engaging the services of an external PR firm to consult on reputational matters.
Political and Geopolitical risk - the risk of changes in the political landscape within the UK and between countries or geographies, disrupting the operations of the business or resulting in significant development costs. **Change over the year** Increase ↑ **Aligned to strategic financial objectives** Sustainable growth ⬆	Political and Geopolitical risk cannot be directly mitigated by the Group. However, by closely monitoring developments through its risk horizon scanning process, potential impacts are taken into consideration as part of the business planning process. The external geopolitical environment in 2023 has built on 2022 and become increasingly uncertain through a series of significant global events, including the continuing Russian invasion of Ukraine, the escalating conflict in the Middle East, trade tensions between USA and China, the global energy crisis and supply chain issues. Furthermore, domestic political instability exists within both the UK and the USA with elections due within the next 24 months. These dynamics and related events can cause disruption to markets and macroeconomics with a direct impact on FUD for the Group.

Principal risk and uncertainty	Management of the principal risk and uncertainty
Invest Increase earnings Generate cash £ Retain strong balance sheet Deliver on dividend policy	
Operational risk (including operational resilience and the sustainability agenda) - the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events. **Change over the year** Increase ↑ **Aligned to strategic financial objectives** Sustainable growth Invest Increase earnings Generate cash £	The Group aims to minimise operational risks at all times, through a strong and well-resourced control and operational structure. Note that operations form an integral part of the ESG and sustainability agenda. We note the principal types of operational risk below and provide the change over the year for each.
People - the inability to attract, retain and motivate performing and values-aligned employees within the business. Significant attrition rates of such employees or an inability to attract such 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. **Change over the year** Decrease ↓	The business operates both performance management and talent recognition programmes to reward high performing employee members, identify future leaders, and retain and attract talent within the business. We maintain a comprehensive career and training development programme and provide a flexible working environment that meets our employees' and business needs. These are supported by robust Group HR policies and practices. Our benefits package is competitive. No less than annually, the Group undertakes a staff engagement survey and addresses any identified areas for improvement to drive high engagement. Since the "great resignation" of 21/22 difficulties with the retention of employees and the ability to attract new recruits in our UK and Australian operations have significantly improved.
IT Infrastructure and software - ageing and underinvested IT infrastructure and software has the potential to cause the Group 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. **Change over the year** Stable ↔	The continuous and evolving sophistication of the cyber threat to our IT infrastructure environment means risk within this space remains high. Wars and conflict contribute to a global technology environment that is constantly under attack. Protecting our services against this continues to be a core focus. We continue to carry out cyber penetration testing and evolve our cyber security capabilities. Awareness training is provided to ensure employees understand and recognise threats to our business systems. Investment in IT and software development continues, with modernisation of our digital workplace capabilities presenting opportunity for improved security controls. There is a full programme of digitalisation work to be delivered over the business planning period for our proprietary investment platform, focussing on the provision of online, straight through processes for common financial planning practices, which will benefit our UK advisers and their clients. This will also significantly increase the scalability of our investment platform. Integration between adviser software applications is paramount, with data access and synchronisation between systems being key requirements. Our Application Programming Interfaces (APIs) are already integrated with many third-party software providers, and we will continue to enhance our data services to meet the demands of our clients in a secure manner.
IT Resilience and Information Security - the Group creates, obtains, stores, processes and retrieve significant volumes of commercial and corporate matters, some of which is highly sensitive. **Change over the year** Increasing ↑	Data and continuity of services are critical focus areas for us given the increase of risk in channels like cybersecurity. Ensuring that our core services are resilient and that are controls around business and client data are robust is a constantly evolving focus area. Resilience testing of the Transact platform, for example, takes place every two months. In particular, the Group has a dedicated financial crime team and an on-going fraud and cyber risk awareness programme. Additionally, the Group carries out regular IT system vulnerability testing. The crisis management team (CMT) reviews the Group's business continuity plans during the course of the year. Key changes in the last year are the establishment of dedicated first and second line Cyber Security teams, the heads of which are due to start in

Principal risk and uncertainty	**Management of the principal risk and uncertainty**
	early 2024. This will provide an improved governance and operational framework for Cyber Security. Beyond IT and cyber security, the Company also has a function led by the Company's Data Protection Officer (DPO) to manage information security risk and compliance with UK GDPR. The DPO carries out monitoring and works with the business to ensure the risks from its evolving physical and digital workplace and business operations are managed.
Regulatory risk - the financial services regulated entities within the Group have a full and stretching regulatory agenda. Expanding law, regulation and guidance need analysing and transitioning effectively into business as usual to avoid failing to comply with regulatory rules or standards. **Change over the year** Increasing ↑	The Group has an established compliance function that analyses regulation and advises on and monitors how our financial services regulatory standards are met. The financial services regulated entities in the group ensure regulatory standards are met through a framework of policies, procedures, governance, training, horizon scanning, monitoring and engagement with our regulators. Cross-departmental projects are established to deliver for significant regulatory changes, with Group internal audit undertaking reviews during the project phases and/or post-implementation thematic reviews. During the period such projects included preparation and implementation of the FCA's Consumer Duty, which requires ongoing work to ensure it is embedded within operations, and work to meet FCA PS21/3 Operational Resilience requirements. Meeting the regulatory agenda is an imperative for the operation of our core platform business. The regulatory agenda remains challenging, particularly in light of the demands of the new consumer duty.

Emerging risk focus

Through regular conversations and more formal quarterly risk review meetings with risk owners and other business stakeholders, attending industry events and reviewing external sources, emerging risks are identified. These emerging risks by their nature have uncertainty of likelihood and impact on the business. Emerging risks are categorised as near- (next 12 months), medium- and longer-term (more than 3 years) and are regularly reported and assessed, both at the executive level and, no less than quarterly, at ARCs and boards where appropriate.

Emerging risks discussed during 2023 have included:

- 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 including the abolition of inheritance tax.
- The aging population of the UK, the platform client base and the advisers using our platform and/or the CURO software and the generational shift in wealth to different generations with differing preferences and needs.

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, and have concluded that the Group is well positioned to manage these risks.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual report and 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 IFRSs 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 IFRSs 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:

- that the consolidated financial statements, prepared in accordance with IFRSs 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;
- that 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
- that 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 2023

Consolidated Statement of Comprehensive Income

	Note	2023 £m	2022 £m
Revenue	**5**	134.9	133.6
Cost of sales		(3.9)	(2.1)
Gross profit		131.0	131.5
Expenses			
Administrative expenses	**8**	(74.6)	(77.7)
Expected credit losses on financial assets	**16, 22**	(0.1)	(0.2)
Operating profit		**56.3**	**53.6**
Interest income	**9**	6.4	0.8
Interest expense	**25**	(0.1)	(0.1)
Net policyholder returns			
Net income/(loss) attributable to policyholder returns		12.1	(38.5)
Change in investment contract liabilities		(1,056.0)	2,770.3
Fee and commission expenses	**18**	(193.3)	(192.6)
Policyholder investment returns	**10**	1,249.3	(2,577.7)
Net policyholder returns		12.1	(38.5)
Profit on ordinary activities before taxation attributable to policyholders and shareholders		**74.7**	**15.8**
Policyholder tax (charge)/credit		(12.1)	38.5
Profit on ordinary activities before taxation attributable to shareholders		**62.6**	**54.3**
Total tax attributable to shareholder and policyholder returns	**11**	(24.8)	28.2
Less: tax attributable to policyholder returns		12.1	(38.5)
Shareholder tax on profit on ordinary activities		**(12.7)**	**(10.3)**

Profit for the financial year		**49.9**	**44.0**
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		**49.8**	**44.1**
Earnings per share			
Earnings per share - basic	**7**	15.1p	13.3p
Earnings per share - diluted	**7**	15.1p	13.3p

All activities of the Group are classed as continuing.

Notes 1 to 36 form part of these Financial Statements.

Consolidated Statement of Financial Position

	Note	2023 £m	2022 £m
Non-current assets			
Loans receivable	**16**	6.3	5.5
Intangible assets	**12**	21.4	21.8
Property, plant and equipment	**13**	1.1	1.2
Right-of-use assets	**14**	1.0	2.1
Deferred tax asset	**26**	0.7	6.0
		30.5	**36.6**
Current assets			
Investments	**21**	22.4	3.1
Prepayments and accrued income	**22**	17.2	17.2
Trade and other receivables	**23**	3.6	2.0
Current tax asset		14.3	15.0
Cash and cash equivalents	**19**	177.9	183.0
		235.4	**220.3**
Current liabilities			
Trade and other payables	**24**	19.5	21.5
Provisions	**27**	7.7	10.7
Lease liabilities	**25**	0.3	1.9
		27.5	**34.1**
Non-current liabilities			
Provisions	**27**	40.5	46.1
Contingent consideration	**28**	-	1.7
Lease liabilities	**25**	0.8	0.9
Deferred tax liabilities	**26**	7.2	0.9
		48.5	**49.6**
Policyholder assets and liabilities			
Cash held for the benefit of policyholders	**20**	1,419.2	1,458.6
Investments held for the benefit of policyholders	**17**	23,021.7	20,715.8
Liabilities for linked investment contracts	**18**	(24,440.9)	(22,174.4)
		-	**-**
Net assets		**189.9**	**173.2**
Equity			
Called up equity share capital		3.3	3.3
Share-based payment reserve	**29**	3.4	2.6
Employee Benefit Trust reserve	**30**	(2.6)	(2.4)
Foreign exchange reserve	**31**	(0.1)	-
Non-distributable reserves	**31**	5.7	5.7
Retained earnings		180.2	164.0
Total equity		**189.9**	**173.2**

These Financial Statements were approved by the Board of Directors on 13 December 2023 and are signed on their behalf by:

Alexander Scott
Director
Company Registration Number: 08860879

Notes 1 to 36 form part of these Financial Statements.

Company Statement of Financial Position

	Note	2023 £m	2022 £m
Non-current assets			
Investment in subsidiaries	**15**	35.3	33.3
Loans receivable	**16**	6.3	5.5
		41.6	**38.8**
Current assets			
Prepayments	**22**	-	0.1
Trade and other receivables	**23**	0.1	0.2
Cash and cash equivalents		26.0	33.1
		26.1	**33.4**
Current liabilities			
Trade and other payables	**24**	2.5	2.4
Loans payable	**16**	1.0	1.0
		3.5	**3.4**
Non-current liabilities			
Contingent consideration	**28**	-	1.7
Loans payable	**16**	6.0	7.0
		6.0	**8.7**
Net assets		**58.2**	**60.1**
Equity			
Called up equity share capital		3.3	3.3
Share-based payment reserve	**29**	2.7	2.2
Employee Benefit Trust reserve	**30**	(2.4)	(2.1)
Profit or loss account			
Brought forward retained earnings		56.7	50.7
Profit for the year		31.6	39.8
Dividends paid in the year		(33.7)	(33.8)
Profit or loss account		54.6	56.7
Total equity		**58.2**	**60.1**

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 2023 and are signed on their behalf by:

Alexander Scott
Director
Company Registration Number: 08860879

Notes 1 to 36 form part of these Financial Statements.

Consolidated Statement of Cash Flows

	2023 £m	Restated 2022 £m
Cash flows from operating activities		
Profit on ordinary activities before taxation attributable to policyholders and shareholders	74.7	15.8
Adjustments for non-cash movements:		
Amortisation and depreciation	2.5	3.0
Share-based payment charge	2.1	2.0
Interest charged on lease	0.1	0.1
(Decrease)/increase in contingent consideration	(1.7)	0.9
(Decrease)/increase in provisions	(8.6)	38.5
Adjustments for cash effecting investing and financing activities:		
Interest on cash and loans	(6.4)	(0.8)
Adjustments for statement of financial position movements:		
(Increase)/decrease in trade and other receivables, and prepayments and accrued income	(1.6)	0.5
(Decrease)/increase in trade and other payables	(2.0)	4.0
Adjustments for policyholder balances:		
(Increase)/decrease in investments held for the benefit of policyholders	(2,305.9)	1,071.3
Increase/(decrease) in liabilities for linked investment contracts	2,266.5	(879.0)
Increase/(decrease) in policyholder tax recoverable	10.0	(6.0)
Cash generated from operations	**29.7**	**250.3**
Income taxes paid	(22.4)	(13.5)
Interest paid on lease liabilities	(0.1)	(0.1)
Net cash flows (used in)/generated from operating activities	**7.2**	**236.7**
Investing activities		

Acquisition of property, plant and equipment	(0.7)	(0.3)
Purchase of financial instruments	(22.3)	(3.0)
Redemption of financial instruments	3.0	5.0
Increase in loans	(0.8)	(2.1)
Interest on cash and loans	6.4	0.8
Net cash generated from/(used in)investing activities	**(14.4)**	**0.4**

Consolidated Statement of Cash Flows (continued)

	2023 £m	Restated 2022 £m
Financing activities		
Purchase of own shares in Employee Benefit Trust	(0.4)	(0.5)
Purchase of shares for share scheme awards	(1.1)	(1.3)
Equity dividends paid	(33.7)	(33.7)
Payment of principal portion of lease liabilities	(1.9)	(2.4)
Net cash used in financing activities	**(37.1)**	**(37.9)**
Net (decrease)/increase in cash and cash equivalents	**(44.3)**	**199.2**
Cash and cash equivalents at beginning of year	**1,641.6**	**1,442.4**
Exchange losses on cash and cash equivalents	(0.1)	-
Cash and cash equivalents at end of year	**1,597.1**	**1,641.6**

Cash and cash equivalents consist of:		
Cash and cash equivalents	177.9	183.0
Cash held for the benefit of policyholders	1,419.2	1,458.6
Cash and cash equivalents	**1,597.1**	**1,641.6**

Notes 1 to 36 form part of these Financial Statements.

See note 36 for details on 2022 restated balances.

Company Statement of Cash Flows

	2023 £m	Restated 2022 £m
Cash flows from operating activities		
Loss before interest and dividends	(2.0)	(4.9)
Adjustments for non-cash movements:		
(Decrease)/increase in contingent consideration	(1.7)	0.9
Adjustment for statement of financial position movements:		
Decrease/(increase) in trade and other receivables	0.2	(0.2)
Increase in trade and other payables	0.1	-
Net cash flows used in operating activities	**(3.4)**	**(4.2)**
Investing activities		
Dividends received	33.3	45.0
Interest received	0.9	0.2
Increase in loans receivable	(0.8)	(2.0)
Net cash generated from investing activities	**33.4**	**43.2**
Financing activities		
Purchase of own shares in Employee Benefit Trust	(0.3)	(0.5)
Purchase of shares for share scheme awards	(1.3)	(1.3)
Repayment of loans	(1.0)	(1.0)
Interest expense on loans	(0.6)	(0.2)
Equity dividends paid	(33.7)	(33.8)
Net cash used in financing activities	**(37.1)**	**(36.8)**
Net (decrease)/increase in cash and cash equivalents	**(7.1)**	**2.2**
Cash and cash equivalents at beginning of year	**33.1**	**30.9**
Cash and cash equivalents at end of year	**26.0**	**33.1**

Notes 1 to 36 form part of these Financial Statements.

See note 36 for details on 2022 restated balances.

Consolidated Statement of Changes in Equity

Called **Non-distributable**

	up equity share capital £m	insurance and foreign exchange reserves £m	Share-based payment reserve £m	Employee Benefit Trust reserve £m	Retained earnings £m	Total equity £m
Balance at 1 October 2021	**3.3**	**6.2**	**2.4**	**(2.1)**	**153.5**	**163.3**
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	-	(0.1)	-	-	(0.1)	(0.2)
Distributions to owners - Dividends paid	**-**	**-**	**-**	**-**	**(33.7)**	**(33.7)**
Balance at 30 September 2022	**3.3**	**5.7**	**2.6**	**(2.4)**	**164.0**	**173.2**
Balance at 1 October 2022						
Comprehensive income for the year:	**3.3**	**5.7**	**2.6**	**(2.4)**	**164.0**	**173.2**
Profit for the year	**-**	**-**	**-**	**-**	49.9	49.5
Movement in currency translation	**-**	(0.1)	**-**	**-**	**-**	(0.1)
Total comprehensive income for the year	**-**	**(0.1)**	**-**	**-**	**49.9**	**49.4**
Share-based payment expense	**-**	**-**	2.1	**-**	**-**	2.1
Settlement of share based payment	**-**	**-**	(1.5)	**-**	**-**	(1.5)
Purchase of own shares in EBT	**-**	**-**	-	(0.4)	**-**	(0.4)
Excess tax relief charged to equity	**-**	**-**	0.2	**-**	**-**	0.2
Exercised share options	**-**	**-**	-	0.2	-	0.2
Distributions to owners - Dividends paid	**-**	**-**	**-**	**-**	**(33.7)**	**(33.7)**
Balance at 30 September 2023	**3.3**	**5.6**	**3.4**	**(2.6)**	**180.2**	**189.9**

Notes 1 to 36 form part of these Financial Statements.

Company Statement of Changes in Equity

	Called up equity share capital £m	Share-based payment reserve £m	Employee Benefit Trust reserve £m	Retained earnings £m	Total equity £m
Balance at 1 October 2021	**3.3**	**1.7**	**(1.8)**	**50.7**	**53.9**
Comprehensive income for the year:					
Profit for the year	-	-	**-**	39.8	39.8
Total comprehensive income for the year	**-**	**-**	**-**	**39.8**	**39.8**
Share-based payment expense	-	2.0	**-**	-	2.0
Settlement of share-based payments	-	(1.5)	**-**	-	(1.5)
Purchase of own shares in EBT	-	-	(0.3)	-	(0.3)
Distributions to owners - dividends	**-**	**-**	**-**	**(33.8)**	**(33.8)**
Balance at 30 September 2022	**3.3**	**2.2**	**(2.1)**	**56.7**	**60.1**
Comprehensive income for the year:					
Profit for the year				31.6	31.6

Profit for the year	-	-	-	31.6	31.6
Total comprehensive income for the year	**-**	**-**	**-**	**31.6**	**31.6**
Share-based payment expense	-	1.9	-	-	1.9
Settlement of share-based payments	-	(1.4)	-	-	(1.4)
Purchase of own shares in EBT	-	-	(0.3)	-	(0.3)
Distributions to owners - dividends	**-**	**-**	**-**	**(33.7)**	**(33.7)**
Balance at 30 September 2023	**3.3**	**2.7**	**(2.4)**	**54.6**	**58.2**

Notes 1 to 36 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 principal 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 (IFRSs).

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 presentational and functional currency of the Group and 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.

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 2023, the Group had £177.9 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.

1. Basis of preparation and significant accounting policies (continued)

When making this assessment, the board has taken into consideration both the Group's current performance and the future outlook, including the impact of the cost-of-living crisis, sustained levels of high inflation, increasing interest rates and volatile equity markets. The environment has been challenging during the year, but our financial and operational performance has been robust, and the Group's fundamentals remain strong.

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 a cyber attack, system and process failures, and persistent high inflation with continued market uncertainty.

failures, and persistent high inflation with continued market uncertainty.

Having conducted detailed cash flow and working capital projections, and stress-tested liquidity, profitability and regulatory capital; taking account of the economic challenges mentioned above; 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).

The board has concluded that the Company has adequate resources and there are no material uncertainties to the Company's ability to continue to operate for the foreseeable future, being a period of at least twelve months from the date the financial statements are approved. For this reason, they have adopted the going concern basis for the preparation of the financial statements.

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company and its subsidiaries. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is 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 Limited (ILInt) and IntegraLife UK Limited (ILUK) issue contracts with the legal form of insurance contracts, but which do not transfer significant insurance risk from the policyholder to the Company, and which are therefore accounted for as investment contracts.

In accordance with IFRS 9, the contracts concerned are therefore reflected in the consolidated statement of financial position as investments held for the benefit of policyholders, and a corresponding liability to policyholders.

1. Basis of preparation and significant accounting policies (continued)

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 periods beginning on or after 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, there is no significant insurance risk in any of the contracts. Therefore all contracts are investment contracts under IFRS 9, and IFRS 17 has no 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 IASB 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.

1. Basis of preparation and significant accounting policies (continued)

Amendments to IAS 12: International Tax Reform Pillar Two Model Rules

Amendments to IAS 12 Income Taxes have been introduced in response to the OECD's BEPS Pillar Two Model Rules. The amendments include a temporary mandatory exception from accounting for deferred taxes arising from the Pillar Two model rules and a requirement to disclose that the exception has been applied immediately and retrospectively. IHP has taken up this exemption for FY23.

The Group is continuing to assess whether it will be in scope of the Pillar Two model Rules. If so, the rules would be expected to apply to the Group from 1 October 2024 and give rise to a financial impact. However, the Group does not anticipate that any tax liabilities that may arise from its overseas operations will be material to the Group, as most of its revenue and profits are generated in the UK and taxed at a rate of 25%.

The following amendments are effective for periods beginning on or after 1 January 2024:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
In October 2022, the IASB issued amendments to IAS 1 regarding how conditions with which an entity must comply within twelve months after the reporting period, affect the classification of a liability.

The Group has assessed the impact of this amendment and does not note any significant impact.

The following amendments are effective for the period beginning 1 January 2025:

The Effects of Changes in Foreign Exchange Rates (IAS 21)
In August 2023, the IASB issued amendments to IAS 21 to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The Group has assessed the impact of this amendment and does not note any impact as the only non-Sterling currency in use is Australian Dollars.

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 and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract.

1. Basis of preparation and significant accounting policies (continued)

When the Group provides a service to its customers, consideration is generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

The Group has discharged all of its obligations in relation to contracts with customers, and the amounts received or receivable from customers equal the amount of revenue recognised on the contracts. All amounts due from customers are therefore recognised as receivables within accrued income, and the Group has no contract assets or liabilities.

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. The value of assets and cash held on the Platform is driven by market movements, inflows, outflows and other factors.

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. As the benefit to the customer of the services is transferred evenly over the service period, these fees are recognised as revenue evenly over the period, based on time elapsed.

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.

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. As the benefit to the customer of the services is transferred at a point in time, these fees are recognised at the point they are provided.

1. Basis of preparation and significant accounting policies (continued)

Interest income

Interest on shareholder cash, policyholder cash, loans and coupon on shareholder gilts are the sources of interest income received. These are recognised in the Consolidated Statement of Comprehensive Income, with interest on shareholder assets recognised within interest income, and interest on policyholder assets recognised within policyholder returns. Under IFRS 9, interest income is recorded using the effective interest method for all financial assets measured at amortised cost and is recognised in the Consolidated Statement of Comprehensive Income.

Cost of sales

Cost of sales relate to costs directly attributable to the supply of services provided to the Group and are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

Administrative expenses

Administration expenses relate to overhead costs and are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

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 gilts held as shareholder investments. The Group held a gilt in the prior year that matured in the current year, which was held at fair value through profit or loss as it fell under the 'other' business model, and was stated at quoted bid price which equates to fair value, with any resultant gain or loss recognised in profit or loss.

New gilts were acquired in the current financial year, which were assessed upon purchase and deemed to meet the criteria to classify as amortised cost under IFRS 9 Financial Instruments, namely:

- they are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 Statement of Comprehensive Income within "Policyholder investment returns".

1. Basis of preparation and significant accounting policies (continued)

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 Statement of Comprehensive Income 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.

Investment contracts are measured at fair value using quoted mid prices that are available at the reporting date and are traded in active markets. Where this is not available, valuation techniques are used to establish the fair value at inception and each reporting date. The Company's main valuation techniques incorporate all factors that market participants would consider and are based on observable market data. The financial liability is measured both initially and subsequently at fair value. The fair value of a unit-linked financial liability is determined using the fair value of the financial assets contained within the funds linked to the financial liability.

Dividends

Equity dividends paid are recognised in the accounting period in which the dividends are declared and approved.

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 software would be rewritten 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 Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the Consolidated Statement of Comprehensive Income during the period in which they are incurred.

The major categories of property, plant, equipment 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	Straight line over 10 years
Equipment	Straight line over 3 to 10 years	Straight line over 3 years
Motor vehicles	N/A	25% reducing balance

1. Basis of preparation and significant accounting policies (continued)

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

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 the Consolidated Statement of Comprehensive Income 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

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.

1. Basis of preparation and significant accounting policies (continued)

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 Consolidated Statement of Comprehensive Income in the year in which they become payable.

Foreign currencies
Transactions in foreign currencies are translated into the functional currency at the exchange rate in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated to sterling at the year end closing rate. Foreign exchange rate differences that arise are reported net in the Consolidated Statement of Comprehensive Income 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

Current income tax
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.

Policyholder tax comprises corporation tax payable at the policyholder rate on the policyholders' share of the taxable result for the year, together with deferred tax at the policyholder rate on temporary differences relating to policyholder items.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
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.

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.

With regard to capital gains tax on policyholders' future tax obligations, management has determined that reserves should be held to cover this, based on a reserve charge rate of 20%. The deferred capital gains upon which the reserve charges are calculated are reflected in the closing deferred tax balance.

1. Basis of preparation and significant accounting policies (continued)

We are aware of the proposed BEPS Pillar 2 changes which might impact the tax rate in some jurisdictions in future years and continue to monitor for updates.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient tax profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emissions.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legal enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 (2022: 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 a tax expense/(tax credit) in the statement of comprehensive income, with a corresponding asset/(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.

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 as they are owned by the clients of IFAL.

1. Basis of preparation and significant accounting policies (continued)

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 an incremental borrowing rate at the date of commencement. After the commencement date, the amount of lease liabilities is increased to

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 expense 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 Group 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 Group 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 Group 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.

1. Basis of preparation and significant accounting policies (continued)

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 Statement of Comprehensive Income. Gains and losses arising from changes in fair value are presented in the Consolidated Statement of Comprehensive Income within "policyholder 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, investments in gilts and cash and cash equivalents. These are included in current assets due to their short-term nature, except for the loan 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.

1. Basis of preparation and significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

2. Critical accounting estimates and judgements (continued)

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.

1. 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 - Gilts
- Investments - Listed shares and securities
- Trade and other payables
- Loans receivable and loans payable

(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**	
				Restated
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Cash and cash equivalents	-	-	177.9	183.0
Cash held for the benefit of policyholders	-	-	1,419.2	1,458.6
Investments - Listed shares and securities	0.1	0.1	-	-
Investments - Gilts	-	3.0	22.3	-
Loans receivable	-	-	6.3	5.5
Accrued income	-	-	12.5	12.1
Trade and other receivables	-	-	3.2	2.0
Investments held for the policyholders	23,021.7	20,715.8	-	-
Total financial assets	**23,021.8**	**20,718.9**	**1,641.4**	**1,661.2**

		Restated
	2023	**2022**
Assets which are not financial instruments	**£m**	**£m**
Prepayments	4.7	5.1
Current tax asset	14.3	15.0
Trade and other receivables - repayment interest due from HMRC	0.4	-
	19.4	**20.1**

See note 36 for details on 2022 restated balances.

3. Financial instruments (continued)

Financial liabilities:

	Fair value through profit or loss		**Amortised cost**	
		Restated		**Restated**
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Trade payables	-	-	0.7	1.6
Lease liabilities	-	-	1.1	2.8
Other payables			5.9	5.4
Liabilities for linked investments contracts	23,021.7	20,715.8	1,419.2	1,458.6
Total financial liabilities	**23,021.7**	**20,715.8**	**1,426.9**	**1,468.4**

		Restated
	2023	**2022**
Liabilities which are not financial instruments	**£m**	**£m**
Accruals and deferred income	7.8	8.3
PAYE and other taxation	2.6	2.2
Other payables - due to HMRC	0.9	2.3
Deferred consideration	1.6	1.7
Contingent consideration	-	1.7
	12.9	**16.2**

See note 36 for details on 2022 restated balances.

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**	
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Cash and cash equivalents	-	-	26.0	33.1
Trade and other receivables	-	-	0.1	0.2
Loans receivable	-	-	6.3	5.5
Total financial assets	**-**	**-**	**32.4**	**38.8**

Financial liabilities:

	Fair value through profit or loss		**Amortised cost**	
				Restated
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Other payables	-	-	0.4	0.3
Loans payable	-	-	7.0	8.0
Due to Group undertakings	-	-	-	0.1
Total financial liabilities	**-**	**-**	**7.4**	**8.4**

				Restated
			2023	**2022**
Liabilities which are not financial instruments			**£m**	**£m**
Accruals and deferred income			0.3	0.3
PAYE and other taxation			0.1	0.1
Deferred consideration	-	-	1.6	1.7
Contingent consideration			-	1.7
			2.0	**3.8**

See note 36 for details on 2022 restated balances.

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, accrued fees, investments held in gilts, 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.

3. Financial instruments (continued)

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

The table below classifies financial instruments 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.

The following table shows the three levels of the fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments;
- Level 2: instruments which are not actively traded but provide regular observable prices; and
- Level 3: inputs that are based on level 1 or level 2 data, but for which the last known price is over a year old (unobservable inputs).

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

2023	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Assets				
Term deposits	182.0	-	-	182.0
Investments and securities	740.3	181.9	0.5	922.7
Bonds and other fixed-income securities	16.5	1.0	-	17.5
Holdings in collective investment schemes	21,754.5	143.3	1.7	21,899.5
Investments held for the benefit of policyholders	**22,693.3**	**326.2**	**2.2**	**23,021.7**
Investments - listed shares and securities	0.1	-	-	-
Total	**22,693.4**	**326.2**	**2.2**	**23,021.8**
Liabilities				
Liabilities for linked investments contracts	22,693.3	326.2	2.2	23,021.7
Total	**22,693.3**	**326.2**	**2.2**	**23,021.7**

2022	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Assets				
Term deposits	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
Investments held for the benefit of policyholders	**20,437.1**	**276.8**	**1.9**	**20,715.8**
Investments	3.1	-	-	3.1
Total	**20,440.2**	**276.8**	**1.9**	**20,718.9**
Liabilities				
Liabilities for linked investments contracts	20,437.1	276.8	1.9	20,715.8
Contingent consideration	-	-	1.7	1.7
Total	**20,437.1**	**276.8**	**3.6**	**20,717.5**

3. Financial instruments (continued)

Level 1 valuation methodology

Financial instruments 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 are mainly Open-Ended Investment Companies (OEICs), Unit Trusts, Investment trusts and Exchange Traded Funds.

The price is sourced from our 3rd party provider, who source this directly from the stock exchange or obtain the price directly from the fund manager.

Level 2 valuation methodology

Financial instruments included in Level 2 are measured at fair value using observable mid prices traded in markets that have been assessed as not active but which provide regular observable prices. These are mainly Structured products and OEICs.

The price is sourced from the structured product provider or from our 3rd party provider, who obtain the price directly from the fund manager.

Level 3 valuation methodology

Financial instruments included in Level 3 are measured at fair value using the last known price and for which the price is over a year old. These are mainly OEICs and Unit Trusts. These instruments have unobservable inputs as the current observable market information is no longer available. Where these instruments arise management will value them based on the last known observable market price.

The prices are sourced as noted in level 1 and level 2 above.

For the purposes of identifying level 3 instruments, unobservable inputs means that current observable market information is no longer available. Where these instruments 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 instruments 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.

Review of prices

As part of its pricing process, the Group regularly reviews whether each instrument can be valued using a quoted price and if it trades on an active market, based on available market data and the specific circumstances of each market and instrument.

The Group regularly assesses instruments 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 instrument price become observable following the resumption of trading the FVH level will be updated to reflect this.

3. Financial instruments (continued)

Changes to valuation methodology

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

Transfers between Levels

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

The Group 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 2022 and 30 September 2023 are presented in the table below at their valuation at 30 September 2023:

Transfers from	**Transfers to**	**£m**
Level 1	Level 2	32.3
Level 2	Level 1	20.9

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

	2023 **£m**	**2022** **£m**
Opening balance	1.9	1.9
Unrealised gains or losses in the year ended 30 September 2023	(0.1)	(0.4)
Transfers in to Level 3 at 30 September 2023 valuation	0.4	0.4
Transfers out of Level 3 at 30 September 2023 valuation	-	-
Purchases, sales, issues and settlement	-	-
Closing balance	**2.2**	**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.

(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	IFPR
ILUK	Solvency II
ILInt	Isle of Man risk based capital regime

Group capital requirements for 2023 are driven by the regulated entities, whose capital resources and requirements as detailed below:

3. Financial instruments (continued)

	IFAL		ILUK		ILInt	
	30 September		30 September		30 September	
	2023	2022	2023	2022	2023	2022
	£m	£m	£m	£m	£m	£m
Capital resource	44.4	39.7	269.2	244.0	46.6	42.0
Capital requirement	33.3	32.6	215.8	186.9	27.1	23.7
Coverage ratio	133%	122%	125%	131%	172%	177%

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

4. Risk and risk management

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.

4. Risk and risk management (continued)

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 after tax and equity 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.

assets held on the platform.

	Impact on profit and equity for the year	
	2023	2022
	£m	£m
10% increase in asset values	8.7	8.5
10% decrease in asset values	(8.7)	(8.5)

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 receives interest on its cash and cash equivalents of £177.9 million (2022: 183.0 million), on its loans £6.3 million (2022: £5.5 million) and on financial investments of £22.4 million (2022: £3.1 million). The Group mitigates interest rate risk by diversifying its investments, which include government gilts which have a fixed rate of interest.

Sensitivity testing has been performed to assess the impact of a 1% change in interest rates. This would be expected to increase/decrease interest received on cash and cash equivalents by £1.7 million (2022: £1.8 million) and on loans by £0.1 million (2022: £0.1 million), which would increase/decrease profit after tax and equity by £1.4 million (2022: £1.5 million).

(c) Currency risk

The Group is not directly exposed to significant currency risk however it is exposed to currency risk which arises on the platform software maintenance and support fees charged by IAD Pty, which are charged in Australian Dollars. The total amount of software maintenance and support fees in FY23 amounted to £7.2 million (FY22: £6.2 million).

Sensitivity testing has been performed to assess the impact of a 10% change in the GBP-AUD exchange rate. This would be expected to cause an increase/decrease of £0.7 million (2022: £0.6 million) on the software maintenance and support fees.

4. Risk and risk management (continued)

The table below shows a breakdown of the material foreign currency exposures for the unit-linked policies within the Group:

	2023	2023	2022	2022
Currency	**£m**	**%**	**£m**	**%**
GBP	24,279.2	99.3	22,021.1	99.3
USD	133.4	0.5	127.0	0.6
EUR	15.9	0.1	16.4	0.1
Others	12.4	0.1	9.8	0.0
Total	**24,440.9**	**100.0**	**22,174.3**	**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.

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 £6.3m (2022: £5.5m). 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.

4. Risk and risk management (continued)

In addition to the above, the Company has committed a further £5.0m 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 £6.3m (2022: £5.5m). 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 £81k (2022: £160k) 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.

Cash and cash equivalents and investments are classed as stage 1 on the expected credit loss

Cash and cash equivalents and investments are classed as stage 1 on the expected credit loss model (meaning that they are not credit-impaired on initial recognition and have not experienced a significant increase in credit risk since initial recognition) with no material expected credit loss provision held.

Corporate assets and funds held on behalf of clients
There is no significant risk exposure to any one UK clearing bank.

Counterparty default risk exposure to clients
The Group is due £12.3m (2022: £11.8m) from fee income owed by clients.

Impact of credit risk on fair value

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

(3) Liquidity risk

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

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

Across the Group, the following key drivers of liquidity risk have been identified:
- liquidity risk arising due to failure of one or more of the Group's banks;
- liquidity risk arising due to the bank's system failure which prevents access to Group funds; and
- liquidity risk arising from clients holding insufficient cash to settle fees when they become due.

4. Risk and risk management (continued)

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.

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 2023 and 30 September 2022. All financial liabilities are undiscounted.

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.

4. Risk and risk management (continued)

Financial assets:

2023	**Up to 3 months £m**	**3-12 months £m**	**1-5 years £m**	**Over 5 years £m**	**Total £m**
Investments held for the policyholders	23,021.7	-	-	-	23,021.7
Investments	-	-	22.4	-	22.4
Accrued income	12.5	-	-	-	12.5
Trade and other receivables	3.2	-	-	-	3.2
Loans	-	-	6.3	-	6.3
Cash and cash equivalents	177.9	-	-	-	177.9
Cash held for the benefit of policyholders	1,419.2	-	-	-	1,419.2
Total	**24,634.5**	**-**	**28.7**	**-**	**24,663.1**

Restated 2022	**Up to 3 months £m**	**3-12 months £m**	**1-5 years £m**	**Over 5 years £m**	**Total £m**
Investments held for the policyholders	20,715.8	-	-	-	20,715.8
Investments	0.1	-	3.0	-	3.1
Accrued income	12.1	-	-	-	12.1
Trade and other receivables	2.0	-	-	-	2.0
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	**22,371.6**	**-**	**8.5**	**-**	**22,380.1**

See note 36 for details on 2022 restated balances.

Financial liabilities:

2023	**Up to 3 months £m**	**3-12 months £m**	**1-5 years £m**	**Over 5 years £m**	**Total £m**
Liabilities for linked investment contracts	24,440.9	-	-	-	24,440.9
Trade and other payables	6.6	-	-	-	6.6
Lease liabilities	0.1	0.3	0.9	-	1.3
Total	**24,447.6**	**0.3**	**0.9**	**-**	**24,448.8**

2022	**Up to 3 months £m**	**3-12 months £m**	**1-5 years £m**	**Over 5 years £m**	**Total £m**
Liabilities for linked investment contracts	22,174.4	-	-	-	22,174.4
Trade and other payables	7.0	-	-	-	7.0
Lease liabilities	0.6	1.3	0.9	-	2.8
Total	**22,182.0**	**1.3**	**0.9**	**-**	**22,184.2**

As per note 3, accruals, deferred consideration and contingent consideration have been reclassified as non-financial instruments and have therefore been removed from this table.

4. Risk and risk management (continued)

(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 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	
	2023	**2022**
	£m	**£m**
Annual commission income	116.1	115.8
Wrapper fee income	12.3	11.6
Other income	1.7	2.2
Adviser back-office technology	4.8	4.0
Total revenue	**134.9**	**133.6**

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.

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 below.

6. Segmental reporting (continued)

Statement of comprehensive income - segmental information for the year ended 30 September 2023:

	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	63.1	53.0	-	-	-	116.1
Wrapper fee income	3.0	9.3	-	-	-	12.3
Adviser back-office technology	-	-	4.8	-	-	4.8
Other income	1.2	0.5	-	76.0	(76.0)	1.7
Total revenue	**67.3**	**62.8**	**4.8**	**76.0**	**(76.0)**	**134.9**
Cost of sales	(2.1)	(0.6)	(0.7)	(0.5)	-	(3.9)
Gross profit/(loss)	**65.2**	**62.2**	**4.1**	**75.5**	**(76.0)**	**131.0**
Administrative expenses	(42.2)	(30.2)	(5.5)	(72.3)	75.6	(74.6)
Impairment losses	-	-	-	(0.1)	-	(0.1)
Operating profit/(loss)	**23.0**	**32.0**	**(1.4)**	**3.1**	**(0.4)**	**56.3**
Interest expense	-	-	-	(0.7)	0.6	(0.1)
Interest income	1.2	4.4	-	1.4	(0.6)	6.4
Net policyholder returns						
Net income/(loss) attributable to policyholder returns	-	12.1	-	-	-	12.1

Change in investment contract liabilities	-	(1,056.0)	-	-	-	(1,056.0)
Fee and commission expenses	-	(193.3)	-	-	-	(193.3)
Policyholder investment returns	-	1,249.3	-	-	-	1,249.3
Net policyholder returns	**-**	**12.1**	**-**	**-**	**-**	**12.1**
Profit/(loss) on ordinary activities before taxation attributable to policyholders and shareholders	**24.2**	**48.5**	**(1.4)**	**3.8**	**(0.4)**	**74.7**
Policyholder tax credit/(charge)	-	(12.1)	-	-	-	(12.1)
Profit on ordinary activities before taxation attributable to shareholders	**24.2**	**36.4**	**(1.4)**	**3.8**	**(0.4)**	**62.6**
Total tax attributable to shareholder and policyholder returns	(5.0)	(18.7)	0.5	(1.7)	(0.1)	(24.9)
Less: tax attributable to policyholder returns	-	12.1	-	-	-	12.1
Shareholder tax on profit on ordinary activities	**(5.0)**	**(6.6)**	**0.5**	**(1.7)**	**(0.1)**	**(12.8)**
Profit/(loss) for the period	**19.2**	**29.8**	**(0.9)**	**2.1**	**(0.3)**	**49.9**

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
Revenue	**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)
Gross profit/(loss)	**66.8**	**61.8**	**3.4**	**63.9**	**(64.4)**	**131.5**
Admin expenses	(43.0)	(28.8)	(5.3)	(64.6)	64.0	(77.7)
Expected credit losses 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**
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 period	**19.4**	**28.1**	**(1.6)**	**(1.6)**	**(0.3)**	**44.0**

6. Segmental reporting (continued)

6. Segmental reporting (continued)

Statement of financial position - segmental information for the year ended 30 September 2023:

	Investment administration services £m	Insurance and life assurance business £m	Adviser back-office technology £m	Total £m
Assets				
Non-current assets	10.3	19.1	1.1	30.5
Current assets	78.0	154.6	2.8	235.4
Total assets	**88.3**	**173.7**	**3.9**	**265.9**
Liabilities				
Current liabilities	8.4	18.1	1.0	27.5
Non-current liabilities	0.8	47.5	0.2	48.5
Total liabilities	**9.2**	**65.6**	**1.2**	**76.0**
Policyholder assets and liabilities				
Cash held for the benefit of policyholder	-	1,419.2	-	-
Investments held for the benefit of policyholders	-	23.021.7	-	-
Liabilities for linked investment contracts	-	(24,440.9)	-	-
Total policyholder assets and liabilities	-	-	-	-
Net assets	79.1	108.1	2.7	189.9
Non-current asset additions	0.3	0.3	0.0	0.6

6. Segmental reporting (continued)

Restated 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	25.4	0.8	36.6
Current assets	71.8	144.7	3.8	220.3
Total assets	**82.2**	**170.1**	**4.6**	**256.9**
Liabilities				
Current liabilities	10.5	22.5	1.1	34.1
Non-current liabilities	1.9	47.6	0.1	49.6
Total liabilities	**12.4**	**70.1**	**1.2**	**83.7**
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	-	0.3

See note 36 for details on 2022 restated balances.

Segmental information: Split by geographical location

	2023 £m	2022 £m
Revenue		
United Kingdom	129.4	128.3
Isle of Man	5.5	5.3
Total	**134.9**	**133.6**

	2023 £m	2022 £m
Non-current assets		
United Kingdom	23.4	25.1
Isle of Man	0.1	-
Total	**23.5**	**25.1**

7. Earnings per share

	2023	2022
Profit		
Profit for the year and earnings used in basic and diluted earnings per share	£49.9m	£44.0m
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	(0.5m)	(0.4m)
Weighted average number of Ordinary Shares for the purposes of basic EPS	**330.8m**	**330.9m**
Adjustment for dilutive share option awards	0.5m	0.4m
Weighted average number of Ordinary Shares for the purposes of diluted EPS	**331.3m**	**331.3m**
Earnings per share		
Basic	15.1p	13.3p
Diluted	15.1p	13.3p

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

	2023 £m	2022 £m
Depreciation	2.1	2.6
Amortisation	0.4	0.4
Wages and employee benefits expense	52.8	46.1
Other staff costs	1.1	1.0
Auditor's remuneration:		
- auditing of the Financial Statements of the Company pursuant to the legislation	0.2	0.1
- auditing of the Financial Statements of subsidiaries	0.6	0.4
- other assurance services	0.4	0.3
Other professional fees	4.8	4.7
Regulatory fees	3.9	4.2

- Non-underlying expenses - backdated VAT	-	8.0
- Non-underlying expenses - interest on backdated VAT	-	0.8
- Other non-underlying expenses - deferred consideration	2.1	2.1
- Other non-underlying expenses -contingent consideration	(1.7)	0.9
- Other non-underlying expenses	-	(0.3)
Short-term lease payments:		
- land and buildings	0.6	0.1
Other occupancy costs	2.2	2.3
Other costs	6.7	6.4
Other income - tax relief due to shareholders	(1.6)	(2.4)
Total administrative expenses	**74.6**	**77.7**

Other income - tax relief due to shareholders, relates to the release of policyholder reserves to the statement of comprehensive income.

Company

	2023 **£m**	**2022** **£m**
Wages and employee benefits expense	0.7	0.6
Non underlying expenses:		
- Remuneration	0.3	3.0
Auditor's remuneration:		
- auditing of the Financial Statements of the Company pursuant to the legislation	0.2	0.2
Other professional fees	0.6	0.8
Other costs	0.2	0.2
Total administrative expenses	**2.0**	**4.8**

8. Expenses by nature (continued)

Wages and employee benefits expense

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

	2023 **No.**	**2022** **No.**
CEO	2	2
Client services staff	232	223
Finance staff	72	69
Legal and compliance staff	39	38
Sales, marketing and product development staff	65	64
Software development staff	139	131
Technical and support staff	82	67
	631	**594**

The Company has no employees (2022: nil).

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

	2023 **£m**	**2022** **£m**
Wages and salaries	43.9	36.3
Social security costs	4.8	4.2
Other pension costs	2.0	3.6
Share-based payment costs	2.1	2.0
	52.8	**46.1**

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.

	2023 **£m**	**2022** **£m**
Short-term employee benefits	3.0	2.9
Post-employment benefits	0.2	0.2
Share based payment	0.5	0.4
Social security costs	0.5	0.4
		4.1
Highest paid director:		
Short-term employee benefits	0.6	0.6
Other benefits	0.2	0.2
	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 **2023**	**Company** **2023**	**Group** **2022**	**Company** **2022**

	£m	£m	£m	£m
Interest income on bank deposits	5.3	0.5	0.6	-
Interest income on tax repayments	0.4	-	-	-
Interest income on loans	0.4	0.4	0.2	0.2
Interest income on financial investments	0.3	-	-	-
	6.4	**0.9**	**0.8**	**0.2**

All interest income is calculated using the effective interest rate method, except for Interest income on tax repayments.

10. Policyholder investment returns

	2023 £m	2022 £m
Change in fair value of underlying assets	1,024.2	(2,729.2)
Investment income	225.1	151.5
Total policyholder investment returns	**1,249.3**	**(2,577.7)**

11. Tax on profit on ordinary activities

Group

a) Analysis of charge in year

The income tax expense comprises:

	2023 £m	2022 £m
Corporation tax		
Current year - corporation tax	12.7	10.0
Adjustment in respect of prior years	(0.1)	0.7
	12.6	**10.7**
Deferred tax		
Current year	0.1	(0.4)
Change in deferred tax charge/(credit) as a result of higher tax rate	-	-
Total shareholder tax charge for the year	**12.7**	**10.3**
Policyholder taxation		
UK policyholder tax at 20% (2022: 20%)	-	-
Deferred tax at 25% (2022: 25%)	11.8	(33.8)
Prior year adjustments	-	(4.9)
Tax deducted on overseas dividends	0.3	0.2
Total policyholder taxation	**12.1**	**(38.5)**
Total tax attributable to shareholder and policyholder returns	**24.8**	**(28.2)**

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:

	2023 £m	2022 £m
Profit on ordinary activities before taxation attributable to shareholders	62.6	54.3
Profit on ordinary activities multiplied by effective rate of Corporation Tax 22% (2021: 19%)	13.8	10.3
Effects of:		
Non-taxable dividends	-	-
Group relief	-	-
Income / expenses not taxable / deductible for tax purposes multiplied by effective rate of corporation tax	(0.6)	(0.2)
Adjustments in respect of prior years	0.1	0.7
Effect of change in tax rate	-	-
Effect of lower tax rate jurisdiction	(0.6)	(0.5)
Other adjustments	-	-
	12.7	**10.3**
Add policyholder tax	12.1	(38.5)
	24.8	**(28.2)**

Company

a) Analysis of charge in year

	2023 £m	2022 £m
Deferred tax charge/(credit) (see note 26)	-	-

b) Factors affecting tax charge for the year

	2023 £m	2022 £m
Profit on ordinary activities before tax	31.6	39.9

Profit on ordinary activities multiplied by

Profit on ordinary activities multiplied by effective rate of Corporation Tax 22% (2021: 19%)	7.0	7.6
Effects of:		
Non-taxable dividends	(7.3)	(8.5)
Income / expenses not taxable / deductible for tax purposes multiplied by effective rate of Corporation Tax	-	0.6
Group loss relief to ISL	0.3	0.3
	-	-

12. Intangible assets - Group

Cost	Software and IP rights £m	Goodwill £m	Customer relationships £m	Software £m	Brand £m	Total £m
At 1 October 2022	12.5	18.3	2.1	2.0	0.3	35.2
At 30 September 2023	**12.5**	**18.3**	**2.1**	**2.0**	**0.3**	**35.2**
Amortisation						
At 1 October 2022	12.5	-	0.3	0.5	0.1	13.4
Charge for the year	-	-	0.1	0.3	-	0.4
At 30 September 2023	**12.5**	**-**	**0.4**	**0.8**	**0.1**	**13.8**
Net Book Value						
At 30 September 2022	-	18.3	1.8	1.5	0.2	21.8
At 30 September 2023	**-**	**18.3**	**1.7**	**1.2**	**0.2**	**21.4**

Cost						
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

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.

12. Intangible assets - Group (continued)

IAD Pty

	2023 £m	2022 £m
Investment administration services	7.2	7.2
Insurance and life assurance business	5.7	5.7
Total	**12.9**	**12.9**

Other assumptions are as follows:

	2023	2022
Discount rate	13.2%	13.3%
Period on which detailed forecasts are based	5 years	5 years
Long-term growth rate	2.0%	1.0%

The carrying amount of the T4A goodwill is all allocated to the below CGU:

T4A

	2023 £m	2022 £m
Adviser back-office technology	5.3	5.3

Other assumptions are as follows:

	2023	2022
Discount rate	14.0%	11.6%
Period on which detailed forecasts are based	5 years	5 years
Long-term growth rate	2.0%	2.0%

The recoverable amounts of the above CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 30 September 2028. 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 approximately 30% compared to expectations, would be required before the carrying value of any CGU would exceed the recoverable amount.

13. Property, plant and equipment - Group

Cost	**Leasehold improvements £m**	**Equipment £m**	**Fixtures and Fittings £m**	**Motor Vehicles £m**	**Total £m**
At 1 October 2022	1.7	3.7	0.2	-	5.6
Additions	0.1	0.4	0.1	0.1	0.7
Disposals	-	(0.4)	-	–	(0.4)
Reclassification	-	(0.2)	0.2	–	-
Foreign exchange	-	(0.1)	-	–	(0.1)
At 30 September 2023	**1.8**	**3.4**	**0.5**	**0.1**	**5.8**
Depreciation					
At 1 October 2022	1.4	2.9	0.1	–	4.4
Charge in the year	0.1	0.7	0.1	–	0.9
Disposals	-	(0.5)	-	–	(0.5)
Reclassification	-	(0.1)	0.1		-
Foreign exchange	-	(0.1)	-	–	(0.1)
At 30 September 2023	**1.5**	**2.9**	**0.3**	**–**	**4.7**
Net Book Value					
At 30 September 2022	0.3	0.8	0.1	–	1.2
At 30 September 2023	0.3	0.5	0.2	0.1	1.1
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)
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)
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

The Company holds no property, plant and equipment.

14. Right-of-use assets - Property - Group

Cost	**£m**
At 1 October 2022	6.6
Additions	0.4
Disposals	(5.2)
Foreign exchange	(0.1)
At 30 September 2023	1.7

Depreciation	**£m**
At 1 October 2022	4.5
Charge in the year	1.4
Disposals	(5.2)
At 30 September 2023	0.7

Net Book Value	
At 30 September 2022	2.1
At 30 September 2023	1.0

Cost	**£m**
At 1 October 2021	6.5
Foreign exchange	0.1
At 30 September 2022	6.6

Depreciation	**£m**
At 1 October 2021	2.8
Charge in the year	1.7
At 30 September 2022	4.5

Net Book Value	
At 30 September 2021	3.6
At 30 September 2022	2.1

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

During the year, the right of use asset for the Group's Clement's Lane office was fully depreciated as the lease came to an end in June 2023. The Group has 'security of tenure' and therefore the original lease continues until it is terminated by either party. The Group intends to occupy the building whilst the terms of a new lease for the same building are finalised. Costs of the lease from July 2023 onwards were therefore recognised directly in the statement of comprehensive income as occupancy costs.

15. Investment in subsidiaries

	2023 **£m**	**2022** **£m**
Carrying value at 1 October	33.3	31.6
Share-based payments	2.0	1.7
Carrying value at 30 September	**35.3**	**33.3**

The Company has investments in the ordinary share capital of the following subsidiaries at 30 September 2023:

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

ObjectMastery (UK) Limited	Ordinary Shares	100%	United Kingdom	Dormant
IntegraFin (Australia) Pty Limited	Ordinary Shares	100%	Australia	Non-trading

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

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

The above subsidiaries have all been included in the consolidated Financial Statements.

15. Investments in subsidiaries (continued)

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.

16. Loans

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

Loans receivable

	2023 **£m**	**2022** **£m**
Loans receivable from third parties	6.5	5.7
Interest receivable on loans	0.1	-
Total gross loans	**6.6**	**5.7**
Expected credit losses allowance	(0.3)	(0.2)
Total net loans	**6.3**	**5.5**

16. Loans (continued)

Movement in the expected credit losses for the loan is as follows:

	2023 **£m**	**2022** **£m**
Opening expected credit losses	(0.2)	(0.2)
Increase during the year	(0.1)	-
Balance at 30 September	**(0.3)**	**(0.2)**

The loans receivable are measured at amortised cost with the expected credit losses charged

The loans receivable are measured at amortised cost with the expected credit losses charged straight to the statement of comprehensive income.

Loans payable

	2023 £m	2022 £m
Loan payable to subsidiary	7.0	8.0
To be settled within 12 months	1.0	1.0
To be settled after 12 months	6.0	7.0
Total loan payable	**7.0**	**8.0**

The loan payable was initially recognised at fair value. Subsequent measurement is at amortised cost using the effective interest rate 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 7 years.

17. Investments held for the benefit of policyholders

ILInt	2023 Cost £m	2023 Fair value £m	2022 Cost £m	2022 Fair value £m
Investments held for the benefit of policyholders	2,155.5	2,310.3	1,988.9	2,057.2
	2,155.5	**2,310.3**	**1,988.9**	**2,057.2**
ILUK				
Investments held for the benefit of policyholders	19,249.9	20,711.4	19,215.4	18,658.6
	19,249.9	**20,711.4**	**19,215.4**	**18,658.6**
Total	**21,405.4**	**23,021.7**	**21,214.3**	**20,715.8**

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

ILInt	2023 Fair value £m	2022 Fair value £m
Unit linked liabilities	2,481.5	2,201.4
	2,481.5	**2,201.4**
ILUK		
Unit linked liabilities	21,959.4	19,973.0
	21,959.4	**19,973.0**
Total	**24,440.9**	**22,174.4**

Analysis of change in liabilities for linked investment contracts

	2023 £m	2022 £m
Opening balance	22,174.4	23,053.4
Investment inflows	2,670.3	3,113.9
Investment outflows	(1,400.5)	(1,163.1)
Changes in fair value of underlying assets	1,024.1	(2,729.0)
Investment income	225.1	151.5
Other fees and charges - Transact	(59.2)	(59.7)
Other fees and charges - third parties	(193.3)	(192.6)
Closing balance	**24,440.9**	**22,174.4**

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

	2023 £m	2022 £m
Bank balances - instant access	165.9	173.5

Bank balances - notice accounts	12.0	9.5
Total	**177.9**	**183.0**

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

	2023 £m	2022 £m
Cash and cash equivalents held for the benefit of the policyholders - instant access - ILUK	1,248.0	1,314.3
Cash and cash equivalents held for the benefit of the policyholders - instant access - ILINT	171.2	144.2
Total	**1,419.2**	**1,458.5**

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. Investments

	Group 2023 £m	Group 2022 £m
Fair value through profit or loss		
Listed shares and securities	0.1	0.1
Gilts	-	3.0
Total	**0.1**	**3.1**
Amortised cost		
Gilts	22.3	-
Total	**22.3**	**-**
	22.4	**3.1**

In July 2023, the previously held gilt of £3.0 million matured, and new gilts of £22.3 million were purchased in August 2023. These gilts are interest-bearing and the associated income is referenced in Note 9 as "interest on financial investments".

22. Prepayments and accrued income

	Group 2023 £m	Company 2023 £m	Group 2022 £m	Company 2022 £m
Accrued income	13.5	-	13.1	-
Less: expected credit losses	(1.0)	-	(1.0)	-
Accrued income - net	**12.5**	-	**12.1**	-
Prepayments	4.7	-	5.1	0.1
Total	**17.2**	**-**	**17.2**	**0.1**

Movement in the expected credit losses (for accrued income and trade and other receivables) is as follows:

	2023 £m	2022 £m
Opening expected credit losses	(1.0)	(0.8)
Increase during the year	-	(0.2)
Balance at 30 September	**(1.0)**	**(1.0)**

23. Trade and other receivables

	Group 2023 £m	Company 2023 £m	Group 2022 £m	Company 2022 £m
Other receivables	3.2	-	2.1	-
Less: expected credit losses	(0.1)	**-**	(0.1)	**-**
Other receivables net	**3.1**	**-**	**2.0**	**-**
Amounts owed by Group undertakings	-	0.1	-	0.2
Repayment interest due from HMRC	0.4	-	-	-
Total	**3.6**	**0.1**	**2.0**	**0.2**

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 2023 £m	Company 2023 £m	Group 2022 £m	Company 2022 £m
Trade payables	0.7	-	1.6	-

PAYE and other taxation	2.6	0.1	2.2	0.1
Other payables	6.8	0.4	7.7	0.3
Accruals	7.8	0.4	8.3	0.3
Deferred consideration	1.6	1.6	1.7	1.7
Total	**19.5**	**2.5**	**21.5**	**2.4**

Other payables mainly comprises £5.3 million (2022: £4.8 million) in relation to bonds awaiting approval.

25. Lease liabilities

	2023 **£m**	**2022** **£m**
Opening balance	2.8	5.1
Additions	0.2	-
Lease payments	(2.0)	(2.4)
Interest expense	0.1	0.1
Balance at 30 September	1.1	2.8
Amounts falling due within one year	0.3	1.9
Amounts falling due after one year	0.8	0.9

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.

As per Note 14, the lease for the Group's Clement's Lane office ended in June 2023.

26. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20% (2022: 20%) on policyholder assets and liabilities and 25% (2022: 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.

Deferred Tax Asset	**Accelerated Capital Allowances £m**	**Share based payments £m**	**Policyholder Unrealised losses/ (unrealised gains) £m**	**Policyholder Excess management expenses and deferred acquisition costs £m**	**Policyholder Unrealised losses on investment trusts £m**	**Other deductible temporary differences £m**	**Total £m**
At 1 October 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**
Excess tax relief charged to equity	-	0.2	-	-	-	-	0.2
Charge to income	-	(0.2)	(2.9)	0.3	0.4	0.1	(2.3)
Offset Deferred Tax Liability	-	-	-	(2.5)	(0.6)	(0.1)	(3.2)
At 30 September 2023	**0.1**	**0.5**	**-**	**-**	**-**	**0.1**	**0.7**

Deferred Tax Liability	**Accelerated capital allowances £m**	**Policyholder tax on unrealised gains £m**	**Other taxable differences £m**	**Total £m**
At 1 October 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 2021	**-**	**-**	**0.9**	**0.9**
Charge to income	-	9.6	(0.1)	9.5
Offset against Deferred Tax asset		(3.1)	(0.1)	(3.2)
At 30 September 2023	**-**	**6.5**	**0.7**	**7.2**

The Company has no deferred tax assets or liabilities.

27. Provisions - Group

	2023 £m	2022 £m
Balance brought forward	56.8	17.8
(Decrease)/increase in dilapidations provision	-	(0.3)
Decrease in ILInt non-linked unit provision	-	(0.1)
(Decrease)/increase in ILUK policyholder reserves	(9.7)	45.0
Increase/(decrease) in other provisions	1.1	(5.6)
Balance carried forward	**48.2**	**56.8**
Amounts falling due within one year	7.7	10.7
Amounts falling due after one year	40.5	46.1
Dilapidations provisions	0.2	0.2
Other provisions	1.1	-
ILUK policyholder reserves	46.9	56.6
Total	**48.2**	**56.8**

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.

28. Contingent consideration - Group and Company

	2023 £m	2022 £m
Contingent consideration	-	1.7

The T4A acquisition cost included additional consideration between £0 and £8.6 million, which was payable in January 2025 and contingent on T4A meeting certain highly stretching performance targets over the next four years. During the year, it was determined that T4A is not expected to meet these targets, and therefore, the contingent consideration recognised to date has been released.

29. Share-based payments

Share-based payment reserve

	Group 2023 £m	Company 2023 £m	Group 2022 £m	Company 2022 £m
Balance brought forward	2.6	2.2	2.4	1.7
Movement in the year	0.8	0.5	0.2	0.5
Balance carried forward	**3.4**	**2.7**	**2.6**	**2.2**

29. Share-based payments (continued)

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 2023 was £nil (2022: £nil). There have been no new share options granted.

(ii) SIP 2018
The Company implemented an annual SIP awards scheme in January 2019. This is an approved scheme under Schedule 2 of the Income Tax (Earnings & Pensions) Act 2003, and entitles all eligible employees to ordinary shares in the Company. The shares are held in a UK Trust.

The scheme includes the following awards:

Free Shares
The Company may give Free Shares up to a maximum value, calculated at the date of

the award of such Free Shares, of £3,600 per employee in a tax year.

The share awards are made by the Company each year, dependent on 12 months continuous service at 30 September. The cost to the Group in the financial year to 30 September 2023 was £0.8m (2022: £0.6m).

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 2023 was £0.5m (2022: £0.5m).

29. Share-based payments (continued)

(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 2023 was £0.9m (2022: £0.8m). 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:

	2023 Shares (number)	**2022 Shares (number)**
SIP 2018		
Shares in the plan at start of the year	854,247	692,683
Granted	504,113	292,318
Shares withdrawn from the plan	(152,748)	(130,754)
Shares in the plan at end of year	**1,205,612**	**854,247**
Available to withdraw from the plan at end of year	**557,544**	**314,161**

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

	2023 Weighted average exercise price (pence)	**2023 Shares (number)**	**2022 Weighted average exercise price (pence)**	**2022 Shares (number)**
SIP 2005				
Outstanding at start of the year	0.0	805,509	0.0	872,709
Shares withdrawn from the plan	0.0	(42,804)	0.0	(67,200)
Shares in the plan at end of year	**0.0**	**762,705**	**0.0**	**805,509**
Available to withdraw from the plan at end of year	**0.0**	**762,705**	**0.0**	**805,509**

The weighted average share price at the date of withdrawal for shares withdrawn from the plan during the year was 273.1 pence (2022: 425.5 pence).

29. Share-based payments (continued)

At 30 September 2023 the exercise price was £nil as they were all nil cost options.

	2023 Weighted average exercise price (pence)	**2023 Share options (number)**	**2022 Weighted average exercise price (pence)**	**2022 Share options (number)**
PSP				

PSP				
Outstanding at start of the year	0.00	675,307	0.00	576,088
Granted	0.00	293,376	0.00	184,772
Forfeited	0.00	-	0.00	-
Exercised		(69,019)		(85,553)
Outstanding at end of year	**0.00**	**899,664**	**0.00**	**675,307**
Exercisable at end of year	**0.00**	**249,985**	**0.00**	**183,958**

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:

	2023	**2022**
PSP		
Share price at date of grant	287.8	522.5
Exercise price	Nil	Nil
Expected life	3 years	3 years
Risk free rate	3.5%	0.7%
Dividend yield	3.5%	1.9%
Weighted average fair value per option	**258.8p**	**493.3p**

30. Employee Benefit Trust reserve

Group:

	2023 £m	**2022 £m**
Balance brought forward	(2.4)	(2.1)
Purchase of own shares	(0.2)	(0.3)
Balance carried forward	**(2.6)**	**(2.4)**

Company:

	2023 £m	**2022 £m**
Balance brought forward	(2.1)	(1.8)
Purchase of own shares	(0.3)	(0.3)
Balance carried forward	**(2.4)**	**(2.1)**

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.

30. Employee Benefit Trust reserve (continued)

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.

31. Other reserves - Group

	2023 £m	**2022 £m**
Foreign exchange reserves	(0.1)	-
Non-distributable merger reserve	5.7	5.7

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.

32. 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	**2023 £m**	**2022 £m**
Integrated Financial Arrangements Ltd	-	0.1

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 £7 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 2023 or 2022 regarding receivables, nor has it been given or received any guarantee during 2023 or 2022 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 £3.6 million (2022: £3.6 million) in dividends during the year and benefitted from staff discounts for using the platform of £4k (2022: £2k). The number of IHP shares held at the end of the year by key management personnel was 35,321,348, an increase of 132,224 from last year.

32. Related parties (continued)

Schrodinger Pty Ltd, the company which leases office space to IAD Pty in Melbourne, Australia, is considered a related party of the Company, as Michael Howard has control or joint control of Schrodinger and is a member of the key management personnel (as a director) of the Company. During the year IAD Pty paid Schrodinger £0.3 million (FY22: £0.3 million) in relation to the lease. The lease has been in place since April 2012 and was last renewed in May 2021.

ObjectMastery Services Pty Ltd (OM) provides the service of executive directors consultancy services to IAD Pty, and IAD Pty provides consultancy and book-keeping services to OM. OM is considered a related party of the Company, as Michael Howard has control or joint control of it. IAD Pty paid OM £71k (FY22: £72k) for services received during the year, £44k (FY22: £44k) of which related to Michael Howard's services. IAD Pty received £43k (FY22: £39k) from OM for services provided during the year. IAD owed £2k to OM as at 30 September 2023 (30 September 2022: £1k).

The Schrodinger and OM related party transactions and balances were not disclosed in the financial year 2022 related parties note, so the above has been restated to include this.

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

33. Contingent liability

There are some assets in ILUK policyholder linked funds which are under review. Our current best estimate of possible future outflow, in the event of remediation, is £1.2 million. A future outflow is possible but not probable and the timing of any outflow is uncertain. Accordingly, no provision for any liability has been made in these financial statements.

34. Events after the reporting date

A second interim dividend of 7.0 pence per share was declared on 13 December 2023. This dividend has not been accrued in the consolidated statement of financial position.

35. Dividends

During the year to 30 September 2023 the Company paid interim dividends of £33.7 million (2022: £33.8 million) to shareholders. The Company received dividends from subsidiaries of £33.4 million (2022: £45.0 million).

36. Restatement of prior period information

Certain changes have been made to the comparative financial information included in these financial statements in order to correct prior period errors and align it to the current year presentation. These changes are noted in the tables below.

No prior year opening balance sheet has been included in these financial statements, given there is no impact to total assets, total liabilities, profit or equity, and the nature of the values impacted are such that they do not change from year to year to an extent that would influence the decision of a user.

Consolidated Statement of Cash Flows

The following changes have been made to the comparative information in the Consolidated Statement of Cash Flows:

- Profit on ordinary activities before taxation attributable to policyholders and shareholders has been used as the starting point of cash flows from operating activities, rather than profit on ordinary activities before taxation. Increase/(decrease) in policyholder tax recoverable has subsequently been adjusted to reflect the movement in tax attributable to shareholder and policyholder returns
- All other movements relate to reclassifications between headings

	Per 2022 financial statements	Movement	Restated 2022
	£m	£m	£m
Cash flows from operating activities			
Profit on ordinary activities before taxation	54.3	(54.3)	-
Profit on ordinary activities before taxation attributable to policyholders and shareholders	-	15.8	15.8
Adjustments for non-cash movements			

(previously income statement non-cash movements):			
Release of actuarial provision	(0.5)	0.5	-
Interest charged on lease	-	0.1	0.1
Increase in contingent consideration	-	0.9	0.9
Increase in provisions	-	38.5	38.5
Adjustments for cash effecting investing and financing activities:			
Interest charged on lease	0.1	(0.1)	-
Decrease in current asset investments	2.0	(2.0)	-
Adjustments for statement of financial position movements:			
Increase in contingent consideration	0.9	(0.9)	-
Settlement of share-based payment reserve	(1.3)	1.3	-
Increase in provisions	39.0	(39.0)	-
Adjustments for policyholder balances:			
Increase/(decrease) in policyholder tax recoverable	(44.5)	38.5	(6.0)
Cash generated from operations	**251.0**	**(2.0)**	**249.0**
Net cash flows (used in)/generated from operating activities	**237.5**	**(2.1)**	**235.4**
Investing activities			
Acquisition of property, plant and equipment (previously tangible assets)	(0.4)	0.1	(0.3)
Purchase of financial instruments	-	(3.0)	(3.0)
Redemption of financial instruments	-	5.0	5.0
Net cash (used in)/generated from investing activities	**(1.7)**	**2.1**	**0.4**

Consolidated Statement of Cash Flows (continued)

	Per 2022 financial statements	Movement	Restated 2022
	£m	£m	£m
Financing activities			
Purchase of shares for share scheme awards	-	(1.3)	(1.3)
Net cash used in financing activities	**(36.6)**	**(1.3)**	**(37.9)**

Company Statement of Cash Flows

The following change has been made to the comparative information in the Company Statement of Cash Flows, which is a reclassification between headings:

	Per 2022 financial statements	Movement	Restated 2022
	£m	£m	£m
Adjustments for non-cash movements:			
Settlement of share-based payment reserve	1.3	(1.3)	-
Net cash flows used in operating activities	**(5.5)**	**(1.3)**	**(4.2)**
Financing activities			
Purchase of shares for share scheme awards	-	(1.3)	(1.3)
Net cash used in financing activities	**(35.5)**	**(1.3)**	**(36.8)**

Note 3 - Financial instruments - (ii) Financial instruments by category

The following changes have been made to the comparative information within the financial instruments note 3, to the tables in (ii) Financial instruments by category table:

- Assets and liabilities which are not financial instruments have been presented in the note to allow users to clearly reconcile back to other supporting notes
- Accruals, contingent consideration, deferred consideration and balances due to HMRC have been reclassified from financial liabilities, to liabilities which are not financial instruments. Note that the bonus accrual was already excluded from the table as it was not classified as a financial instrument
- Liabilities held for the policyholders have been split to show the liabilities linked to cash holdings at amortised cost, with those linked to investments remaining at fair value through profit or loss
- Trade and other receivables has been restated to include the full balance, to correct an error in the note
- Trade and other payables has been split out to show trade payables and other payables separately, and has been restated to correct an error in the note

Note 3 - Financial instruments - (ii) Financial instruments by category (continued)

Financial assets:

	Fair value through the profit or loss	Amortised cost		
	2022	As per 2022 financial statements	Movement	Restated 2022
	£m	£m	£m	£m
Trade and other receivables	-	0.6	1.4	2.0
Total financial assets	**20,718.9**	**1,659.8**	**-**	**1,661.2**

Assets which are not financial instruments	**As per 2022 financial statements**	**Movement**	**Restated 2022**
	£m	£m	£m
Prepayments	-	5.1	5.1
Current tax asset	-	15.0	15.0
	-	-	**20.1**

Financial liabilities:

	Fair value through the profit or loss			Amortised cost		
	As per 2022 financial statements	Movement	Restated 2022	As per 2022 financial statements	Movement	Restated 2022
	£m	£m	£m	£m	£m	£m
Trade payables (previously trade and other payables)	-	-	-	7.4	(5.8)	1.6
Other payables	-	-	-	-	5.4	5.4
Accruals	-	-	-	3.0	(3.0)	-
Deferred consideration	-	-	-	1.7	(1.7)	-
Contingent consideration	1.7	(1.7)	-	-	-	-
Liabilities held for the policyholders	20,714.4	(1,458.6)	20,715.8	-	1,458.6	1,458.6
Total Financial liabilities	**22,176.1**		**20,715.8**	**14.9**		**1,468.4**

	As per 2022 financial statements	**Movement**	**Restated 2022**
Liabilities which are not financial instruments	**£m**	**£m**	**£m**
Accruals and deferred income	-	8.2	8.2
PAYE and other taxation	-	2.2	2.2
Other payables - due to HMRC	-	2.3	2.3
Deferred consideration	-	1.7	1.7
Contingent consideration	-	1.7	1.7
	-		**16.1**

Note 3 - Financial instruments - (ii) Financial instruments by category (continued)

The following table show the carrying values of the liabilities for the Company:

	Amortised cost		
	As per 2022 financial statements	Movement	Restated 2022
	£m	£m	£m
Trade payables (previously trade and other payables)	0.4	(0.4)	-
Loans payable (previously loans)	8.0	-	8.0
Deferred consideration	1.7	(1.7)	-
Contingent consideration	-	-	-
Accruals	0.2	(0.2)	-
Other payables	-	0.3	0.3
Due to Group undertakings	-	0.1	0.1
Total financial liabilities	**10.3**		**8.4**

	As per 2022 financial statements	**Movement**	**Restated 2022**
Liabilities which are not financial instruments	**£m**	**£m**	**£m**
Accruals and deferred income	-	0.3	0.3
PAYE and other taxation	-	0.1	0.1
Deferred consideration	-	1.7	1.7

Contingent consideration	-	1.7	1.7
	-		**3.8**

Note 4 - Risk and risk management - (3) Liquidity risk - Maturity schedule

The following changes have been made in the 2022 risk and risk management note 4, to the tables in (3) liquidity risk, maturity schedule:

- Corrected an error in the investment balance, as the amount was shown in thousands rather than millions
- Trade and other receivables has been restated to correct an error in the note
- Removed accruals, VAT balances included within other taxation, deferred consideration and contingent consideration as these have been reclassified to liabilities which are not financial instruments
- Lease liabilities have been added to the maturity table

Financial assets:

As per 2022 financial statements

2022	**Up to 3 months £m**	**3-12 months £m**	**1-5 years £m**	**Over 5 years £m**	**Total £m**
Investments	124.2	-	3.1	-	127.3
Trade and other receivables	2.0	0.2	-	-	2.2
Total	**22,495.7**	**0.2**	**8.6**	**-**	**22,504.5**

Note 4 - Risk and risk management - (3) Liquidity risk - Maturity schedule (continued)

Movement

2022	**Up to 3 months £m**	**3-12 months £m**	**1-5 years £m**	**Over 5 years £m**	**Total £m**
Investments	(124.1)	-	(0.1)	-	(124.2)
Trade and other receivables	-	(0.2)	-	-	(0.2)
Total	**(124.1)**	**(0.2)**	**(0.1)**	**-**	**(124.4)**

Restated

2022	**Up to 3 months £m**	**3-12 months £m**	**1-5 years £m**	**Over 5 years £m**	**Total £m**
Investments	0.1	-	3.0	-	3.1
Trade and other receivables	2.0	-	-	-	2.0
Total	**22,371.6**	**-**	**8.5**	**-**	**22,380.1**

Financial liabilities:

As per 2022 financial statements

2022	**Up to 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Trade and other payables	11.8	3.7	-	-	15.5
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**

Movement

2022	**Up to 3 months £m**	**3-12 months £m**	**1-5 years £m**	**Over 5 years £m**	**Total £m**
Trade and other payables	(4.8)	(3.7)	-	-	(8.5)
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	**(4.8)**	**(5.2)**	**(1.9)**	**-**	**(11.9)**

Restated

2022	**Up to 3 months £m**	**3-12 months £m**	**1-5 years £m**	**Over 5 years £m**	**Total £m**
Trade and other payables	7.0	-	-	-	7.0
Lease liabilities	0.6	1.3	0.9	-	2.8
Total	**22,182.0**	**1.3**	**0.9**	**-**	**22,184.2**

Note 6 - Segmental reporting - Statement of financial position

The following changes have been made in the 2022 segmental reporting note 6, to the statement of financial position:

- Non-current assets and non-current liabilities have been adjusted by an equal amount to correct a prior year error in the note correct a prior year error in the note

Statement of financial position - segmental information for the year ended 30 September 2022:

	Per 2022 financial statements	Movement	Restated
	Insurance and life assurance business £m	Insurance and life assurance business £m	Insurance and life assurance business £m
Assets			
Non-current assets	30.6	(5.2)	25.4
Total assets	**175.3**		**170.1**
Liabilities			
Non-current liabilities	52.8	(5.2)	47.6
Total liabilities	**75.3**		**70.1**

Other information

Directors, Company Details, Advisers

Executive Directors
Alexander Scott
Michael Howard
Jonathan Gunby

Non-Executive Directors
Richard Cranfield
Christopher Munro
Rita Dhut
Caroline Banszky
Victoria Cochrane
Robert Lister

Company Secretary
Helen Wakeford

Independent Auditors
Ernst & Young LLP, 25 Churchill Place, Canary Wharf, London, E14 5EY

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

Corporate Advisers
Peel Hunt LLP, 7th Floor 100 Liverpool Street, London, England, EC2M 2AT
Barclays Bank PLC, 1 Churchill Place, Canary Wharf, London, E14 5HP

Principal Bankers
National Westminster Bank Plc, 250 Bishopsgate, London, EC2M 4AA

Registrars
Equiniti Group Ltd, Sutherland House, Russell Way, Crawley, RH10 1UH

Registered Office
29 Clement's Lane, London, EC4N 7AE

Investor Relations
Luke Carrivick 020 7608 4900

Website
www.integrafin.co.uk

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.

<table>
<tr><th>APM</th><th>Definition and purpose</th></tr>
<tr><td colspan="2">Operational performance measures</td></tr>
<tr><td>Funds under direction ("FUD")</td><td>
<p>Calculated as the total market value of all cash and assets on the platform, valued as at the respective year end.</p>
<table>
<tr><th>Year end</th><th>2023
£bn</th><th>2022
£bn</th></tr>
<tr><td>Cash</td><td>3.92</td><td>3.51</td></tr>
<tr><td>Assets</td><td>51.04</td><td>46.56</td></tr>
<tr><td>FUD</td><td>54.96</td><td>50.07</td></tr>
<tr><td>% change on the previous year</td><td>10%</td><td>(4%)</td></tr>
</table>
<table>
<tr><th>Average daily FUD</th><th>2023
£bn</th><th>2022
£bn</th></tr>
<tr><td>Cash</td><td>3.54</td><td>3.23</td></tr>
<tr><td>Assets</td><td>50.10</td><td>49.27</td></tr>
<tr><td>FUD</td><td>53.64</td><td>52.50</td></tr>
<tr><td>% change on the previous year</td><td>3%</td><td>11%</td></tr>
</table>
<p>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.</p>
<p>These values are not reported within the financial statements or the accompanying notes.</p>
</td></tr>
<tr><td>Gross inflows and Net inflows</td><td>
<p>Calculated as gross inflows onto the platform less outflows leaving the platform by clients during the respective financial year.</p>
<p>Inflows and outflows are measured as the total market value of assets and cash joining or leaving the platform.</p>
<table>
<tr><th></th><th>2023
£bn</th><th>2022
£bn</th></tr>
<tr><td>Gross inflows</td><td>6.41</td><td>7.28</td></tr>
<tr><td>Outflows</td><td>3.75</td><td>2.88</td></tr>
<tr><td>Net inflows</td><td>2.66</td><td>4.40</td></tr>
<tr><td>% change on the previous year</td><td>(40%)</td><td>(11%)</td></tr>
</table>
<p>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.</p>
<p>These values are not reported within the financial statements or the accompanying notes.</p>
</td></tr>
<tr><td>Adviser and client numbers</td><td>
<p>Calculated as the total number of advisers or clients as at the financial year end.</p>
<p>Advisers are calculated as the registered number of advisers on the Platform.</p>
<p>Clients are calculated as the total number of clients on the platform.</p>
<p>T4A licence users calculated as the total number of core licence users active on the CURO platform.</p>
<table>
<tr><th></th><th>2023</th><th>2022</th></tr>
<tr><td>Advisers</td><td>7.7</td><td>7.5</td></tr>
<tr><td>% increase</td><td>2%</td><td>5%</td></tr>
<tr><td>Clients</td><td>230.3</td><td>224.7</td></tr>
<tr><td>% increase</td><td>2%</td><td>8%</td></tr>
<tr><td>T4A licence users</td><td>2.8</td><td>2.3</td></tr>
<tr><td>% increase</td><td>22%</td><td>44%</td></tr>
</table>
<p>This measurement is an indicator of our presence in the market.</p>
<p>These values are not reported within the financial statements or the accompanying notes.</p>
</td></tr>
</table>

Client retention

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.

	2023	2022
Client retention	95%	97%

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

Calculated as costs which have been incurred outside of the ordinary course of the business.

Non-underlying expenses	**2023 £m**	**2022 £m**
Backdated VAT	-	8.0
Interest on backdated VAT	-	0.8
Other	0.4	2.7
Non-underlying expenses	0.4	11.5

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.

Other costs consist of 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.

Non-underlying expenses (continued)

T4A is not expected to meet the minimum threshold for highly stretching targets to earn the additional consideration element of post combination remuneration. Therefore, the post combination expense in respect of the additional consideration element that was recognised in FY22 of £1.6 million has been released, and we have not recognised any cost in FY23.

Moreover, the post combination consideration cost in respect of FY24 and FY25 is expected to reduce to £2.1 million and £0.4 million respectively, as only the deferred consideration element will now be recognised.

Underlying earnings per share

Calculated as profit after tax net of non-underlying expenses, divided by called up equity share capital.

	2023 £m	**2022 £m**
Profit after tax	49.9	44.0
Non-underlying expenses	0.4	11.5
Tax allowable element of costs	-	(1.4)
Underlying profit after tax	50.3	54.1
Divide by: Called up equity share capital	3.3	3.3
Underlying earnings per share	15.2p	16.3p

Underlying profit before tax

Calculated as profit before tax net of non-underlying expenses.

	2023 £m	**2022 £m**
Profit before tax	62.6	54.3
Add: Non-underlying expenses	0.4	11.5
Underlying profit before tax	63.0	65.8

Cash flow measures

Shareholder returns

Calculated as dividend per share paid to shareholders, which relate to the respective financial years.

	2023	**2022**
1st interim dividend	3.2 pence	3.2 pence
2nd interim dividend	7.0 pence	7.0 pence
Shareholder returns	10.2 pence	10.2 pence
% increase on previous financial year	0.0%	2.0%

	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	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. Our policy is to pay approximately 60% to 65% of full year profit after tax as two interim dividends. Delivery on dividend policy is a measurement of the ability of the business to generate distributable profits.

	2023 £m	**2022 £m**
Total cash dividends paid	33.7	33.7
Profit for the financial year	49.9	44.0
Dividends as a % of profit	68%	77%

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