

JAMES HAY HOLDINGS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 December 2019**

Registered in England & Wales No. 02506374



JAMES HAY HOLDINGS LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2019.

1. Principal activity

The principal activity of James Hay Holdings Limited, company number 02506374 (the "Company") is providing head office and related services to its operating subsidiaries. The Company is a private limited company registered in England, and is incorporated and domiciled in England and Wales.

2. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "GBP" (£), which is the Company's presentation currency. All transactions are in GBP and the Company does not transact in other currencies.

3. Results and dividends

The profit after tax for the financial year is £3.9m (2018: profit of £0.1m).

The Company paid an interim dividend of £3.8m (£0.03 per share) (2018: £nil).

No further dividends are recommended for payment.

4. Directors

The Directors who served throughout the year and to the date of this report unless otherwise indicated were as follows:

A Conway	
I McCoo	(Resigned on 28 June 2019)
K Dignam	(Resigned on 13 September 2019)

5. Statement of Directors' Responsibilities

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 (IAS 1, 'Presentation of financial statements') requires that directors:

- properly select and apply accounting policies;
- 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

JAMES HAY HOLDINGS LIMITED

REPORT OF THE DIRECTORS (continued)

6. Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

7. Statement of Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above and in the Strategic Report on page 4. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the financial statements. In addition, notes 3 and 4 to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives, details of its financial instruments and its exposures to credit risk, market risk, liquidity risk and other risks.

The Directors have assessed the potential impact of Covid-19, including considerations of the Company's operational resilience and ability to meet its liquidity and capital requirements. In addition, the Directors have performed stress tests on liquidity and capital and these provide assurance that the Company has sufficient capital and liquidity to operate under stressed scenarios.

The Directors believe, after reviewing both the Company's forecasts and projections and taking into account any likely changes in trading performance including the impact of Covid-19 and other risks, that the Company will have sufficient current financial resources to continue to operate and to meet its financial obligations as they fall due, for at least the 12 months from the date of approval of these financial statements.

8. Research and Development

The Company's parent undertaking of the smallest group of undertakings is IFG Group Ltd (Group). The Group of companies including the Company continues to research and develop new financial services products (and supporting computer systems) and to improve existing ones.

9. Financial Risk Management

Financial risk management objectives and policies which have been implemented by executive management are set out in note 3 to the financial statements.

10. Financial Instruments

The Company's financial instruments comprise loans to group undertakings, borrowings, cash and liquid resources, and various items, such as debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken on its own behalf.

All assets, liabilities and transactions are denominated in GBP.

Further disclosures regarding financial risk management objectives and policies and the Company's exposure to principal risks can be found in note 3.

11. Significant events after the balance sheet date

Significant events after the balance sheet date disclosures are set out in Note 29 on page 25 of the financial statements.

JAMES HAY HOLDINGS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

12. Auditor

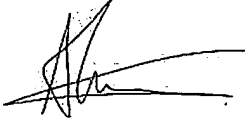
Each of the Directors as at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

In accordance with Sections 485 and 487 of the Companies Act 2006, Deloitte LLP are deemed to have been re-appointed as auditor of the Company.

Approved by the Board of Directors and signed on their behalf by:



A Conway
Director

29 June 2020

Registered Office Address: Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT

1. Business review

The profit for the year attributable to owners amounted to £3.9m (2018: £0.1m).

The results of the Company are included in the financial statements on pages 8 to 26.

The Company has made a profit before tax of £3.8m (2018: no profit or loss before tax).

The Company together with other fellow companies trades under the name of James Hay Partnership (JHP).

The IFG Group Ltd (the "Group") manages its operations on a segmental basis including the James Hay Partnership segment. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the segments of IFG Group Ltd, including James Hay Partnership, are discussed in the Group's Annual Report which does not form part of this report.

The purpose of this Report is to provide information to the members of the Company and as such it is only addressed to those members. The Report may contain certain forward-looking statements with respect to the operations, performance and financial condition of the Company. By their nature, these statements involve inherent risks and uncertainties since future events, circumstances and other factors can cause results and developments to differ materially from the plans, objectives, expectations and intentions expressed in such forward-looking statements. Members should consider this when relying on any forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of preparation of this Report and the Company undertakes no obligation to update any forward-looking statement during the year. Nothing in this Report should be construed as a profit forecast.

2. Principal risks and uncertainties

The Company's business is subject to the general risks to which all companies operating in the same market as the Company are subject. The markets in which the Company operates may be affected by numerous factors, many of which are beyond the Company's control and the exact effect of which cannot be accurately predicted. The principal risks and uncertainties facing the Company include adverse developments in the following areas:

- The regulatory, taxation or legislative environment applicable to the Company's activities;
- The intensity of competition in the markets in which the Company operates and changing demand for products;
- The economic, technological and other macro factors affecting demand for the Company's services;
- The Company's ability to successfully manage its costs and to maintain its profit margins during periods of declining income;
- The Company's ability to successfully manage its liquidity;
- The ability to attract and retain highly skilled employees and executives;
- The ability of the Company to avoid disruption to its key information technology systems;
- The maintenance of satisfactory relationships with key customers and intermediaries and the ability to attract and retain customers;
- The ability to contain the level of loss arising from complaints from customers who have allegedly suffered losses as a result of administration errors;
- The impact of the UK not being a member of the EU ("Brexit") and associated changes to regulation and tax legislation in the future, have the potential to fuel ongoing uncertainty which may have an impact on demand for services within the platform and financial planning/investment management markets, which could be positive or negative;
- The impact of falling victim to cybercrime; and
- The impact of the coronavirus (Covid-19) and associated changes to government legislation.

The Directors monitor all of the above risks and take appropriate action to mitigate those risks or address their potential adverse consequences. Financial risk management objectives and policies which have been implemented by executive management are set out in note 3 to the financial statements.

The Company's Board of Directors is responsible for the Company's risk management policies, which are designed to identify, manage and mitigate potential material risks to the achievement of the Company's strategic and business objectives.

JAMES HAY HOLDINGS LIMITED

STRATEGIC REPORT (continued)

3. COVID-19

Since year end, the COVID-19 pandemic has had a considerable impact on many businesses, including the Company. The Directors expect these circumstances to be temporary, but their duration is uncertain. Employee welfare continues to be a priority for the Directors, whilst maintaining operational service to its clients. To ensure a safe and effective control environment is maintained, the Company has implemented mitigating actions and processes.

In assessing business continuity plans, the Company has maintained close communication with critical third party suppliers and outsourcers. To date, the Company has not suffered any knock-on effects from its supply chain and continue to be monitor closely with emphasis on critical outsource arrangements.

The travel and social distancing restrictions introduced by the Government have had a limited effect on the key operational processes of the Company. Currently, 90% of employees are working from home and the Directors believe that the company will be able to continue to function with minimal disruption to client's access to all the services normally provided.

4. S172 Statement: Duty to promote to success of the Company

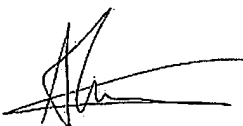
S.172 of the Companies Act 2006 requires directors to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, directors should take into account factors which will affect the success of the company such as the long-term consequences of any decision, the interests of employees, the needs of its customers, relationships with suppliers, regulators and other stakeholders and the wider community and the company's reputation.

The Board seeks to maintain our reputation for high standards of business conduct. Consideration of the long-term consequences of our decisions and recognition of the need to act fairly between members of the company is integral to the way the Board operates and to the operation of the business as a whole. The relevance of each stakeholder group will be different for each issue considered by the Board. Therefore, it is important that the Board understands the needs of each stakeholder group during its discussions and as part of its decision making.

The views of stakeholders are heard by the Board through information provided by management and by Directors' direct engagement with stakeholders. The company's key stakeholders and the principal ways it engages with them are:

- Customers — "Think Customer" is one of our core behaviours and we survey our customers and the advisers that serve them regularly to understand their views. The results of each survey are analysed and shared with the Board. In addition, focus groups enable us to understand a range of views of individual customers and advisers. The Company also uses the Net Promoter Score to assess customers views of the overall service and proposition provided by the Company.
- Employees — The Board has identified an "Enabling Culture" as one of the key pillars of our strategy and receives updates on the engagement of employees through a regular online survey. In addition, the Group has an Employee Forum which supports employee engagement with effective communication and help provide an employee voice. Through these groups employees are involved in the review and development of workforce policies and procedures and two-way dialogue is encouraged.
- Suppliers — The Group works with its suppliers to ensure performance and to identify opportunities for enhanced value and innovation. Business Relationship Managers hold regular meetings with key suppliers to ensure there is regular engagement in line with our procurement policies and practices.
- Regulators — As a regulated business we strive to "Do the right thing" at all times and we have an open and transparent dialogue with all relevant regulators.
- Community – We have engaged an independent advisor to assist with a review of our environmental and social impact and assist in the setting and monitoring of targets in these areas.

Approved by Board of Directors and signed on their behalf by:



A Conway
Director
29 June 2020

Registered Office Address: Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF

Independent auditor's report to the members of James Hay Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of James Hay Holdings Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material. If, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

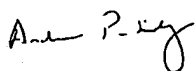
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Partridge CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
29 June 2020

JAMES HAY HOLDINGS LIMITED

Statement of Comprehensive Income

For the years ended 31 December 2019 and 31 December 2018

	NOTES	Year ended 2019 £'000	Year ended 2018 £'000
Revenue	6	41,945	38,944
Administrative expenses	9	(41,945)	(38,944)
Operating profit	7	-	-
Investment income	12	3,800	-
Profit before tax		3,800	-
Income tax	13	109	148
Profit for the year		3,909	148

There was no other comprehensive income for the year. The total comprehensive profit for the year is wholly attributable to the equity holders of the company.

All results were derived from continuing operations.

The accompanying notes 1 to 31 on pages 12 to 26 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Statement of financial position

As at 31 December 2019 and 31 December 2018

	NOTES	2019 £'000	2018 £'000
Non-current assets			
Intangible assets	14	6,653	6,541
Property, plant and equipment	15	1,071	1,108
Investments in subsidiaries	16	26,865	26,865
Deferred tax asset	18	117	37
		34,706	34,551
Current assets			
Trade and other receivables	17	1,523	587
Cash and cash equivalents	19	1	5
		1,524	592
Total assets		36,230	35,143
Current liabilities			
Trade and other payables	20	12,833	11,807
Provisions	21	999	1,115
		13,832	12,922
Net current liabilities		(12,308)	(12,330)
Non-current liabilities			
Provisions	21	87	18
		87	18
Total liabilities		13,919	12,940
Net assets		22,311	22,203
Equity			
Share capital	22	18,375	18,375
Share premium account	23	3,360	3,360
Other reserves	24	0	1
Retained earnings	25	576	467
Total equity		22,311	22,203

The accompanying notes 1 to 31 on pages 12 to 26 are part of the financial statements.

The Company is registered in England and Wales No. 02506374.

The financial statements were approved by the board of Directors and authorised for issue on 29 June 2020. They were signed on its behalf by:



A Conway
Director

JAMES HAY HOLDINGS LIMITED

Statement of Changes in Equity

For the years ended 31 December 2019 and 31 December 2018

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
1 January 2018	18,375	3,360	2	319	22,056
Dividends paid	-	-	-	-	-
Profit for the year	-	-	-	148	148
Other reserves movement	-	-	(1)	-	(1)
31 December 2018	18,375	3,360	1	467	22,203
1 January 2019	18,375	3,360	1	467	22,203
Dividends paid	-	-	-	(3,800)	(3,800)
Profit for the year	-	-	-	3,909	3,909
Other reserves movement	-	-	(1)	-	(1)
31 December 2019	18,375	3,360	-	576	22,311

The accompanying notes 1 to 31 on pages 12 to 26 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Cash Flow Statement

For the years ended 31 December 2019 and 31 December 2018

	NOTE	Year ended 2019 £'000	Year ended 2018 £'000
Cash flows from operating activities	26	3,253	1,939
Tax (paid) / credit		(120)	491
Net cash generated from operating activities		3,133	2,430
Cash flows from Investing activities			
Interest received	13	-	-
Dividends received	13	3,800	-
Purchase of intangible assets	14	(2,719)	(2,229)
Purchase of tangible assets	15	(418)	(226)
Net cash generated / (used in) investing activities		663	(2,455)
Cash flows from Financing activities			
Dividends paid	25	(3,800)	-
Net cash used in financing activities		(3,800)	-
Net decrease in cash and cash equivalents		(4)	(25)
Cash and cash equivalents at beginning of year		5	30
Cash and cash equivalents at end of year	20	1	5

The accompanying notes 1 to 31 on pages 12 to 26 are part of the financial statements.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

1. General Information

The principal activity of James Hay Holdings Limited, company number 02506374 (the "Company") is providing head office and related services to its operating subsidiaries. The Company is a private limited company registered in England and Wales, limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is Dunn's House, St Paul's Road, Salisbury, Wiltshire, England.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Statement of compliance

The Financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union that are effective or available for early adoption at the Company's reporting date. The Company, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board (IASB).

Basis of preparation

The financial statements have been prepared under the historical cost convention and on the going concern basis as disclosed in the Directors' statement of going concern set out in the Report of the Directors.

The financial statements have also been presented and rounded to the nearest thousand.

The company has exercised the exemption under Section 400 of the Companies Act 2006, which dispenses with the requirement to prepare group accounts. This is also in line with the exemption in IAS 27 'Separate Financial Statements'.

Adoption of new and revised standards

In 2019, the Company adopted the following new standards.

- IFRS 16 'Leases' – IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liability for all leases unless the lease term is 12 months or less or underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 'Leases' is effective for the period beginning on or after 1 January 2019. The company has applied IFRS 16, however the application of IFRS 16 has had no impact to the Company.

- Annual Improvements to IFRS Standards 2015 to 2017 Cycle – IASB issued the amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs as result of the IASB's annual improvement project in 2017. The amendments are all effective for annual periods beginning on or after 1 January 2019.

The Company have evaluated the requirements and the new requirements do not impact the Company's financial statements

New and revised IFRSs in issue but not yet effective at the date of authorisation of these financial statements

The following new and revised standards, amendments and interpretations which have been issued, but not yet effective or have not been adopted early by the Company:

The Company is currently evaluating the requirements of the standards and amendments. The Company do not anticipate that the application of these in the future will have material impact on the Company's financial statements.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

2. Summary of significant accounting policies (continued)

New and revised IFRSs in issue but not yet effective at the date of authorisation of these financial statements (continued)

- 'Conceptual Framework for Financial reporting' issued in March 2018 (the Framework) – IASB has released its revised Framework, which is effective immediately and contains changes that will set a new direction of IFRSs in the future. The amendments are effective for annual periods beginning on or after 1 January 2020.
- 'Definition of Material (Amendments to IAS 1 and IAS 8)' – IASB clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective annual reporting periods beginning on or after 1 January 2020.
- IFRS 17 'Insurance Contracts' – The standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The standard was issued on 18 May 2017 and is effective for periods beginning on or after 1 January 2021.
- 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' – IAS issued the amendments as a first reaction to the potential effects the Interbank Offered Rate (IBOR) reform could have on financial reporting. The amendments are effective annual reporting periods beginning on or after 1 January 2020.

There are other standards and interpretations in issue not listed above. These are not considered applicable to the business.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in "GBP" (£), which is the Company's presentation currency. All transactions are in GBP and the Company does not transact in other currencies.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents management recharges made to subsidiary companies and interest income.

Management recharges are recognised on an accruals basis. Interest income is accrued on a time basis.

Investments in subsidiaries

The Company determines whether it is necessary to recognise an impairment loss on its investment in subsidiary. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the Subsidiary and its carrying value, and then recognises the loss in the statement of comprehensive income.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss.

Software development costs are capitalised when they are associated with identifiable and unique software products that are expected to provide economic benefits and the cost of these products can be measured reliably. Internally developed software meeting these criteria and externally purchased software are classified in intangible assets on the balance sheet. Costs associated with maintaining software programmes are expensed as incurred. Amortisation is recognised so as to write off the cost of the assets over their useful life which are expensed in the income statement using the straight-line method on the following bases:

Software	20%
----------	-----

Other intangible assets are stated at cost less provisions for amortisation and impairment. Customer relationships acquired as part of a business combination are amortised over their estimated useful lives from the time they are first available for use. The estimated useful lives are determined at acquisition date are deemed to be 5 years. The residual value and useful lives of other intangible assets are reviewed and adjusted at the end of each reporting period, if appropriate.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

2. Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost, or deemed cost, less accumulated depreciation and impairment losses. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the replaced item can be measured reliably. The carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated as an expense in the income statement over their useful economic life on a straight-line basis at the following rates:

Office equipment	20%
Computer equipment	20%

The residual value and useful life of property, plant and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period. On disposal of property, plant and equipment, the cost and related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is taken to the Income Statement.

Financial assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provision of the instrument and are initially measured at fair value. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value through profit or loss (FVTPL) depending on the classification of the financial assets. Financial assets at FVTPL are measured at fair value at the end of each reporting period with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

At each statement of financial position date, the Company assesses whether, as a result of one or more events occurring after initial recognition, Evidence of impairment may include indications that the borrower or group of borrowers have defaulted or are experiencing there is objective evidence that significant financial difficulty.

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL (expected credit losses) for trade receivables and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments. They arise when the entity provides money or services directly to a customer. Trade and receivables are carried at fair value on the balance sheet and subsequently amortised. They are derecognised when the rights to receive cash flows have expired or the entity has transferred substantially all of the risks and rewards of ownership.

A provision for impairment of trade receivables is made in accordance with IFRS 9 'Financial instruments'. The amount of the provision is equal to the expected credit loss (ECL) at each reporting date calculated based on the Company's ECL model. This model considers both historic losses incurred and any anticipated changes to expected losses in the future in order to arrive at an expected credit loss..

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Income tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

2. Summary of significant accounting policies (continued)

Income tax (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to be become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short term investments in securities. The carrying amount of these assets is equal to their fair value.

Financial liabilities

Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value and subsequently at amortised cost using FVTPL. Any gains or losses arising on changes in fair value recognised in profit or loss.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

2. Summary of significant accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits would be required to settle the obligation and the amount has been reliably estimated. The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Other reserves

In line with the transitional arrangements set out in IFRS 2 'Share Based Payment', the recognition and measurement principles of this standard have been applied only in respect of share entitlements granted after 7 November 2002 and not vested by 1 January 2005. The Group operates a number of equity-settled, share based compensation plans. The Company's share of fair value of the employee services received in exchange for the equity instrument granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity under other reserves. The fair value of share options is determined using the Black-Scholes model while the fair value of shares awarded is estimated as the market price of the shares at the grant date.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instrument granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. At each end of the reporting period, the entity revises its estimates of the number of equity instruments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity over the remainder of the vesting period. The proceeds received by the Company, when share options are exercised, are credited to share capital at nominal value and share premium. In instances where shares are issued under the long-term incentive plan, the difference between the proceeds received and the nominal value of the shares is credited to other reserves. The Group does not operate any cash-settled share based payment schemes or share based payment transactions with cash alternatives as defined in IFRS 2.

Accounting for exceptional items

The Company has adopted an income statement format which seeks to highlight significant items within the company's results for the year. Such items include remediation expenditure and potential sanction charges. Judgement is used by the company in assessing the particular items, which by virtue of their scale and nature are disclosed in the Income Statement and notes as exceptional items. These items require separate disclosure in the financial statements to facilitate a better understanding of the company's financial performance.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3. Financial Risk Management

The Company's activities expose it to a number of financial risks: credit risk and liquidity risk. The Group's Finance function seeks to reduce the Group's exposure to interest rate and other financial risks. It also ensures surplus funds are managed and controlled in a manner which will protect capital sums invested and ensure adequate short-term liquidity, whilst maximising returns. It operates policies and procedures which are periodically reviewed and approved by the Board of Directors. The board provides written policies for overall risk management. Formal standing committees are maintained for effective management of oversight.

Credit risk

Credit risk is the risk that counterparties will not meet their financial obligations and may result in the Company losing the principal amount lent, the interest accrued and any unrealised gains, less any security held. It occurs in intercompany assets and cash held by the Company. Inter-company balances are settled monthly. Cash is held with Santander UK Plc, which has a short-term credit rating risk of S&P A-1 (2018: S&P A-1), and with Barclays Bank Plc, which has a short-term credit rating risk of S&P A-1 (2018: S&P A-1).

Maximum exposure to credit risk is £1.5m (2018: £0.5m).

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

3. Financial Risk Management (continued)

Liquidity risk

Liquidity risk is the potential that, although remaining solvent, the Company does not have sufficient liquid financial resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost.

The Company manages liquidity risk by maintaining sufficient liquid resources to ensure it can meet its obligations as they fall due. The Company reviews its capital and liquid resources position on a monthly basis.

Maturities of financial liabilities

At 31 December 2019	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to group companies	12,833	-	-	-	-	12,833
Total financial liabilities	12,833	-	-	-	-	12,833

At 31 December 2018	Demand £'000	Up to 3 months £'000	3-12 months £'000	1-5 years £'000	Over 5 years £'000	Total £'000
Amounts due to group companies	11,707	-	-	-	-	11,707
Total financial liabilities	11,707	-	-	-	-	11,707

Market risk

Market risk is the potential for loss of income or decrease in the value of net assets caused by movements in the levels and prices of financial instruments. The majority of market risk arises as a result of changes in interest rates however this has an immaterial impact to the Company.

Operational risk

Operational risk is the potential for loss of income or decrease in the value of net assets caused by errors in the administration of pension schemes and self-invested personal pension schemes, or of impact of operational resilience failings such as lack of business continuity provision. These risks are managed on a daily basis through internal controls and formal standing committees are maintained for effective management of oversight.

Brexit

Some of the uncertainty surrounding Brexit over the last few years has been removed through the exit of the UK from the EU at the end of January 2020. Nonetheless, the impact of Brexit on the Company remains difficult to predict. Any impact on equity markets and interest rates may also impact our revenue linked to market rates. The Company is well prepared and has undertaken extensive planning in relation to Brexit but it remains a source of considerable uncertainty and a prolonged period of market turmoil or a significant economic downturn could potentially have material adverse consequences for the Company.

COVID-19

Since year end, the COVID-19 pandemic has had a considerable impact on many businesses, including the Company. The Directors expect these circumstances to be temporary, but their duration is uncertain. The full impact of the pandemic remains difficult to predict but could impact the levels of new business, customer attrition, trade receivables, fund withdrawals, stock market levels and interest rates all of which could have adverse consequences for the Company.

4. Capital management and resources

The Company's parent undertaking of the smallest group of undertakings is IFG Group Ltd. The IFG Group Ltd Board is responsible for capital management strategy and policy and ensuring that capital resources are appropriately monitored and controlled within regulatory and internal limits within the IFG Group of companies.

The Group's primary objective in respect of capital risk management is to safeguard its ability to continue as a going concern in order to provide returns for its members.

The Group may on occasion adjust the amount of dividends paid out to its members, return capital to members and issue new shares or buy back shares as the need arises.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

4. Capital management and resources (continued)

Capital is monitored on the basis of the gearing ratio which is calculated as net debt divided by total capital. Net debt is calculated as the sum of total borrowings and contingent consideration on acquisitions less cash and cash equivalents. Total capital is calculated as total equity as shown in the balance sheet plus net debt.

5. Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Due to the uncomplicated nature of the business transactions of the Company, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than provisions set out in note 20 and contingencies set out in note 30.

Provisions and exceptional items

The financial statements include provisions to cover certain legal costs expected to be incurred in relation to remediation activity. The provisions recorded represent management's best estimate of the exposures based on information available at the time of the approval of the financial statements.

6. Revenue

An analysis of the Company's revenue is as follows:

	2019 £'000	2018 £'000
Management recharges	41,945	38,944
	41,945	38,944

Management recharges represents the value of services provided to the Company's subsidiaries for the administration of self-invested personal pensions and personal investments. This includes provision of all staff, computer and administrative systems and procedures as well as other support services. Further disclosures are set out in Note 27 of the financial statements.

Segmental Analysis

The Company recognises its revenue as being earned from one UK segment, as a holding company providing head office and related services to its operating subsidiaries.

7. Operating profit

Operating profit before tax has been arrived at after charging:

	Note	2019 £'000	2018 £'000
Amortisation	14	2,607	2,376
Depreciation	15	455	400
Research and development tax credit			(4)
Auditors' remuneration	8	11	15

The Company recharged all of the costs to its subsidiary companies.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

8. Auditors' remuneration

	2019 £'000	2018 £'000
Audit services		
- statutory audit	11	15
- other assurance related services	-	-
Total	11	15

Auditors' remuneration was paid by Company's subsidiaries (James Hay Administration Company Limited and James Hay Wrap Managers Limited) and other companies in the IFG Group (IPS Pensions Limited and IPS Partnership Limited).

9. Administrative expenses

	2019 £'000	2018 £'000
Staff costs (note 10)	21,715	21,704
Depreciation	455	400
Amortisation	2,607	2376
Other administrative costs*	17,168	14,464
	41,945	38,944

*Other administrative costs include recharges from James Hay Partnership Management Limited.

10. Staff costs

All James Hay Partnership staff is employed by a number of fellow subsidiary companies. The average number of employees employed by other companies for which recharges were made to the Company for the year was 541 (2018: 545). James Hay Holdings Limited recharged all of these costs to its subsidiary companies.

11. Directors' emoluments

The emoluments of the Directors were paid by other company's subsidiaries (James Hay Administration Company and James Hay Wrap Managers) and other companies in the IFG Group (IPS Pensions Limited and IPS Partnership Limited).

12. Investment income

	2019 £'000	2018 £'000
Interest on bank deposits	-	-
Dividends received	3,800	-
	3,800	-

13. Income tax

	2019 £'000	2018 £'000
UK corporation tax		
Current year	(29)	100
Prior Year	-	(272)
	(29)	(172)
Deferred tax (note 18)		
Current year	(80)	(196)
Prior Year	-	220
	(80)	24
Total credit for the year	(109)	(148)

Corporation tax is calculated at 19% (2018: 19%) of the estimated assessable profit for the year.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

13. Income tax (continued)

The credit for the year can be reconciled to the profit per the income statement as follows:

	2019 £'000	2018 £'000
Profit before tax		-
Continuing operations	3,800	-
Tax at the UK corporation tax rate of 19% (2018: 19%)	722	-
Tax effect of expenses that are deductible in determining taxable profit	(118)	(118)
Non-taxable income	(722)	(1)
Tax effect of change in rate on deferred tax position	9	24
Adjustments in respect of prior periods	-	(53)
Tax credit for the year	(109)	(148)

14. Intangible assets

	Customer relationship £'000	Software £'000	Total £'000
Cost			
At 1 January 2018	2,138	9,280	11,418
Additions	-	2,229	2,229
At 31 December 2018	2,138	11,509	13,647
Additions	-	2,719	2,719
At 31 December 2019	2,138	14,228	16,366
Accumulated amortisation			
At 1 January 2018	(858)	(3,872)	(4,730)
Charge for the year	(427)	(1,949)	(2,376)
At 31 December 2018	(1,285)	(5,821)	(7,106)
Charge for the year	(428)	(2,179)	(2,607)
At 31 December 2019	(1,713)	(8,000)	(9,713)
Net book value 2018	853	5,688	6,541
Net book value 2019	425	6,228	6,653

15. Property, plant and equipment

	Office equipment £'000	Computer equipment £'000	Total £'000
Cost			
At 1 January 2018	112	1,775	1,887
Additions	90	136	226
At 31 December 2018	202	1,911	2,113
Additions	82	336	418
At 31 December 2019	284	2,247	2,531
Accumulated depreciation			
At 1 January 2018	(25)	(580)	(605)
Charge for the year	(34)	(366)	(400)
At 31 December 2018	(59)	(946)	(1,005)
Charge for the year	(47)	(408)	(455)
At 31 December 2019	(106)	(1,354)	(1,460)
Net book value 2018	143	965	1,108
Net book value 2019	178	893	1,071

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

16. Investments in subsidiaries

The following is a list of the principal subsidiary undertakings of the Company:

Name of subsidiaries	Place of incorporation ownership (or registration) and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
James Hay Wrap Managers Limited	England and Wales	100	100	Portfolio administration services for personal investments and small self-invested pension schemes
James Hay Services Limited	Jersey	100	100	Provider of self-invested personal pension schemes
James Hay Administration Company Limited	England and Wales	100 (Indirect)	100 (Indirect)	Administration of self-invested personal pension schemes
James Hay Pension Trustees Limited	England and Wales	100 (Indirect)	100 (Indirect)	Trustee of self-invested personal pension schemes
James Hay Wrap Nominee Company Limited	England and Wales	100 (indirect)	100 (indirect)	Dormant
Sarum Trustees Limited	England and Wales	100 (indirect)	100 (indirect)	Dormant
James Hay Partnership	England and Wales	100 (indirect)	100 (indirect)	Dormant

All subsidiaries (other than James Hay Services Limited (formerly known as James Hay Insurance Company Limited) registered at Aztec Group House, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH) are registered at Dunn's House, St Paul's Road, Salisbury, Wiltshire, SP2 7BF.

Investments in subsidiary companies are shown at cost less provision for impairment. The company has exercised the exemption under Section 400 of the Companies Act 2006, which dispenses with the requirement to prepare group accounts. This is also in line with the exemption in IAS 27 'Separate Financial Statements'.

	£'000
Cost	
At 1 January and 31 December 2018	38,700
At 31 December 2019	38,700
Provisions for impairment	
At 1 January and 31 December 2018	11,835
At 31 December 2019	11,835
Net book value 2018	26,865
Net book value 2019	26,865

17. Trade and other receivables

	2019 £'000	2018 £'000
Amounts due from group companies	1,523	587
	1,523	587

The amounts due from group companies are unsecured, non-interest bearing and repayable on demand. There are no loss allowances on intercompany balances as the risk of default is minimal.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

18. Deferred tax

Deferred income taxes are calculated on temporary differences under the liability method using the tax rates that are expected to apply when the liability is settled or the asset is realised. The effective rate for 2019 is 17% (2018: 17%).

The following are the major deferred tax assets and liabilities recognised by the Company and the movements thereon during the current and prior reporting period.

	Accelerated capital allowances £'000	Other short term timing differences £'000	Total £'000
At 1 January 2018	(169)	230	61
Charge / (credit) to income	196	(220)	(24)
At 31 December 2018	27	10	37
Charge / (credit) to income	90	(10)	80
At 31 December 2019	117	-	117

The above asset does not expire and will reverse as capital allowances are claimed or when the short term timing differences resolve.

The Finance Act 2016 received Royal Assent on 15 September 2016 to enact the previously announced reductions in the main rate of corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. These rates have been applied when calculating deferred tax assets and liabilities as at 31 December 2019. On 11th March as part of the 2020 budget, the Government announced that Corporation Tax will remain at 19% from 1 April 2020 this does not materially change the deferred tax assets and liabilities of the company.

19. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	1	5
	1	5

20. Trade and other payables

	2019 £'000	2018 £'000
Amounts due to group companies	12,833	11,707
Corporation tax	-	100
	12,833	11,807

The amounts due to group companies are unsecured, non-interest bearing and repayable on demand.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

21. Provisions

	2019 £'000	2018 £'000	
Complaints and pricing provision	277	114	
Legal cost provision	809	1,019	
	1,086	1,133	
Included in liabilities due within one year	999	1115	
Included in liabilities due in more than one year	87	18	
	1,086	1,133	
	Complaints and pricing £'000	Legal cost £'000	Total £'000
At 1 January 2018	94	1,300	1,394
Provision movement in the year	20	-	20
Utilisation of provision	-	(281)	(281)
Net provision movement for the year	20	(281)	261
At 31 December 2018 and 1 January 2019	114	1,019	1,133
Provision movement in the year	316	-	316
Utilisation of provision	(153)	(210)	(363)
Net provision movement for the year	163	(210)	(47)
At 31 December 2019	277	809	1,086
Included in liabilities due within one year	190	809	999
Included in liabilities due in more than one year	87	-	87
	277	809	1,086

Provisions mainly comprise of legal fees in relation to remediation on-going activity and represent management's best estimate of potential future costs the Company may incur in relation to a combination of uncertain events.

22. Called up share capital

	2019 £'000	2018 £'000
Authorised:		
200,000,000 ordinary shares of £0.10 each	20,000	20,000
1,996,612 deferred shares of £0.10 each	200	200
At 31 December	20,200	20,200
Issued and fully paid:		
181,753,848 ordinary shares of £0.10 each	18,175	18,175
1,996,612 deferred shares of £0.10 each	200	200
At 31 December	18,375	18,375

The Company has one class of ordinary shares which carry no right to fixed income and one class of deferred shares. Deferred shareholders have no voting rights in the Company, no rights to receive any dividends and no rights to participate in a surplus on a winding up. Deferred shareholders have the right to receive a return of capital only after the sum of £10,000,000 has been paid in respect of each ordinary share.

23. Share premium account

	£'000
Balance at 1 January and 31 December 2018	3,360
Balance at 31 December 2019	3,360

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

24. Other reserves

	£'000
Balance at 1 January 2018	2
Movement for year	(1)
Balance at 31 December 2018	1
Movement for year	(1)
Balance at 31 December 2019	-

Other reserves relate to the Company's share of the fair value of the employee services received in exchange for the equity instrument granted by the Group.

25. Retained earnings

	£'000
Balance at 1 January 2018	319
Dividends paid	-
Profit for the year	148
Balance at 31 December 2018	467
Balance at 1 January 2019	467
Dividends paid	(3,800)
Profit for the year	3,909
Balance at 31 December 2019	576

26. Notes to the cash flow statement

	Note	2019 £'000	2018 £'000
Profit before tax		-	-
Adjustments for:			
Depreciation on property, plant and equipment	15	455	400
Amortisation of software capitalisation and other intangibles	14	2,607	2,376
Net decrease in provision	21	(47)	(261)
Research and development tax credit		-	(4)
Movement in other reserves	24	(1)	(1)
Operating cash flows before movements in working capital		3,014	2,510
Increase in trade and other receivables		(897)	(1,011)
Increase in trade and other payables		1,136	440
Cash flow generated from operating activities		3,253	1,939

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

27. Related party transactions

Transactions with Directors, key management personnel and their connected persons

There were no related party transactions during the year, or existing at the balance sheet date other than those disclosed below with the Company or parent company's Key Management Personnel. Key Management Personnel are defined as the Directors of the Company, the Board and Executive Committee of IFG Group Ltd.

Trading transactions

The Company is party to the Provisions of Services contract dated 10 March 2010, between James Hay Partnership Management Limited, the Company and its subsidiaries, James Hay Pension Trustees Limited, James Hay Services Limited, James Hay Wrap Managers Limited, James Hay Administration Company Limited and James Hay Wrap Nominee Company Limited. Under this contract James Hay Holdings Limited, on a non-exclusive basis, provides all services in relation to the conduct of the business of its subsidiaries, James Hay Administration Company Limited and James Hay Wrap Managers Limited, and their dealings with customers. This includes the provision of all staff, computer and administrative systems and procedures and other support services, which under the agreement James Hay Holdings Limited procures from James Hay Partnership Management Limited UK Limited and recharges on to these two subsidiaries.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

27. Related party transactions (continued)

Trading transactions (continued)

During the year, the Company entered into the following transactions with related parties:

	Income		Expenditure		Amounts owed by related parties		Amounts owed to related parties	
	Year Ended 2019 £'000	Year Ended 2018 £'000	Year Ended 2019 £'000	Year Ended 2018 £'000	Year Ended 2019 £'000	Year Ended 2018 £'000	Year Ended 2019 £'000	Year Ended 2018 £'000
Entities with significant influence over the Company – non cash	-	-	-	-	-	-	10,336	10,336
Subsidiaries	41,945	38,944	-	-	1,474	577	-	-
Fellow subsidiaries	-	-	38,722	36,057	-	10	2,497	1,371

During the year, the Company has recharged its subsidiaries, James Hay Administration Company Limited and James Hay Wrap Managers Limited £38.8m and £3.1m respectively (2018: £36.2m and £2.7m) for the provision of staff, computer and administrative systems and procedures and other support services.

The Company was recharged by its associated company James Hay Partnership Management UK Limited £36.8m (2018: £33.5m) for provision of staff, computer, administrative systems and procedures and other support services including exceptional costs.

The Company was recharged by its associated company IFG Securities Limited £0.9m (2018: £1.2m) for provision management services of which £107k (2018: £50k) remains outstanding at the year end.

The Company was recharged by its associated company IFG Group UK Limited £0.9m (2018: £1.4m) for provision management services of which £57k (2018: £10k prepayment at the year-end) remains outstanding at the year end.

The Company received dividends from James Hay Services Limited of £3.8m (2018: £nil).

During the year, the Company has paid dividends of £3.8m to IFG UK Holdings Limited (2018: £nil).

There were no transactions between the Company and the parent undertaking of the smallest group of undertakings company, IFG Group Ltd including the ultimate parent company, MonteCarloCo Limited.

28. Remuneration of key management personnel

Key management personnel are defined as the Directors of the Company, the Board and Executive Committee of IFG Group Ltd and its parent undertaking of the smallest group of undertakings company, IFG Group Ltd. The remuneration for the Board and Executive Committee of IFG Group Ltd for the current and preceding years has been borne by other group companies.

29. Significant events after the balance sheet date

On 11th March 2020 the Bank of England base rate was reduced from 0.75% to 0.25% and on 19th March 2020 it was reduced further 0.10%.

Also, on 11th March as part of the 2020 Budget statement, the Government announced that Corporation Tax rate would stay at 19% and not drop to 17% from 1 April 2020. This has an immaterial impact on deferred tax assets and liabilities of the company.

The development of the Covid-19 pandemic in early 2020, combined with the associated economic impact and public health measures taken in response, has been considered a non-adjusting post balance sheet event by the Directors.

The Directors have considered the position of the Company at the date of signing these financial statements and do not consider the post balance sheet effect to be material to the assets and liabilities of the company. As outlined on page 2 of the Strategic Report, the Directors have assessed that the company continues to have sufficient capital to support its operations.

JAMES HAY HOLDINGS LIMITED

Notes to the financial statements

For the years ended 31 December 2019 and 31 December 2018

30. Commitments and contingencies

The Company has no commitments and contingencies as at 31 December 2019 other than disclosed below.

The Company periodically receives customer complaints or requests from Revenue Authorities or Regulators arising out of its on-going business operations or that of its subsidiaries, a small number of these matters were under review at year end. The Company could face a loss arising from customer complaints, failure to comply with relevant legislation or failure to deliver good customer outcomes, including claims, sanctions or penalty charges from Revenue Authorities or Regulators relating to the advice given on, or the administration of, our client's assets. Any potential liability for such matters can only be determined once the full circumstances are examined and the status of the relevant regulatory compliance determined, matters which remain uncertain until conclusion of an internal review processes.

Any exposures, once known, are promptly settled where appropriate, or provided for where the outcome is known with some certainty. It is not always practical to reliably estimate the quantum of any further liability that may arise relating to such matters however, if such claims were to materialise, they are generally recoverable against the underlying client's assets or in some instances covered by insurance arrangements. The Company will continue to reassess these matters and make provision where the outcome is known with sufficient certainty.

31. Parent undertaking and controlling party

The Company's immediate parent company is IFG UK Holdings Limited, a company incorporated and registered in England and Wales and MonteCarloCo Limited, a company incorporated and registered in Jersey is the ultimate parent company in the group. IFG Group Limited is the parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Epiris GP Limited, a company incorporated and registered in Jersey, controls as general partner the following partnerships, Epiris Fund II LP, Epiris Fund II (B) LP, Epiris Fund II FFP LP and Epiris TC LP which hold the shares in MonteCarloCo Limited.

Copies of group financial statements, which include the results of the Company, are available from the Company Secretary, IFG Group Ltd. Registered office: 70 Sir John Rogerson's Quay, Grand Canal Dock, Dublin D02 R296.