Company Registration No. 07934492 (England and Wales)

Curtis Banks Group PLC

Unaudited interim condensed consolidated financial statements for the six month period ended 30 June 2020

Contents

Overview

Curtis Banks Group PLC ("Curtis Banks" or "the Group") is one of the United Kingdom's leading administrators of self-invested pension products, principally SIPPs and SSASs. The Group commenced trading in 2009 and has successfully developed, through a combination of organic growth and acquisitions, into one of the largest UK providers of these products.

At 30 June 2020 the Group administered £28.6bn (2019: £27.5bn) of pension assets on behalf of over 76,300 (2019: over 77,100) active customers. 639 staff (2019: 610) are employed across its head office in Bristol and our regional offices in Ipswich and Dundee.

The Executive Directors have proven experience in the pensions market and operate a business that focuses on a service-driven proposition for the administration of flexible SIPPs. The Group's products are distributed by authorised and regulated financial advisers, targeted towards pension savers who wish to take full advantage of the features and flexibility offered in the UK's modern and changing pension regime. Long standing relationships with key distributors result in high levels of repeat business and demonstrate satisfaction with products and services provided.

The Group is focussed on continuing to deliver increased value to both customers and shareholders in the years ahead through both a focus on growth in its core market of providing SIPP and SSAS products as well as a new focus on the provision of technology solutions in the Higher Net Worth retirement market through its acquisition of Dunstan Thomas.

Note: The Group includes an insurance company, Suffolk Life Annuities Limited, which provides SIPPs through non-participating individual insurance contracts. Due to Suffolk Life Annuities Limited's status as an insurance company, the consolidated results for the whole Group are required to include insurance policyholder assets and liabilities as well as the assets and liabilities and profits attributable to our shareholders. Notes 10 and 11 to the financial statements illustrate the split between policyholder and shareholder assets and liabilities and cash flows.

Operational, Financial Highlights and Key Performance Indicators

Curtis Banks Group PLC, one of the UK's leading SIPP providers, is pleased to announce its interim results for the 6 months to 30 June 2020.

Highlights

- Revenue maintained at £24.5m (2019: £24.5m)
- Adjusted profit before tax[1] increased by 0.6% to £6.3m (2019: £6.2m)
- Adjusted operating margin[2] increased to 26.4% (2019: 26.3%)
- Adjusted diluted EPS maintained at 9.5p (2019: 9.5p) [3]
- Assets under administration increased by 4.0% to £28.6bn (2019: £27.5bn)
- Interim dividend of 2.5p per share (2019: 2.5p)

Highlights and key performance indicators for the period include:

	Unaudited six month period ended 30 June 2020	**Unaudited six month period ended 30 June 2019**	**Audited year ended 31 December 2019**
Financial			
Revenue	£24.5m	£24.5m	£48.9m
Adjusted Profit before tax[1]	£6.3m	£6.2m	£13.4m
Profit before Tax	£4.0m	£5.4m	£10.9m
Adjusted Operating Margin[2]	26.4%	26.3%	28.1%
Diluted EPS[3]	5.3p	8.2p	16.2p
Adjusted diluted EPS[3]	9.5p	9.5p	19.8p
Operational Highlights			
Number of SIPPs Administered	76,306	77,175	76,541
Assets under Administration	£28.6bn	£27.5bn	£29.1bn
Total organic new own SIPPs in period	2,107	2,220	4,567
Number of properties administered	6,480	6,336	6,352

[1] Profit before tax, amortisation and non-recurring costs
[2] The ratio of operating profit before amortisation and non-recurring costs to revenue
[3] Adjusted to exclude anti-dilutive options, see note 4 to the financial statements for further detail

Chief Executive Officer's Review

Summary

I am pleased to report a solid six months for the Curtis Banks Group. The first six months of the year has seen the business affected by COVID-19; however, our fixed, recurring fee model has insulated the Group from the worst of the effects of the pandemic, to date.

I believe that the progress we have made during the period, including the acquisitions of Talbot and Muir and the fintech provider, Dunstan Thomas, post period end, is evidence that we continue to deliver on our strategy and build greater scale and additional, complementary revenue streams.

I am delighted to report that core product growth during the period is up year-on-year, driven in part by organic growth in our new investment product, Your Future SIPP. The period has been dominated by the COVID-19 pandemic impacting the wider pension market. However, I am very pleased that the business responded to the outbreak by quickly and successfully implementing our Business Continuity Plan and I am very proud of the way my colleagues have adapted to the new working environment.

Our market leading product continues to have a positive impact on the Group's organic growth and our relationships with advisers. The product means that we are extremely well placed to further increase our organic growth of Full and Mid SIPPs over the coming years.

The financial performance of the business was robust with revenue maintained year-on-year at £24.5m (H1 2019: £24.5m). Adjusted profit before tax increased by 0.6% to £6.3m (H1 2019: £6.2m). Our adjusted operating margin increased slightly compared to the prior year period to 26.4%, and we continue on our journey of operational efficiencies over the period that will benefit us in pursuit of our target operating model of 30%.

The launch of Your Future SIPP in 2019 was an important milestone for the Group. The product has been well received by advisers and we continue to grow new advisor relationships. As at August 2020, we have now registered 3,600 advisers and 3,100 clients to use the new adaptive portal.

Our mission to diversify the business has continued through focusing on areas of complementary strategic interest including the acquisition of Dunstan Thomas as detailed below. Rivergate Legal Limited continues to attract revenue, both as a result of being selected from the Curtis Banks Panel of Solicitors and also via instructions that are independent of Curtis Banks. A significant portion of Rivergate's revenue is derived from clients selecting its services from the 'Curtis Banks Panel' of Solicitors. Rivergate has remained focused on the supply of commercial property and real estate services in line with the Group's strategy. Total properties administered by the Group has increased to 6,480 (H1 2019: 6,336) and we expect this upward trend to continue.

SIPP Numbers

As at 30 June 2020, the number of SIPPs administered fell slightly to 76,306 (H1 2019: 77,175), partly due to COVID-19 impacting sales activity in H1 as well as the ongoing proactive management of the non-core legacy products.

Even with the challenging backdrop, we added 2,107 gross new own SIPPs organically, which are administered directly by the Group (H1 2019: 2,220), representing a gross annualised organic growth rate of 6.07% (H1

2019: 6.55%). In our two core areas of strategic focus, the Full SIPP saw a slightly lower level of gross annualised organic growth than last year at 2.90% (H1 2019: 3.35%) but our mid SIPP gross organic growth rate increased slightly to 11.20% (H1 2019: 10.78%). Our total own SIPP annualised attrition rate reduced to 6.14% during the year (H1 2019: 7.04%).

Acquisitions

The acquisitions of Dunstan Thomas and Talbot and Muir post-period end are very exciting for all of us at Curtis Banks.

Both these businesses are high-quality and they focus on Curtis Banks' resilient core market. The acquisitions have a strategic rationale that is in line with our stated strategy of growing the Group via acquisitions, be it through increasing scale or adding new revenue streams.

Talbot and Muir is a well-respected SIPP and SSAS provider and administrator with a very similar business model to our own with strong levels of reoccurring revenues based on a fixed fee model. Talbot and Muir is a strong cultural and structural fit with a similar product offering, customer profile and operating models. It delivers additional scale to the Group through 6,600 plans and Assets under Administration of approximately £3.6bn, with 71 employees across offices in Nottingham and Leeds, joining the Group. We exchanged contracts with Talbot and Muir on 23 July and are currently seeking FCA change of control approval, expected in mid Q4 2020.

Dunstan Thomas is a highly regarded fintech provider offering technology solutions to the pre, post and at retirement market through a small number of developed products. Curtis Banks has a long history of working with Dunstan Thomas, who have been a technology supplier to the Group for over five years. This acquisition will support the successful delivery and execution of Curtis Banks' own technology strategy. It also expands our own customer proposition offering both our existing and future clients access to a broader product and services while giving us the opportunity to take our own product offering to other target markets.

I am delighted that we have managed to announce these acquisitions and I would like to pay a warm welcome to our new colleagues at Dunstan Thomas and Talbot and Muir.

We continue to seek acquisitions as part of our stated growth strategy. We remain disciplined in our approach and will carefully examine any opportunity. Similar to the acquisitions of Dunstan Thomas and Talbot and Muir, we are committed to exploring opportunities to add scale to our existing SIPP book and expand our offering through complementary acquisitions.

Target Operating Model

Our Operating Margin of 26.4% (H1 2019: 26.3%) has increased slightly compared to the prior year period. We have continued to make good progress over the past six months in moving towards our target of a 30% operating margin for our core business.

During the period we have progressed towards the centralisation of the Group’s commercial property administration. In addition to this, the strategy to transition the Group to a single administration system remains on target and within budget.

As at 30 June 2020, we are progressing our systems strategy and development work continues and is on track for completion in accordance with the original project plan.

Industry context and outlook

The pension market has been a continued focus of the regulator during the first half of the year. Our business model is clear and we only work with regulated financial advisers and do not give any advice or provide the investments held within our SIPPs. Our fee structures also remain fair, transparent and competitive for our target market.

Non-standard investments continue to receive a large amount of media coverage. While these are a significant issue for the wider industry, we do not consider them to be a material risk to our business. The Group continues to carry out robust due diligence on non-standard investments both at outset and throughout the life of the investment and all new Curtis Banks products have a clear Schedule of Allowable Investments.

Our organisation remains resilient from both a regulatory perspective but also in weathering the medium term economic impact of the COVID-19 pandemic. As a Group we continue to explore ways to further diversify our revenue generation and reduce our sensitivity to market conditions.

Our People and Culture

I would like to pay tribute to Greg Kingston, who very sadly passed away recently. Greg had joined Suffolk Life in 2007 and made a huge contribution to the full integration of the Curtis Banks Group brand and proposition. He was a true friend to many of us and a charismatic colleague to us all. Our thoughts and prayers are with his family, to whom we express our deepest sympathy.

As a Group we remain committed to our corporate social responsibility activities, acknowledging the role we play in the communities around us. This year we have commenced a programme of work with Victoria Evans at Sea Change Sport, supporting her in her ambition to row solo across the Atlantic.

As a business we are committed to being a diverse and inclusive workplace. We continue to strive for ways in which we can improve in this area. To this end, I am delighted that we have further evolved our flexible working policies and again supported Mental Health awareness throughout our locations. Our initiatives in this space will continue.

I'm extremely proud of the way my colleagues have adapted to remote working during the COVID-19 pandemic and they have continued to deliver excellent customer service. As a robust financial services organisation we have not benefitted financially from any government schemes, including Furlough, during the COVID-19 pandemic and although we paused recruitment for a short period of time, have continued to grow staff numbers as we invest in our business.

I would like to pay thanks to all our employees for their efforts during this testing time. They have minimised the effect of COVID-19 on the Group and I look forward to welcoming them back to the office.

Will Self
Chief Executive Officer
2 September 2020

Financial Review

Results

Group financial performance for the six month period to 30 June 2020 resulted in an adjusted profit before tax of £6.3m (2019: £6.2m), an increase of 0.6% over the previous interim reporting period, with the adjusted operating margin improving to 26.4% (H1 2019: 26.3%).

Profit before tax, which is stated after amortisation and non-recurring costs, decreased by 27% to £4.0m. Adjusted diluted EPS was maintained at 9.5p (H1 2019: 9.5p), while diluted EPS on a statutory basis decreased by 35.8% to 5.3p (H1 2019: 8.2p).

The resilient performance of the first six months of 2020 was achieved despite the challenging economic conditions brought about by Brexit and the COVID-19 pandemic. Organic growth has remained robust in the face of these challenges and the strategy to deliver a Target Operating Model, and centralise commercial property administration within one office, has remained on track in H1 2020. The centralisation of the commercial property administration within one office brings with it non-recurring redundancy and restructuring costs associated with the transition of work between office locations.

Revenues

Revenues of £24.5m in the six months ended 30 June 2020 were consistent with the comparable period.

Fee revenue from SIPPs and SSASs remains the predominant source of income for the Group with a strong emphasis on recurring annual fee income. In the six months ended 30 June 2020 fee income represented 73% of the total income and 84% of this fee income is recurring.

SIPP fees are based on a recurring fixed monetary annual fee and a menu of additional fixed fees depending on the services provided to the SIPP. All these fees are subject to contractual annual inflationary rises linked to the measurement of Average Weekly Earnings (“AWE”).

Fees are not dependent on movements in the value of underlying assets within SIPPs and as a result the recurring fee income of the Group has not been directly affected by the volatility in financial markets experienced in the last six months. This is a key differential that sets us apart from most of our competitors and provides an attractive product in terms of fees for higher value SIPPs. As the value of a SIPP increases our product becomes increasingly affordable.

Expenses

The period ended 30 June 2020 saw administrative expenses remain static at £18.1m.

Staff costs for the period decreased by 2% to £11.4m (2019: £11.7m) whilst the overall headcount increased slightly as recruitment picked up towards the end of June. Staff costs in the period were impacted by further share based payment awards under the Group’s Long Term Incentive Plan and Save As You Earn (“SAYE”) option schemes, as well as the annual pay review. The commitment to all of these awards demonstrates the Group’s continuing commitment to improving levels of key staff retention and morale, which in turn provide the service levels to clients required from our introducers of business.

Overall headcount stood at 639 as at 30 June 2020 compared to 610 as at 30 June 2019 and 605 as at 31 December 2019. This number will increase over the remainder of the year due to the acquisitions of Dunstan Thomas and Talbot and Muir, which provide the Group with 164 additional members of staff.

The Group continues to take steps to improve its adjusted operating margin through a combination of revenue enhancements, cost saving measures and operational improvements. The Board remain confident that an improved operating margin is achievable through both our planned internal strategic activities and the recently announced acquisitions of Dunstan Thomas and Talbot and Muir which are both revenue enhancing and diversifying.

Non-recurring costs

Non-recurring costs for the six months ended 30 June 2020 of £1.4m comprise principally of internal restructuring costs and some of the external costs associated with the acquisitions of Dunstan Thomas and Talbot and Muir.

As referenced earlier, the centralisation of commercial property administration within one office has progressed throughout the six months, resulting in a non-recurring cost of £0.7m being recognised during the period.

£0.4m of costs have been recognised in relation to the external legal and financial due diligence performed as part of the acquisitions of Dunstan Thomas and Talbot and Muir.

As noted in our last annual financial statements, management had initiated a review of data records relating to properties held within SIPPs administered by the Group. Based on a detailed review of a sample of properties and extrapolation of the initial findings across the full population of relevant properties, the Directors recognised that additional direct costs may be incurred in completing this data cleansing exercise, including from any potential remediation. The data cleansing exercise is continuing with any remedial follow up actions to be completed by the end of 2020. Of the original provision of £500,000 made at 31 December 2018, there is a remaining provision of £141,000 as at 30 June 2020. This is still considered to be adequate to cover any remaining costs.

Impairment

Impairment charges totalling £344,000 against the value of the Group's client portfolios within intangible assets have been recognised during the six month period ended 30 June 2020 (H1 2019: £nil). This relates to changes in the estimate of future cash flows expected on these assets over their remaining useful economic lives owing to increased uncertainty over the longevity of the current low interest rate environment.

Accounting Policies

There have been no changes in accounting policies during the period.

Cash flows

Shareholder cash balances at period end were £24.9m compared to £25.7m at the end of the previous interim period to 30 June 2019.

Net cash inflows from shareholder operating activities for the period were £0.4m (H1 2019: £4.4m net cash inflow), the decline in cash generation attributable to a reduction in profit before tax for the period in addition to greater amounts of accrued interest being receivable and a higher amount of tax paid in the period.

Suffolk Life Annuities Limited

Part of the Group, Suffolk Life Annuities Limited, is an insurance company that writes SIPP Products as insurance contracts. These are all non-participating insurance policy contracts and so the Group does not bear any insurance risk. As the policies are non-participating contracts, the client related assets and liabilities in Suffolk Life Annuities Limited match. In addition, the revenues, expenses and investment returns of the non-participating insurance policy contracts are shown in the consolidated statement of comprehensive income. Again, these income, expense items and investment returns due to the policy holders are completely matched. An illustrative balance sheet as at 30 June 2020 showing the financial position of the Group excluding the policy holder assets and liabilities is included as supplementary information after the notes to the financial statements. An illustrative cash flow on the same basis has also been provided.

Systems Development

As reported in our financial statements for the year ended 31 December 2019, the decision was taken to improve our IT infrastructure by both upgrading the existing operating systems at Curtis Banks and to move all the back office systems onto one of our incumbent systems (Navision).

Costs associated with these upgrades and operating system changes where appropriate will be capitalised and amortised in accordance with their useful economic life. Amortisation will commence once the upgrades are completed and fully operational.

Employee Benefit Trust

The Group operates an independent Employee Benefit Trust ("EBT") to acquire shares in the Company in the market to satisfy future option and long term incentive awards. The financial statements of the EBT are consolidated within the overall Group financial statements and these shares are shown on the balance sheet of the Group as Treasury Shares and are included within total equity.

Capital requirements

The Group's regulated subsidiary companies submit regular returns to the FCA and the PRA relating to their capital resources. At 30 June 2020 the total regulatory capital requirement across the Group was £14.7m and the Group had an aggregate surplus above this of £15.4m across all regulated entities. In addition to this it is Group internal policy for regulated companies within the Group to hold at least 130% of their required regulatory capital and this has been maintained throughout the period.

Two of the principal trading subsidiaries of the Group are regulated by the FCA and the capital adequacy rules of that organisation do not allow current year profits to contribute towards solvency requirements until such profits are audited or externally verified. If the interim profits were taken into account the regulatory capital surplus at 30 June 2020 increases to £19.2m.

Financial Position

The statement of Financial Position as at 30 June 2020 shows a strong position with shareholder net assets increasing from £51.6m at 30 June 2019 to £54.6m as at 30 June 2020.

As at the 30 June 2020 the Group had net shareholder cash (after debt) of £15.1m (2019: £12.8m).

Summary and outlook

Despite the political and economic turbulence of the past six months, the Group has once again demonstrated its financial robustness and a high degree of insensitivity to market volatility, upon which our business model is based. The strong operating performance reported within these statements is testament to this although there is no doubt that the current economic environment, influenced primarily by COVID-19, will continue to provide challenges within our industry and the persistence of the current low interest rate environment will require the Group to remain dynamic in its approach to maintaining those current levels of performance.

Strategically, the Board remains confident in the Group's ability to achieve its stated objectives, both internally and through acquisition.

The acquisitions of Dunstan Thomas and Talbot and Muir, which were announced at the end of July, will be funded through a combination of equity and debt. Despite the difficult market conditions, the Group achieved a successful equity placing of £25m and as part of this issuance was able to add a number of significant new institutional investors to the shareholder register. The Group also successfully re-negotiated its borrowing facilities with Santander which now provide up to £30m of borrowing on the same terms as the previous debt facility and the combination of these two transactions has also enabled the Group to strengthen its overall cash position.

Dan Cowland
Chief Financial Officer
2 September 2020

Independent review report to Curtis Banks Group PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Curtis Banks Group PLC's condensed consolidated interim financial statements (the "interim financial statements") in the unaudited interim condensed consolidated financial statements of Curtis Banks Group PLC for the 6 month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

Emphasis of matter

Without modifying our conclusion on the interim financial statements, we draw attention to note [2] to the financial statements which describes the basis of accounting adopted in preparing the interim financial statements, including that the interim financial statements do not include all the information required to be disclosed by International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union..

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim statement of financial position as at 30 June 2020;
- the condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated interim statement of cash flows for the period then ended;
- the condensed consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The unaudited interim condensed consolidated financial statements, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the unaudited interim condensed consolidated financial statements in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the unaudited interim condensed consolidated financial statements based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the unaudited interim condensed consolidated financial statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Bristol
2 September 2020

Curtis Banks Group PLC

Condensed consolidated statement of comprehensive income

	Notes	Unaudited 6 month period ended 30 June 2020			Unaudited 6 month period ended 30 June 2019			Audited year ended 31 December 2019		
		Before amortisation and non-recurring costs £'000	Amortisation and non-recurring costs £'000	Total £'000	Before amortisation and non-recurring costs £'000	Amortisation and non-recurring costs £'000	Total £'000	Before amortisation and non-recurring costs £'000	Amortisation and non-recurring costs £'000	Total £'000
Revenue		24,529	-	24,529	24,491	-	24,491	48,949	-	48,949
Administrative expenses		(18,061)	(1,978)	(20,039)	(18,059)	(795)	(18,854)	(35,218)	(2,470)	(37,688)
Impairment on client portfolios	5	-	(344)	(344)	-	-	-	-	-	-
Policyholder investment returns*		(113,907)		(113,907)	232,517		232,517	365,815		365,815
Non-participating investment contract expenses		(17,531)	-	(17,531)	(16,503)	-	(16,503)	(33,943)	-	(33,943)
Changes in provisions: Non-participating investment contract liabilities		131,438	-	131,438	(216,014)	-	(216,014)	(331,872)	-	(331,872)
Policyholder total		-	-	-	-	-	-	-	-	-
Operating profit		6,468	(2,322)	4,146	6,432	(795)	5,637	13,731	(2,470)	11,261
Finance income		53	-	53	77	-	77	145	-	145
Finance costs		(240)	-	(240)	(266)	-	(266)	(523)	-	(523)
Profit before tax		6,281	(2,322)	3,959	6,243	(795)	5,448	13,353	(2,470)	10,883
Tax		(1,496)	441	(1,055)	(1,107)	151	(956)	(2,502)	469	(2,033)
Total comprehensive income for the period		4,785	(1,881)	2,904	5,136	(644)	4,492	10,851	(2,001)	8,850
Attributable to:										
Equity holders of the company				2,904			4,490			8,850
Non-controlling interests				-			2			-
				2,904			4,492			8,850
Earnings per ordinary share on net profit										
Basic (pence)	4			5.4			8.4			16.5
Diluted (pence)**	4			5.3			8.2			16.2

*Policyholder investment returns were previously presented within revenue. Amounts for the current period and comparatives are now represented alongside non-participating investment contract expenses and changes in provisions for non-participating investment contract liabilities to better reflect the fact that all such returns are due back to policyholders under non-participating investment contracts, and therefore have nil impact on shareholder profit or loss. Please see note 2.3 to the financial statements for further information.

**Adjusted to exclude anti-dilutive options, see note 4 to the financial statements for further detail

Condensed consolidated statement of changes in equity

	Issued capital £'000	Share premium £'000	Equity share based payments £'000	Treasury shares £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
As at 1 January 2019 – audited	269	33,451	1,357	(716)	15,295	49,656	14	49,670
Comprehensive income for the period	-	-	-	-	4,490	4,490	2	4,492
Share based payments	-	-	463	-	-	463	-	463
Deferred tax on share based payments	-	-	-	-	140	140	-	140
Ordinary shares bought and sold by EBT	-	-	-	-	-	-	-	-
Ordinary dividends paid	-	-	-	-	(3,212)	(3,212)	-	(3,212)
As at 30 June 2019 – unaudited	269	33,451	1,820	(716)	16,713	51,537	16	51,553
Comprehensive income for the period	-	-	-	-	4,360	4,360	(2)	4358
Share based payments	-	-	493	-	-	493	-	493
Deferred tax on share based payments	-	-	-	-	7	7	-	7
Ordinary shares issued	2	208	-	-	-	210	-	210
Ordinary shares bought and sold by EBT	-	-	-	182	-	182	-	182
Ordinary dividends paid	-	-	-	-	(1,350)	(1,350)	-	(1,350)
As at 31 December 2019 – audited	271	33,659	2,313	(534)	19,730	55,439	14	55,453
Comprehensive income for the period	-	-	-	-	2,904	2,904	-	2,904
Share based payments	-	-	410	-	-	410	-	410
Ordinary shares bought and sold by EBT	-	-	-	(590)	-	(590)	-	(590)
Deferred tax on share based payments	-	-	-	-	(312)	(312)	-	(312)
Ordinary dividends paid	-	-	-	-	(3,507)	(3,507)	-	(3,507)
As at 30 June 2020 - unaudited	271	33,659	2,723	(1,124)	18,815	54,344	14	54,358

Curtis Bank Group PLC

Condensed consolidated statement of financial position

	Notes	Unaudited 30-Jun-20 £'000	Unaudited 30-Jun-19 £'000	Audited 31-Dec-19 £'000
ASSETS				
Non-current assets				
Intangible assets	**5**	42,750	43,937	43,427
Investment property		1,219,856	1,271,004	1,265,784
Property, plant and equipment		5,742	6,629	6,195
Investments		1,842,818	1,961,654	1,994,197
Deferred tax asset		435	855	911
		3,111,601	3,284,079	3,310,514
Current assets				
Trade and other receivables		30,976	21,827	19,915
Cash and cash equivalents		440,790	412,710	421,547
Current tax asset		604	274	446
		472,370	434,811	441,908
Total assets		**3,583,971**	**3,718,890**	**3,752,422**
LIABILITIES				
Current liabilities				
Trade and other payables		16,893	15,405	15,608
Deferred income		26,345	24,532	26,192
Borrowings		34,486	32,303	28,215
Lease liabilities		909	904	719
Provisions		408	450	553
Deferred consideration		-	380	214
Current tax liability		-	1,005	738
		79,041	74,979	72,239
Non-current liabilities				
Borrowings		46,617	47,258	48,911
Lease liabilities		3,377	4,109	3,915
Non-participating investment contract liabilities		3,400,578	3,540,991	3,571,904
		3,450,572	3,592,358	3,624,730
Total liabilities		**3,529,613**	**3,667,337**	**3,696,969**
Net assets		**54,358**	**51,553**	**55,453**
Equity attributable to owners of the parent				
Issued capital		271	269	271
Share premium		33,659	33,451	33,659
Equity share based payments		2,723	1,820	2,313
Treasury shares		(1,124)	(716)	(534)
Retained earnings		18,815	16,713	19,730
		54,344	51,537	55,439
Non-controlling interest		14	16	14
Total equity		**54,358**	**51,553**	**55,453**

Approved by the Board and authorised for issue on 2 September 2020. Dan Cowland - Chief Financial Officer

Condensed consolidated statement of cash flows

	Unaudited 6 month period ended 30-Jun-20 £'000	Unaudited 6 month period ended 30-Jun-19 £'000	Audited year ended 31-Dec-19 £'000
Cash flows from operating activities			
Profit before tax	3,959	5,448	10,883
Adjustments for:			
Depreciation	694	636	1,321
Amortisation and impairments	941	627	1,379
Interest expense	240	261	523
Share based payment expense	410	463	956
Fair value losses/(gains) on financial investments	82,297	(175,076)	(232,848)
Additions of financial investments	(298,196)	(255,361)	(532,717)
Disposals of financial investments	367,278	281,842	584,425
Fair value losses on investment properties	57,664	7,981	12,469
(Decrease)/increase in liability for investment contracts	(171,327)	135,561	166,476
Changes in working capital:			
Increase in trade and other receivables	(10,460)	(3,359)	(1,730)
Increase/(decrease) in trade and other payables	772	(139)	1,990
Taxes paid	(2,063)	(1,073)	(2,454)
Net cash flows from operating activities	**32,209**	**(2,189)**	**10,673**
Cash flows from investing activities			
Purchase of intangible assets	(264)	(454)	(696)
Purchase of property, plant & equipment	(241)	(770)	(1,015)
Purchase of investment property	(66,685)	(51,399)	(125,848)
Purchase and sale of shares in the Group by the EBT	(590)	-	182
Receipts from sale of investment property	54,948	46,865	122,047
Net cash flows from acquisitions	(152)	-	(166)
Net cash flows used in investing activities	**(12,984)**	**(5,758)**	**(5,496)**
Cash flows from financing activities			
Equity dividends paid	(3,507)	(3,212)	(4,562)
Net proceeds from issue of ordinary shares	-	-	210
Net increase/(decrease) in borrowings	3,981	(6,988)	(9,456)
Principal elements of lease payments	(422)	(421)	(933)
Interest paid	(34)	(298)	(465)
Net cash flows used in financing activities	**18**	**(10,919)**	**(15,206)**
Net increase/(decrease) in cash and cash equivalents	**19,243**	**(18,866)**	**(10,029)**
Cash and cash equivalents at the beginning of the period	421,547	431,576	431,576
Cash and cash equivalents at the end of the period	**440,790**	**412,710**	**421,547**

1 Corporate information

Curtis Banks Group PLC ("the Company") is a public limited company incorporated and domiciled in England and Wales, whose shares are publicly traded on the AIM market of the London Stock Exchange PLC. The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 2 September 2020.

The principal activity of the Group is that of the provision of pension administration services principally for Self-Invested Personal Pension schemes ("SIPPs") and Small Self-Administered Pension schemes ("SSASs"). The Group is staffed by experienced professionals who all have proven track records in this sector.

2 Basis of preparation and accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements comprise the Company and its subsidiaries ("the Group") and have been prepared on a historical cost basis modified by revaluation of financial assets and financial liabilities through profit and loss where held at fair value, and are presented in pounds sterling, with all values rounded to the nearest thousand pounds except when otherwise indicated.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting except for certain requirements in relation to financial instrument disclosure. The board has considered the requirements of IAS 34 in relation to policyholder assets and liabilities and, given the unit-linked nature of these assets and liabilities, has concluded that revaluing certain policyholder financial instruments for the purposes of these interim financial statements would incur expense which is disproportionate to any potential benefits of doing so. Further, the board considers that the omission of updated valuations for these certain policyholder financial instruments will not influence the economic decisions of users of these financial statements, as all revenue and expenditure associated with these policyholder assets and liabilities is due back to the policyholders under non-participating investment contracts and therefore has nil impact on shareholder equity.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2019, which were prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB (together “IFRS”) as adopted by the European Union, and in accordance with the requirements of The Companies Act 2006 applicable to companies reporting under IFRS.

The information relating to the six months ended 30 June 2020 and the six months ended 30 June 2019 is unaudited and does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The Group’s statutory financial statements for the year ended 31 December 2019 have been reported on by its auditor and delivered to the Registrar of Companies. The report of the auditor was unmodified and did not contain a statement under section 498(2) or (3) of The Companies Act 2006.

The interim condensed consolidated financial statements have been reviewed by the auditor and their report to the Board of Curtis Banks Group PLC is included within this interim report.

2 Basis of preparation and accounting policies - continued

2.2 Basis of consolidation

The interim condensed consolidated financial statements consolidate the financial statements of the Company and its subsidiaries up to 30 June each year.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-Group balances, income and expenses and unrealised gains and losses resulting from intra-Group transactions are eliminated in full.

The trading subsidiaries of Curtis Banks Group PLC as at 30 June 2020 and 30 June 2019 were Curtis Banks Limited, Curtis Banks Investment Management Limited, Suffolk Life Annuities Limited, Suffolk Life Pensions Limited, Rivergate Legal Limited and Templemead Property Solutions Limited.

Certain trading subsidiaries of Curtis Banks Group PLC hold the entire issued share capital of a number of non-trading trustee companies. All of these companies are nominee companies for the pension products administered by the trading subsidiaries of Curtis Banks Group PLC and have been dormant or non-trading throughout the period and are expected to remain dormant or non-trading.

2.3 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019 except for the following change in policy.

Presentation of policyholder investment returns

Policyholder investment returns were previously presented within revenue in the Consolidated Statement of Comprehensive Income. To better reflect the fact that all such returns are due back to policyholders under non-participating investment contracts the Group has decided to present such amounts alongside non-participating investment contract expenses and changes in provisions for non-participating investment contract liabilities, such that the nil impact on shareholder profit or loss is evident.

New standards issued but not yet effective

The IASB and IFRIC have issued standards and interpretations with an effective date for periods starting on or after the date on which these financial statements start. There are no newly issued standards expected to potentially have a material impact on the condensed consolidated interim financial statements and the consolidated financial statements to the Group.

Financial statements for the year ending 31 December 2020

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements will be consistent with those to be followed in the preparation of the Group’s annual financial statements for the year ending 31 December 2020.

2.4 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.

In preparing the financial statements the Group has selected and applied various accounting policies which are described in the notes to the financial statements. In order to apply these accounting policies the Group has made estimates and judgements concerning the future.

There are no critical judgements in the application of accounting policies.

The key sources of estimation uncertainty are disclosed below:

IFRS 9 impairment

Trade and other receivables are impaired based on the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables. The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history of shared credit risk characteristics, days past due, existing market conditions, including the COVID-19 pandemic, as well as forward looking estimates at the end of each reporting period.

The loss rates are considered the key source of estimation uncertainty because the impact of a change in these could result in a material change in the expected credit loss. The Group determines its loss rates by reference to the underlying level of liquidity in each of the Group's clients' SIPPs because clients' fees are normally settled directly from their SIPP cash holdings. A lower level of liquidity in the SIPP, or indeed illiquidity, indicates reduced credit quality in the related trade receivable balance.

Changes in macroeconomic factors may impact the Group's clients' use of the SIPP and cause the level of liquidity in the SIPP to increase or decrease. A 10% increase or decrease in loss rates estimated at the period end would have the following impact:

Period ended 30 June 2020	Increase / (decrease) in percentage rates	Effect on profit before tax £'000
Loss rate	10%	(270)
Loss rate	(10)%	445

The Group charges fixed fees for its services reducing its exposure to changes in macroeconomic factors such as COVID-19 which may otherwise impact a percentage basis point fee charging model.

The Group continually assesses historical recovery data to help determine how the underlying level of liquidity in the SIPPs fits into each of the credit quality ratings. Future historical data available may lead to changes in the estimated categorisation of trade receivables gross carrying amounts and associated loss allowance.

Where trade and other receivables have been outstanding for more than six years, amounts are deemed to have no reasonable expectation of recovery and are written off.

2.4 Critical accounting judgements and key sources of estimation uncertainty - continued

Client portfolios

Client portfolios acquired are amortised over their useful economic life ("UEL") which management estimate to be 20 years. This estimated UEL is based upon management's historical experience of similar portfolios and expectation of the future persistency of the portfolio. The reasonableness of this estimated is assessed annually by comparison to actual lapse rates and consideration of factors that may affect it in the future, for example, changes to products.

Additionally, the Group reviews and judges whether acquired client portfolios show any indicators of impairment at least on an annual basis by considering actual versus forecast lapse rates and comparing the carrying value and recoverable amount. An impairment would exist where the recoverable amount determined is less than the carrying value of the asset.

Assessing recoverable amount through value in use comprises an estimation of future cash flows expected to arise from each client portfolio, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset, together with an estimated rate of attrition for each portfolio. The estimation of future cash flows is derived by taking the current earnings before tax, interest, depreciation and amortisation ("EBITDA") margin of the Group and applying this against forecast revenue from the relevant client portfolio.

One key source of estimation uncertainty is the level of future interest income expected, and in particular the longevity of the current low interest rate environment. Another key source of estimation uncertainty arises from the attrition rates used. The recoverable amount is most sensitive to both of these assumptions.

3 Non-recurring costs

Non-recurring costs comprise the following items:

	Unaudited 6 month period ended 30-Jun-20 £'000	Unaudited 6 month period ended 30-Jun-19 £'000	Audited year ended 31-Dec-19 £'000
Hargreave Hale acquisition costs	-	40	32
Redundancy & restructuring costs following acquisitions	814	128	696
European Pensions Management acquisition costs	-	-	29
Costs relating to directorate and senior management changes	-	-	334
Dunstan Thomas acquisition costs	195	-	-
Talbot and Muir acquisition costs	220	-	-
Other acquisition related costs	152		
	1,381	168	1,091

Redundancy & restructuring costs following acquisitions

During the year ended 31 December 2019 and into the six month period ended 30 June 2020, the Group progressed its strategy to deliver its Target Operating Model and centralise commercial property administration within one office location. Redundancy costs associated with this decision as well as costs associated with duplicated staff efforts while work is transferred between offices have been included within non-recurring cost.

Costs relating to directorate and senior management changes

During the year ended 31 December 2019, the incumbent Chief Financial Officer of the Group announced he was stepping down from the role and a successor was recruited. An orderly handover of responsibilities took place between the previous Chief Financial Officer and the new Chief Financial Officer. Costs associated with this transitional period, including recruitment costs and costs of associated senior staff changes, have been treated as non-recurring costs.

Dunstan Thomas acquisition costs

The Group acquired fintech provider Dunstan Thomas on 3 August 2020 and has incurred legal and professional fees in connection with this acquisition during the six month period ended 30 June 2020. In accordance with IFRS 3 *Business Combinations*, these have been expensed and treated as non-recurring costs.

Talbot and Muir acquisition costs

The Group entered into an agreement to acquire fellow SIPP provider Talbot and Muir on 3 August 2020 subject to regulatory approval and has incurred legal and professional fees in connection with this acquisition during the six month period ended 30 June 2020. In accordance with IFRS 3 *Business Combinations*, these have been expensed and treated as non-recurring costs.

3 Non-recurring costs - continued

Other acquisition related costs

During the six month period ended 30 June 2020, the Group incurred some further final costs in relation to deferred consideration payable on the client portfolio acquired from Friends Life in 2015.

4 Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Changes in income or expense that would result from the conversion of the dilutive potential ordinary shares are deemed to be trivial, and therefore no separate diluted net profit is presented. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Unaudited 6 month period ended 30-Jun-20 £'000	Unaudited 6 month period ended 30-Jun-19 £'000	Audited year ended 31-Dec-19 £'000
Net profit available to equity holders of the Group	2,904	4,490	8,850
Net profit before tax, non-recurring costs (note 3) and amortisation (note 5) available to equity holders of the Group	6,281	6,432	13,353
	Number	**Number**	**Number**
Weighted average number of ordinary shares:			
Issued ordinary shares at start of period	54,142,346	53,807,346	53,807,346
Effect of shares issued during the year	-	-	90,192
Effect of shares held by Employee Benefit Trust	(211,890)	(266,482)	(244,741)
Basic weighted average number of shares	53,930,456	53,540,864	53,652,797
Effect of options exercisable at the reporting date**	578,795	644,471	1,173,236
Effect of options not yet exercisable at the reporting date**	609,081	531,552	1,000,925
Diluted weighted average number of shares	55,118,332	54,716,887	55,826,958
	Pence	**Pence**	**Pence**
Earnings per share:			
Basic	5.4	8.4	16.5
Diluted**	5.3	8.2	16.2
Earnings per share on profit before non-recurring costs and amortisation, less an effective tax rate*:			
Basic	9.7	9.7	20.2
Diluted**	9.5	9.5	19.8

*The effective tax rate used is the current tax rate applicable to the accounting year. The current tax rate applicable for the year ending 31 December 2020 is 19.00% (2019: 19.00%).

**The diluted EPS calculated has been adjusted to exclude anti-dilutive options. Diluted EPS for the year ended 31 December 2019 and the 6 month period ended 30 June 2019 have been restated on the same basis in these financial statements. There is no impact to either the income statement or balance sheet of the Group.

5 Intangible assets

	Goodwill £'000	Client portfolios £'000	Computer software £'000	Total £'000
Cost				
At 1 January 2019	28,903	18,866	1,481	49,250
Additions	-	-	454	454
At 30 June 2019	28,903	18,866	1,935	49,704
Additions	-	-	242	242
At 31 December 2019	28,903	18,866	2,177	49,946
Additions	-	-	264	264
At 30 June 2020	28,903	18,866	2,441	50,210
Amortisation and impairments				
At 1 January 2019	-	4,379	761	5,140
Charge for the period	-	472	155	627
At 30 June 2019	-	4,851	916	5,767
Charge for the period	-	469	283	752
At 31 December 2019	-	5,320	1,199	6,519
Charge for the period	-	473	124	597
Impairment	-	344	-	344
At 30 June 2020	-	6,137	1,323	7,460
Net book value				
At 31 December 2018	28,903	14,487	720	44,110
At 30 June 2019	28,903	14,015	1,019	43,937
At 31 December 2019	28,903	13,546	978	43,427
At 30 June 2020	28,903	12,729	1,118	42,750

Impairment charges totalling £344,000 against the value of the Group's client portfolios within intangible assets have been recognised during the six month period ended 30 June 2020 (H1 2019: £nil). This relates to changes in the estimate of future cash flows expected on these assets over their remaining useful economic lives owing to increased uncertainty over the longevity of the current low interest rate environment.

6 Dividends paid

	Unaudited 6 month period ended 30-Jun-20 £'000	Unaudited 6 month period ended 30-Jun-19 £'000	Audited year ended 31-Dec-19 £'000
Ordinary dividends paid	3,507	3,212	4,562
	3,507	3,212	4,562

A final dividend of 6.00p per ordinary share in respect of the year ended 31 December 2018 was paid on 23 May 2019.

An interim dividend of 2.50p per ordinary share in respect of the year ended 31 December 2019 was paid on 14 November 2019.

A final dividend of 6.50p per ordinary share in respect of the year ended 31 December 2019 was paid on 8 June 2020.

7 Income tax

Tax is charged at 19% for the six months ended 30 June 2020 (30 June 2019: 19%) representing the best estimate of the average annual effective tax rate expected to apply for the full year, applied to the pre-tax income of the six month period.

Current tax for current and prior periods is classified as a current liability to the extent that it is unpaid. Any amounts paid in excess of amounts owed are classified as a current asset.

8 Contingent liabilities

In-specie contributions

The Group has been in correspondence with HMRC regarding processes and documentation in respect of in specie contributions. HMRC have alleged that incorrect procedures were followed and is seeking to reclaim tax reliefs granted and interest thereon. This is an industry wide issue affecting other SIPP operators and is being challenged by the industry as a whole. It is not possible to determine when this matter will be resolved and the outcome and impact are not known at this stage. We do not believe that the net exposure arising from this will be material to the Group.

8 Contingent liabilities – continued

Data cleansing

During the year ended 31 December 2018 management initiated a review of data records related to properties held within SIPPs administered by the Group.

This review requires a case by case assessment of each of the properties within the population in order to assess whether any remedial action is required by the Group in respect of that property or the associated SIPP.

In addition to the remaining provision of £141,000 for the estimated direct costs that the Group may still incur in respect of this exercise, the directors consider that it is possible that the Group may also be exposed to indirect costs in the future, depending on the outcome of the case by case reviews.

The Directors' best estimate of this contingent liability is £1.8m (31 December 2019: £2.3m). The decrease in estimate has arisen following a reduction in the total value of cases remaining.

This estimate continues to be reviewed regularly, and any changes or refinements will be reported as appropriate. The Directors currently expect that, with COVID-19 related working limitations and also additional forbearance having been permitted in connection with the COVID-19 pandemic, any potential material follow up actions will be completed by 2021.

9 Post balance sheet events

Acquisition of Dunstan Thomas

The Group is pleased to confirm its acquisition of fintech provider Dunstan Thomas which completed on 3rd August 2020 for a maximum total consideration of £27.5m (including £6m of deferred consideration on 3 year earn out period). An estimate of net assets on completion is still subject to completion accounts being prepared and subsequent fair value adjustments in accordance with IFRS 3 Business Combinations.

The acquisition has been funded through a combination of debt financing and existing cash, with existing borrowings refinanced into a new facility comprising a £20m term loan over 5 years and a £10m rolling credit facility, £6m of which has been utilised in relation to the Dunstan Thomas acquisition.

Acquisition of Talbot and Muir

The Group is further pleased to confirm its acquisition, subject to regulatory approval, of the SIPP and SSAS products provider Talbot and Muir. Total maximum consideration is £25.25m, inclusive of deferred consideration of up to £8.75m over a 2 year earn out period.

The acquisition is being funded through equity financing and in July 2020 the Group successfully placed 11,904,762 shares at a price of 210p per share, raising gross proceeds of £25m.

10 Illustrative condensed consolidated statement of financial position as at 30 June 2020 split between insurance policyholders and the Group's shareholders

	30-Jun-20 £'000 Group Total	30-Jun-20 £'000 Policyholder	30-Jun-20 £'000 Shareholder	30-Jun-19 £'000 Shareholder
ASSETS				
Non-current assets				
Intangible assets	42,750	-	42,750	43,937
Investment property	1,219,856	1,219,814	42	42
Property, plant and equipment	5,742	-	5,742	6,629
Investments	1,842,818	1,842,818	-	-
Deferred tax asset	435	-	435	855
	3,111,601	3,062,632	48,969	51,463
Current assets				
Trade and other receivables	30,976	17,190	13,786	11,849
Cash and cash equivalents	440,790	415,922	24,868	25,731
Current tax asset	604	172	432	-
	472,370	433,284	39,086	37,580
Total assets	3,583,971	3,495,916	88,055	89,043
LIABILITIES				
Current liabilities				
Trade and other payables	16,893	10,215	6,678	6,156
Deferred income	26,345	13,776	12,569	11,594
Borrowings	34,486	33,030	1,456	3,149
Lease Liabilities	909	-	909	904
Provisions	408	-	408	450
Deferred consideration	-	-	-	380
Current tax liability	-	-	-	1,005
	79,041	57,021	22,020	23,638
Non-current liabilities				
Borrowings	46,617	38,317	8,300	9,743
Lease Liabilities	3,377	-	3,377	4,109
Non-participating investment contract liabilities	3,400,578	3,400,578	-	-
	3,450,572	3,438,895	11,677	13,852
Total liabilities	3,529,613	3,495,916	33,697	37,490
Net assets	54,358	-	54,358	51,553
Equity attributable to owners of the parent				
Issued capital	271	-	271	269
Share premium	33,659	-	33,659	33,451
Equity share based payments	2,723	-	2,723	1,820
Treasury shares	(1,124)	-	(1,124)	(716)
Retained earnings	18,815	-	18,815	16,713
	54,344	-	54,344	51,537
Non-controlling interest	14	-	14	16

Total equity	54,358	-	54,358	51,553

11 Illustrative condensed consolidated statement of cash flows for the six month period ended 30 June 2020 split between insurance policyholders and the Group's shareholders

	30-Jun-20 £'000 Group Total	**30-Jun-20 £'000 Policyholder**	**30-Jun-20 £'000 Shareholder**	**30-Jun-19 £'000 Shareholder**
Cash flows from operating activities				
Profit before tax	3,959	-	3,959	5,448
Adjustments for:				
Depreciation	694	-	694	636
Amortisation and impairments	941	-	941	627
Interest expense	240	-	240	261
Share based payment expense	410	-	410	463
Fair value gains on financial investments	82,297	82,297	-	-
Additions of financial investments	(298,196)	(298,196)	-	-
Disposals of financial investments	367,278	367,278	-	-
Fair value losses on investment properties	57,664	57,664	-	-
Decrease in liability for investment contracts	(171,327)	(171,327)	-	-
Changes in working capital:				
Increase in trade and other receivables	(10,460)	(6,109)	(4,351)	(2,226)
Increase in trade and other payables	772	173	599	302
Taxes paid	(2,063)	-	(2,063)	(1,073)
Net cash flows from operating activities	32,209	31,780	429	4,438
Cash flows from investing activities				
Purchase of intangible assets	(264)	-	(264)	(454)
Purchase of property, plant & equipment	(241)	-	(241)	(770)
Purchase of investment property	(66,685)	(66,685)	-	-
Purchase and sale of shares in the Group by the EBT	(590)	-	(590)	-
Receipts from sale of investment property	54,948	54,948	-	-
Net cash flows from acquisitions	(152)	-	(152)	-
Net cash flows from investing activities	(12,984)	(11,737)	(1,247)	(1,224)
Cash flows from financing activities				
Equity dividends paid	(3,507)	-	(3,507)	(3,212)
Net increase/(decrease) in borrowings	3,981	5,560	(1,579)	(1,572)
Principal elements of lease payments	(422)	-	(422)	(421)
Interest paid	(34)	-	(34)	(298)
Net cash flows from financing activities	18	5,560	(5,542)	(5,503)
Net increase/(decrease) in cash and cash equivalents	19,243	25,603	(6,360)	(2,289)
Cash and cash equivalents at the beginning of the period	421,547	390,319	31,228	28,020
Cash and cash equivalents at the end of the period	440,790	415,922	24,868	25,731

12 Illustrative table of SIPP number movements over the six month period ended 30 June 2020

	Full SIPPs	Mid SIPPs	eSIPPs	Total own SIPPs	Third Party Administered	Total
As at 30 June 2020	19,487	28,798	21,210	69,495	6,811	76,306
As at 31 December 2019	19,869	27,799	21,726	69,394	7,147	76,541
Annualised gross organic growth rate*	2.90%	11.20%	2.41%	6.07%	0.20%	5.52%
SIPPs added organically	288	1,557	262	2,107	7	2,114
Conversions and reclassifications	(161)	161	-	-	-	-
SIPPs lost through attrition	(509)	(719)	(778)	(2,006)	(343)	(2,349)
Annualised attrition rate *	5.12%	5.17%	7.16%	5.78%	9.60%	6.14%

*Growth and attrition percentage rates are annualised and are based on the 6 months' worth of SIPPs added organically or lost through attrition to 30 June 2020

Company information

Directors
Will Self – Chief Executive Officer
Dan Cowland – Chief Financial Officer
Jane Ridgley – Chief Operating Officer
Chris Macdonald – Chairman, Non-Executive Director
Bill Rattray – Non-Executive Director
Jules Hydleman – Non-Executive Director

Company Secretary
Dan Cowland

Registered Office
3 Temple Quay
Temple Back East
Bristol
BS1 6DZ

Registered Number
07934492

Nominated Adviser and Broker
Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

Joint Broker
N+1 Singer
1 Bartholomew Lane
London
EC2N 2AX

Independent Auditors
PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Solicitors
Roxburgh Milkins Limited
Merchants House North
Wapping Road
Bristol
BS1 4RW

Registrars
Computershare Limited
The Pavilions
Bridgewater Road
Bristol
BS13 8AE