STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 £000	2015 £000
Revenue			
Management fees		**57,494**	30,845
Administrative expenses	2	**(66,405)**	(43,771)
Operating Loss		**(8,911)**	(12,926)
Impairment in subsidiary	8	**(1,532)**	-
Finance income	3	**51**	24
Finance costs	4	**(823)**	(1,008)
Loss before taxation		**(11,215)**	(13,910)
Tax credit	5	**806**	2,366
Loss for the year		**(10,409)**	(11,544)
Total comprehensive loss		**(10,409)**	(11,544)

The result for the year relates wholly to continuing activities.

The result for the year is attributable to the equity holders of the Company.

The notes on pages 19 – 42 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 £000	2015 £000
Non-current assets			
Property and equipment	6	**6,549**	6,097
Intangible assets	7	**1,184**	1,339
Investment in subsidiaries	8	**54,799**	54,331
		62,532	61,767
Current assets			
Trade and other receivables	9	**41,120**	22,044
Cash and cash equivalents	10	**11,391**	369
		52,511	22,413
Total assets		**115,043**	84,180
Current liabilities			
Trade and other payables	11	**52,226**	34,962
Other financial liabilities	12	**9,125**	1,625
		61,351	36,587
Non-current liabilities			
Other financial liabilities	12	**19,910**	21,090
Total liabilities		**81,261**	57,677
Net assets		**33,782**	26,503
Capital and reserves			
Share capital	15	**3**	3
Share premium	16	**56,800**	56,800
Capital contributions	16	**25,000**	10,000
Other reserves	16	**4,478**	3,290
Retained losses	16	**(52,499)**	(43,590)
Total equity		**33,782**	26,503

The financial statements were approved by the Board on 25 August 2017 and signed on its behalf by:

Director D W J Sharkey
(Company No. 5372217)

The notes on pages 19 – 42 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital £000	Share Premium £000	Capital Contribution £000	Share option rights £000	Retained Losses £000	Total £000
At 1 January 2016	3	56,800	10,000	3,290	(43,590)	26,503
Capital contribution	-	-	15,000	-	-	15,000
Share based payment reserve	-	-	-	1,188	-	1,188
Loss for the year	-	-	-	-	(10,409)	(10,409)
Dividends received					1,500	1,500
At 31 December 2016	3	56,800	25,000	4,478	(52,499)	33,782

Capital contributions represent amounts received from the parent company and are reflected within equity as there is no obligation to repay the contribution nor is there any interest payable on the contribution.

For the year ended 31 December 2015

	Share capital £000	Share Premium £000	Capital Contribution £000	Share option rights £000	Retained Losses £000	Total £000
At 1 January 2015	3	55,851	-	2,549	(32,046)	26,357
Issued in the year	-	949	-	-	-	949
Capital contribution	-	-	10,000	-	-	10,000
Share based payment reserve	-	-	-	741	-	741
Loss for the year	-	-	-	-	(11,544)	(11,544)
At 31 December 2015	3	56,800	10,000	3,290	(43,590)	26,503

The Company did not recognise any income or expense directly in equity in 2015.

The notes on pages 19 – 42 form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016	2015
		£000	£000
Cash flow from operating activities			
Operating Loss		**(8,911)**	(12,926)
Adjustment to reconcile profit before tax to net cash outflow from operating activities:			
Depreciation of property and equipment	**6**	**4,290**	3,499
Amortisation of intangible assets	**7**	**177**	28
(Increase) in trade and other receivables	**9**	**(11,404)**	(6,463)
Impairment in subsidiary	**8**	**1,532**	-
Increase in trade and other payables		**15,730**	9,283
Other reserves	**16**	**1,188**	741
Corporation tax received	**5**	**806**	2,366
Finance payments	**4**	**(18)**	(384)
Finance revenue	**3**	**51**	24
Net cash flow from operating activities		**3,441**	(3,832)
Investing Activities			
Purchase of property and equipment	**6**	**(4,742)**	(7,187)
Purchase of intangible assets	**7**	**(22)**	(1,367)
Dividend Income received from subsidiary undertakings	**16**	**1,500**	-
Purchase of shares in subsidiary undertakings	**8**	**(2,000)**	-
Net cash flow from investing activities		**(5,264)**	(8,554)
Financing activities			
Interest paid on loans		**(358)**	(624)
Loan Principal paid	**12**	**(1,625)**	(406)
Acquisitions funding to OMWPCA		**(7,672)**	-
Loan from OMWHL	**12**	**7,500**	-
Receipt from issuance of share capital	**16**	**-**	949
Capital contributions	**16**	**15,000**	10,000
Net cash flow from financing activities		**12,845**	9,919
Net increase/(decrease) in cash and cash equivalents		**11,022**	(2,467)
Cash and cash equivalents at 1 January	**10**	**369**	2,836
Cash and cash equivalents at 31 December	**10**	**11,391**	369

Statement of cash-flows is prepared according to the indirect method.

The notes on pages 19 – 42 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. Accounting policies

1.1.1. Basis of preparation

The Company's financial statements have been prepared and approved by the directors on a going concern basis, and in accordance with International Financial Reporting Standards as adopted by the European Union (Adopted IFRS) as they apply to the financial statements of the Company for the year ended 31 December 2016, and applied in accordance with the Companies Act legislation.

The accounting policies set out below, have, unless otherwise stated, been applied consistently to all periods presented on these financial statements.

After making enquiries, which included considering the liquidity of the Company's assets and projected regulatory capital positions, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (being 12 months from the date of this report). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Company is exempt by virtue of S400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The Company's Financial Statements are consolidated within the financial statements of Old Mutual plc.

These are separate financial statements as the Company has elected under IFRS 10 paragraph 4 not to prepare consolidated financial statements.

1.1.2. Adoption of new IFRS accounting standards

During the year there were no new standards implemented that had a material effect on the financial statements of the Company.

Future standards, amendments to standards, and interpretations not early-adopted in the 2016 annual financial statements

At the date of authorisation of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the Company, have been issued by the International Accounting Standards Board.

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was issued in July 2014 and will replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 incorporates amendments to the classification and measurement of financial instruments, hedge accounting guidance, as well as the accounting requirements for the impairment of financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI).

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.1.2. Adoption of new IFRS accounting standards (continued)

Classification and measurement of financial assets and liabilities

Financial assets are to be classified based on (i) the business model within which the financial assets are managed and (ii) the contractual cashflow characteristics of the financial assets.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold those assets for the purpose of collecting contractual cashflows and those cashflows comprise solely payments of principal and interest (hold to collect). Financial assets are measured at fair value through other comprehensive income, if they are held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets, and those contractual cashflows comprise solely payments of principal and interest ('hold to collect and sell').

The accounting for financial liabilities is largely unchanged, except for financial liabilities designated at fair value through profit or loss (FVTPL). Changes in the fair value of these financial liabilities which are attributable to the company's own credit risk are recognised in OCI. Where the financial liability is derecognised, the cumulative gain or loss previously recognised in OCI is not reclassified from equity to profit or loss. However, it may be reclassified within equity.

Impairment of financial assets

Impairments in terms of IFRS 9 will be determined based on an expected credit loss (ECL) model rather than the current incurred loss model required by IAS 39.

Companies will be required to recognise an allowance for either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the company's best available forward-looking information. The aforementioned probability-weighted outcome must consider the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is low.

This standard is effective for accounting periods beginning on or after 1 January 2018.The Company is in the process of assessing the impact of IFRS9. (If applicable).

IFRS 16 'Leases'

The IASB issued IFRS 16 'Leases' in January 2016. IFRS 16 replaces IAS 17 'Leases' and its related interpretations.

The company as lessee: IFRS 16 introduces a 'right-of-use' model whereby the lessee recognises a right of use asset and an associated financial obligation to make lease payments for all leases with a term of more than 12 months. The asset will be amortised over the lease term and the financial liability measured at amortised cost with interest recognised in profit and loss using the effective interest rate method.

The company as lessor: IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify and account for its leases as operating leases or finance leases.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.1.2. Adoption of new IFRS accounting standards to be advised (continued)

IFRS 16 'Leases' (continued)

This standard is effective for accounting periods beginning on or after 1 January 2019; it is yet to be endorsed by the EU.

1.2 Investment in subsidiary undertakings

The investment in subsidiary undertakings is shown at cost less provision for impairment in value.

1.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue represents the recharge of costs to the Company's subsidiaries on an agreed basis.

All turnover relates to continuing operations in the United Kingdom.

1.4 Property and equipment

Fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment in value. Fixtures and fittings are depreciated on a straight-line basis over their useful economic life which in all cases is three 3 years.

Computer equipment is stated at cost less accumulated depreciation and accumulated impairment in value. Computer equipment is depreciated on a straight-line basis over 3 years.

Assets associated with short leaseholds are stated at cost less accumulated depreciation and accumulated impairment in value. Assets associated with short leaseholds are depreciated on a straight line basis over the period of the lease up to a maximum of 5 years.

Depreciation and impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income within administrative expenses. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of the asset is included in the Statement of Profit or Loss and Other Comprehensive Income in the period of de-recognition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.5 Intangible assets

The cost of acquiring advisers from Sesame Bankhall are capitalised and included as intangible assets on the Balance Sheet. These payments are recorded at cost and amortised over the expected life of the benefit derived from the income stream of these advisers, which is assumed to be 10 years. The amortisation is calculated based on the expected pattern of income over this period.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method is reviewed at each year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate. The amortisation expense on intangible assets is recognised in the Statement of Profit or Loss and Other Comprehensive Income in administrative expenses.

1.6 Financial assets

Financial assets are recognised on the trade date when the Company becomes a party to the contractual provisions of the instrument and are classified for accounting purposes depending on the characteristics of the instruments and the purpose for which they were purchased.

(a) Classification

Financial assets with fixed or determinable payments that are not quoted on an active market and that the Company does not intend to sell in the near future are accounted for as loans.

All remaining financial assets are classified as available for sale.

(b) Measurement

Financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, any directly attributable incremental transaction costs. Loans are subsequently carried at amortised cost using the effective interest rate method.

Available for sale assets are recorded at fair value with changes in fair value recognised as a separate component of equity until the asset is derecognised or determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.6 Financial assets (continued)

(c) Amortised cost

The amortised cost of a debt instrument is the amount at which it is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amounts and minus any impairment. The effective interest rate method is a method of calculating the amortised cost and of allocating the interest income or expense over the relevant period.

(d) Fair value

The fair value of an asset is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. For quoted financial assets for which there is an active market, the fair value is the bid price at the reporting date. In the absence of an active market, fair value is estimated by using present value or other valuation techniques.

(e) De-recognition

A financial asset is derecognised when the contractual rights to the asset's cash flows expire, when the Company has transferred the asset and substantially all the risks and rewards of ownership, or when the Company has transferred the asset without transfer or retaining of substantially all the risks and rewards of ownership, provided the other party can sell or pledge the asset. On de-recognition the difference between the disposal proceeds and the carrying amount is recognised in the Statement of Profit or Loss and Other Comprehensive Income. Any cumulative gain or loss previously recognised in equity is also recognised in the Statement of Profit or Loss and Other Comprehensive Income.

1.7 Taxes

Current income tax

Current income tax assets and liabilities for the current period and prior periods are measured as the amount expected to be recovered from or paid to the taxation authorities, or paid to or recovered from other group companies in respect of group relief surrendered or received. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.7 Taxes (continued)

Deferred income tax

Deferred taxes are calculated according to the statement of financial position method, based on temporary timing differences between reported and tax values of assets and liabilities. 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. Deferred tax liabilities are not discounted.

Deferred tax assets are recognised for all temporary timing differences to the extent that it is probable that taxable profit will be available against which the deductible temporary timing difference can be utilised.

Deferred tax is charged or credited in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.8 Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoices value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

1.9 Cash and cash equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.10 Trade and other payables

Trade and other payables are not interest bearing and are stated at their amortised cost which is not materially different to cost and approximates to fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.11 Financial liabilities

Financial liabilities are recognised on the date when the Company becomes a party to the contractual provisions of the instrument.

Loans are carried at amortised cost using the effective rate. The amortised cost is the amount at which it is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amounts. The effective interest rate method is a method of calculating the amortised cost and of allocating the interest expense over the relevant period.

1.12 Financing income and expense

Interest income is recognised as it accrues using the interest rate applicable over the period of the income.

Interest expense is recognised as it accrues using the interest rate applicable over the period of the expense.

1.13 Capital contributions

Capital contributions represent the amount received from the parent company and are reflected within equity as there is no obligation to repay the contribution nor is there any interest payable on the contribution.

1.14 Leases

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term.

Incentives received to enter into lease agreements are released to the Statement of Profit or Loss and Other Comprehensive Income over the lease term or, if shorter, the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

1.15 Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the entity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1.16 Share based payments

The Joint Share Ownership Plan (JSOP) was set up in 2014 and the Trustees of the JSOP hold shares in Intrinsic Financial Services Limited. It is accounted for as an equity settled share based payment scheme.

The fair value of shares and share options granted is recognised as an expense with a corresponding increase in equity. The fair value is recognised at the grant date and spread over the period during which the employees and financial adviser businesses become unconditionally entitled to the shares or options. The fair value of the shares and options granted is measured using an option pricing model, taking into account the terms and conditions upon which the shares and options were granted.

1.17 Pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Operating costs

Administrative expenses

Administrative expenses include:

	2016 £000	2015 £000
Auditor's remuneration : audit of these financial statements	**31**	31
Waiver of amounts due from non-trading subsidiaries	**-**	1,877
Depreciation on property and equipment (note 6)	**4,290**	3,499
Amortisation of intangible assets (note 7)	**177**	28

Staff costs and directors' emoluments

	2016 £000	2015 £000
(a) Staff costs		
Wages and salaries	**27,116**	19,049
Social security costs	**2,050**	2,238
Other pension costs	**1,032**	584
	30,198	21,871

The average monthly number of employees during the year was as follows:

	2016 No.	2015 No.
Directors	**6**	5
Administrative staff	**421**	311
Sales staff	**55**	34
	482	350

(b) Directors' emoluments

	2016 £000	2015 £000
Directors' emoluments	**1,410**	2,339
Pension contributions	**4**	21
	1,414	2,360

The amount in respect of the highest paid director is as follows:

	2016 £000	2015 £000
Directors' emoluments	**554**	733

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Operating costs (Continued)

(b) Directors' emoluments (continued)

During the year 2 Directors accrued pension benefits under a defined contribution scheme (2015: 2).

Key management personnel are defined as those having authority and responsibility for planning, directing and controlling the activities of the entity and as such, any directors are considered to meet this definition.

3. Finance income

	2016	2015
	£000	£000
Cash and short term deposits income	51	24

4. Finance costs

	2016	2015 Restated
	£000	£000
Interest on bank loans and overdrafts	18	121
Interest payable on deferred consideration	553	624
Interest payable on loan from Positive Solutions (Financial Services) Limited	252	263
	823	1,008

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Taxation

	2016	2015
	£000	£000
Current year corporation tax credit	**(642)**	(1,464)
Prior Year corporation tax credit	**(164)**	(902)
Tax credit for the year	**(806)**	(2,366)

The total tax credit for the year can be reconciled to the accounting profit as follows:

	2016	2015
Loss before tax	**(11,215)**	(13,910)
Tax based on loss at the applicable tax rate 20% (2015: 20.25%)	**(2,243)**	(2,817)
Effect of:		
Expenses not deductible for tax purposes	**640**	486
Depreciation charge in excess of capital allowances	**858**	709
Losses surrendered for nil consideration	**103**	158
Prior year corporation tax credit	**(164)**	(902)
Total	**(806)**	(2,366)

A deferred tax asset of £ 3,616,000 (2015: £1,406,000) in respect of tax losses of £9,172,000 (2015: £9,172,000) and fixed asset timing differences of £12,100,000 (2015: £7,809,000) have not been recognised as there is sufficient uncertainty to the extent it is probable that there will be future taxable profits to utilise the losses.

From 1 April 2015 the main rate of UK corporation tax was reduced to 20%). Further reductions to 19% from 1 April 2017 and 17% from 1 April 2020 were enacted in 2015 and 2016 respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Property and equipment

	Computer Software £000	Fixtures and Fittings £000	Computer Equipment £000	Leasehold Improvements £000	Total £000
Cost:					
At 1 January 2016	14,009	528	1,155	2,239	17,931
Additions	4,435	23	260	24	4,742
At 31 December 2016	18,444	551	1,415	2,263	22,673
Depreciation:					
At 1 January 2016	10,241	510	729	354	11,834
Provided during the year	3,627	17	256	390	4,290
At 31 December 2016	13,868	527	985	744	16,124
Net book value:					
At 31 December 2016	4,576	24	430	1,519	6,549
At 1 January 2016	3,768	18	426	1,885	6,097

All leasehold property included above is represented by short leaseholds of less than 50 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Intangible assets

	Sesame Advisers
	£000
Cost	
At 1 January 2015	-
Additions	1,367
At 31 December 2015	1,367
Additions	22
At 31 December 2016	**1,389**
Amortisation and impairment	
At 1 January 2015	-
Amortisation charge for the year	28
At 31 December 2015	28
Amortisation charge for the year	177
At 31 December 2016	**205**
Carrying Amount	
At 31 December 2016	**1,184**
At 31 December 2015	**1,339**
At 1 January 2015	-

The cost of acquiring advisers from Sesame Bankhall are capitalised. These payments are recorded at cost and then amortised over the expected life of the benefit derived from the income stream of these advisers, which is assessed as being 10 years.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

8. Investment in subsidiaries

	Subsidiary Undertakings £000
2015	
At 1 January 2015	54,331
Impairment provision	-
At 31 December 2015	54,331
2016	
At 1 January 2016	54,331
Additions in the year	2,000
Impairment provision	(1,532)
At 31 December 2016	54,799

On 21 September 2016, the Company subscribed for 8,000 ordinary shares at a cost of £2,000,000 in its subsidiary, Intrinsic Wealth Limited.

Intrinsic Cirilium Investment Company Limited transferred its trade to Old Mutual Global Investors (UK) Limited on 1 December 2014. The balance sheet has been liquidated in January 2016 and a final dividend of £1.5m was paid on 29 January 2016. As there are no future income streams, the Directors have decided to make an impairment provision to reduce the carrying value of the investment to the net assets of the company as at 31 December 2016 of £350,002.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Investment in subsidiaries (continued)

The subsidiary undertakings at the year end, all wholly owned and registered in England and Wales are:

Company	Registered Office Address
Intrinsic Financial Planning Limited	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Intrinsic Wealth Limited	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Intrinsic Mortgage Planning Limited	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Intrinsic Financial Solutions Limited	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Intrinsic Wealth Financial Solutions Limited	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Intrinsic Valuation Services Limited (formerly Cirilium Asset Management Limited)	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Blueprint Financial Services Limited	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Blueprint Organisation Limited	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Blueprint Distribution Limited	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Intrinsic Cirilium Investment Company Limited	Wiltshire Court, Farnsby Street, Swindon, England, SN1 5AH
Positive Solutions (Financial Services) Limited	Riverside House, The Watefront, Newcastle upon Tyne, NE15 8NY
Old Mutual Wealth Private Client Advisers Limited	Millennium Bridge House, 2 Lambeth Hill, London, EC4V 4AJ

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Trade and other receivables

	2016 £000	2015 £000
Amounts owed by Old Mutual plc subsidiary undertakings	**3,140**	1,952
Amounts due from subsidiary undertaking	**16,401**	2,730
Other receivables	**19,644**	16,071
Prepayments and accrued income	**1,935**	1,291
	41,120	22,044

For terms and conditions relating to related party transactions, refer to note 18. Trade receivables and other receivables are non-interest bearing and are generally on 30 day terms.

10. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank	**11,391**	369

Cash at banks earns interest at floating rates based on daily bank deposit rates.

11. Trade and other payables

	2016 £000	2015 £000
Trade payables	**10,467**	8,244
Payable to Old Mutual plc subsidiary undertakings	**4,539**	2,057
Payable to subsidiary undertakings	**36,110**	24,079
Other taxes and social security costs	**1,110**	582
	52,226	34,962

Terms and conditions of the above financial liabilities:

- For terms and conditions relating to related parties, refer to note 18.
- Trade and other payables are non-interest bearing and are normally settled in 90 days.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Loans and deferred consideration

	2016 £000	2015 £000
Amount due within one year:		
Loan from parent	7,500	-
Deferred purchase consideration	1,625	1,625
	9,125	1,625
Amounts due in more than one year:		
Loan from subsidiary	13,412	13,161
Deferred purchase consideration	6,498	7,929
	19,910	21,090

The company entered into a loan agreement on 30 December 2016 with Old Mutual Wealth Holdings Limited, its parent company, for a £7,500,000 loan facility, which was all drawn down on that date. The loan carries an interest rate of 50 basis points above 1 Month LIBOR.

At the time the Financial Statements were signed this loan had been converted to £1 ordinary shares (note 20 refers).

The deferred purchase consideration of £8,123,000 (2015: £9,554,000) relates to the acquisition of Positive Solutions (Financial Services) Limited, this consideration is payable over 16 quarters from 1 October 2015 and accrues interest at LIBOR plus 600 bps.

The loan from subsidiary carries an interest rate of 150 basis points above the Bank of England base rate.

13. Commitments and contingent liabilities

Obligations under leases

The Company has entered into commercial leases on properties. The duration of these leases are up to 5 years. Future minimum rentals payable under non-cancellable operating leases are as follows:

	2016 £000	2015 £000
Not later than one year	1,320	1,306
After one year but not later than five years	2,902	4,043
	4,222	5,349

There are no material financial and capital commitments at 31 December 2016 (2015: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Risk management framework

Credit risk

Credit risk is the risk that the Company is exposed to a loss if another party fails to meet its financial obligations, including failing to meet them in a timely manner.

The group has established a credit risk policy which sets out restrictions on the permitted financial transactions with counterparties to control and monitor the level of credit risk to which the Company is exposed.

The Company is exposed to limited credit risk. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Company's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the accounts.

Credit risk primarily arises from cash held at bank and other receivables, which are all current. The principal amounts receivable on these balances are materially the same as fair value and as such credit risk has not had a significant impact on the valuation of these balances.

Market risk

Market risk is defined as the risk that a change in the value of or income from any asset is not matched by an equal change in the value of the related liability.

Market risk arises from fluctuations in variables such as interest rates and foreign exchange rates. The Company is subject to market risk in the following areas:

Interest rate risk
The effective interest rate applicable to interest bearing financial instruments is at a floating rate based on daily bank deposit dates.

Currency risk
The Company is not exposed to currency risk.

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

The Company is exposed to minimal liquidity risk as all its investments and bank accounts are available on demand and sufficient to meet day-to-day outgoings. There are no external borrowings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Risk management framework (continued)

Market risk (continued)

Political risk

The EU Referendum and the subsequent triggering of Article 50, continue to generate a level of uncertainty in the UK financial services sector. The effect of this uncertainty is the extent to which this translates into an impact upon advice income. Given the Company's principal activity in providing service provision to its subsidiaries, the immediate impact of this market uncertainty upon the Company is expected to be minimal with the effect being primarily the profitability of the operating subsidiaries and their ability to generate and remit dividends over the medium to long term. The Company actively tracks projected Group performance to ensure that service provision is commensurate with needs of the businesses which it supports.

Risk and capital management
The Intrinsic Group's capital management policy sets out the key considerations and restrictions with regard to the amount of capital that is retained by each entity within the group.

In the event of the Company incurring losses resulting in erosion of its capital base it is supported financially by its immediate parent company Intrinsic Old Mutual Wealth Holdings Limited.

15. Called up share capital

	2016	2015
	£000	£000
Allotted, issued and fully paid		
259,427,165 (2015: 259,427,165) ordinary 'A' shares of £0.00001 pence each	**3**	3
Shares classified in shareholders' funds	**3**	3

On 27 April 2015, ordinary shares of 889,003 were issued to the Nedbank Trust Limited as trustees for the participants of the JSOP, creating a share premium of £326k (note 16 refers).

On 14 September 2015, ordinary shares of 1,697,185 were issued to the Nedbank Trust Limited as trustees for the participants of the JSOP, creating a share premium of £623k (note 16 refers).

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Reserves

	Share Premium £000	Capital Contributions	Other Reserves £000	Profit & Loss Account £000
2015				
At beginning of the year	55,851	-	2,549	(32,046)
Loss for the year	-	-	-	(11,544)
Increase in reserve for share based payments	-	-	741	-
Received in the year	-	10,000	-	-
Issued in the year	949	-	-	-
At end of the year	56,800	10,000	3,290	(43,590)
2016				
At beginning of the year	56,800	10,000	3,290	(43,590)
Loss for the year	-	-	-	(10,409)
Dividend received in the year	-	-	-	1,500
Received in the year	-	15,000	-	-
Increase in other reserves	-	-	1,188	-
At end of the year	56,800	25,000	4,478	(52,499)

Other reserves all relate to share based payments.

Capital contributions represent the amounts received from the parent company. As there is no obligation to repay the contribution nor any interest payable on the contribution the amounts are reflected within equity. The £15,000,000 of capital contribution was received on 6 June 2016.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Share based payments – Joint Share Ownership Plan

A Joint Share Ownership Plan (JSOP) was created in 2014 for certain key employees of Intrinsic. The plan is designed to reward participants for the achievement of strategic objectives, value creation and other metrics over a defined period. Awards were granted under the plan in 2014 and 2015. There were no awards granted in 2016.

The awards are currently accounted for as an equity settled share based payment scheme. The fair value of the equity instruments was determined at grant by using the Black Scholes Merton pricing model and the Monte Carlo simulation model.

The amount charged against equity in respect of this scheme was £930,000(2015: £697,000).

The number of shares is as follows:

	Share Award
Outstanding at 1 January 2016	26,508,445
Issued in the year	-
Outstanding at 31 December 2016	26,508,445

At vesting, the Trustees of the JSOP will exercise a call option to acquire the participants' interest in the Intrinsic shares, being the growth in value of the shares between grant and vest. The participants will receive consideration for their interest in the shares in the form of OM plc shares of equivalent value. The Intrinsic shares will then be reacquired from the JSOP Trust by Old Mutual Wealth Holdings Limited. The shares vested on the 31 March 2017.

Old Mutual plc Group Share Scheme

The Company is part of the Old Mutual plc and employees are eligible to participate in the Group Share Scheme.

The amount charged against equity in respect of this scheme was £258,000 (2015: £44,000).

Exercised share options

The Group operated three share schemes that were treated as equity-settled under Financial Reporting Standard 20 (FRS 20) and these were exercised in 2014.

The Member Share Option Scheme granted share options over Ordinary 'C' shares to financial adviser businesses who are members of the network. All the share options were exercised and the shares sold to Old Mutual Wealth Holdings Limited on 1 July 2014. Prior to vesting the rules of the scheme were changed such that instead of participants receiving 60% of the sale proceeds on completion and the balance two years later, they received 75% on completion and 25% one year later. The payment of the 25% (and 25% of all deferred considerations) was dependant on the member still being with the network on 1 July 2015, these payments were completed during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Share based payments – Joint Share Ownership Plan (continued)

Exercised share options (continued)

There were no share options brought forward or carried forward in 2016, all options having being exercised in 2014.

The amounts charged against equity for the year relating to equity-settled share-based payments amounted to £nil (2015 £nil).

18. Related party transactions

The following transactions were entered into with related parties during the period:

	2016 £000	2015 £000
Subsidiary undertakings – cost recharges	**57,494**	30,845

Revenue includes recharges by the Company to its subsidiaries, at normal market prices.

	2016 £000	2015 £000
Intrinsic Financial Planning Limited	**18,921**	8,173
Intrinsic Mortgage Planning Limited	**14,178**	9,032
Intrinsic Wealth Limited	**6,445**	4,214
Old Mutual Private Client Advisers Limited	**7,028**	2,380
Positive Solutions (Financial Services) Limited	**10,922**	6,946
Think Synergy Limited	-	100
	57,494	30,845

The terms of loans from related parties are described in note 12.

Outstanding balances are unsecured and interest free. The Company has not provided or benefited from any guarantees for any related party receivables or payables.

During the year, there was no waiver of amounts due from trading subsidiaries (2015: £1,877,000)

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Related party transactions (continued)

Year-end balances for related party transactions are as follows:

	2016	2015
	£000	£000
Intrinsic Wealth Limited	**500**	500
Intrinsic Cirilium Investment Management Company Limited	**(350)**	(1,300)
Old Mutual Wealth Private Client Advisers Limited	**16,401**	2,230
Old Mutual Wealth plc	**373**	1,952
Old Mutual Wealth Global Investors Limited	**72**	121
Intrinsic Financial Planning Limited	**(14,832)**	(4,726)
Intrinsic Mortgage Planning Limited	**(13,764)**	(13,170)
Intrinsic Wealth Financial Solutions Limited	**(766)**	(766)
Intrinsic Wealth Limited	**(4,835)**	(432)
Positive Solutions (Financial Services) Limited	**(1,499)**	(2,293)
Think Synergy Limited	**(415)**	(637)
Blueprint Distribution Limited	**(1,050)**	(755)
Old Mutual Wealth Business Services Limited	**814**	(71)
Old Mutual Business Services Limited	**(4,189)**	(1,986)
	(23,540)	(21,333)

19. Pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £1,032,000 (2015: £584,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Events After the Reporting Date

On 17 March 2017 the Company was loaned £10,000,000 by its parent Old Mutual Wealth Holdings Limited.

On 12 April 2017 the Company converted 259, 427,165 of £0.00001ordinary shares to 2,594 £1 ordinary shares.

On 12 April 2017 the Company issued 14,600,000 of £1 ordinary shares for a consideration of £14,600,000 to its parent Old Mutual Wealth Holdings Limited.

On 12 April 2017 26,508,445 shares in the Company were transferred from Nedgroup Trust Limited in its capacity as trustee of the JSOP Trust to Old Mutual Wealth Holdings Limited who paid £9,730,742.

On 12 April 2017 the outstanding loans of £17,500,000 due to Old Mutual Wealth Holdings Limited were converted into £17,500,000 of £1 ordinary shares.

On 3 May 2017 the Company issued 63,000,000 of £1 ordinary shares for a consideration of £63,000,000 to its parent Old Mutual Wealth Holdings Limited.

On 19 May 2017 the Company issued 8,000,000 of £1 ordinary shares for a consideration of £8,000,000 to its parent Old Mutual Wealth Holdings Limited.

On 1 June 2017 purchased Caerus Capital Group Limited.

On 30 June 2017 the Company issued 8,600,000 of £1 ordinary shares for a consideration of £8,600,000 to its parent Old Mutual Wealth Holdings Limited.

21. Immediate and ultimate parent undertaking

The immediate parent company is Old Mutual Wealth Holdings Limited and the ultimate parent company was Old Mutual plc, a company registered in England and Wales.

The Company's financial statements are consolidated within the financial statements of Old Mutual plc, the ultimate parent company and controlling party, registered in England & Wales. The financial statements are available from:

The Company Secretary
Old Mutual plc
5th Floor, Millennium Bridge House
2 Lambeth Hill
London
EC4V 4GG