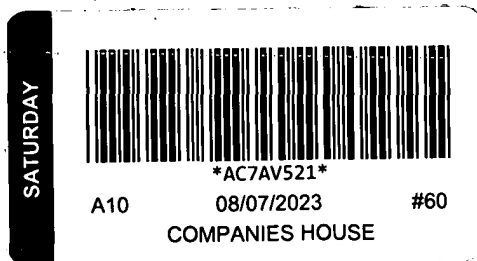


PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED

**Annual report and financial statements for the year ended
31 December 2022**

Registered number: 03021321



PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
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PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Directors and advisors for the year ended 31 December 2022

Directors

E C Bruce-Gardner
W Phelan
S M Southall
J M Double
L Biles (appointed 28 February 2023)

Secretary

I E Nash (resigned 28 February 2023)

Registered Office

3rd Floor Forbury Works
27-43 Blagrove Street
Reading
RG1 1PZ
United Kingdom

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Directors' report for the year ended 31 December 2022

The Directors present their report and the audited financial statements of Punter Southall Governance Services Limited for the year ended 31 December 2022.

Overview

Punter Southall Governance Services Limited (the Company) is a company incorporated and domiciled within the United Kingdom. The principal activity of the Company is that of providing trustee services to occupational pension schemes. The Company also provides related services to schemes where it is not appointed as trustee. The Management Board of the business will continue to look at wider opportunities outside of its core business.

The Company is a subsidiary of Vidett Limited, which is the Parent Company of a financial services group (Vidett Group or the Group).

Review of the business

The Company's results for the year are set out in the profit and loss account on page 10. The turnover of the business was £8,989,613 (2021: £8,289,993) and a profit after tax of £2,278,005 has been reported (2021: £2,186,328).

This performance represents the continued investment in the business by the shareholders.

Results

The profit and loss account is set out on page 10 and shows the profit for the year.

Dividends

The Company made a dividend payment of £1,169,326 during the year (2021: £2,000,000).

Principal risks and uncertainties

Management regularly reviews the significant operational and strategic risks faced by the Company and reviews the effectiveness of risk management controls. The key risks identified by the Company and associated controls are listed below.

Client retention

The Company conducts client satisfaction discussions or independent reviews on an ongoing basis. In addition, there is a spread of income sources across the Company's client base.

Errors and omissions

The Company has agreed and documented procedures for all members of staff. There is also a delegated authority framework for non-Directors. Work continues in relation to the development of these procedures to ensure that they are current and appropriate and is covered by an independently audited assurance framework.

Key personnel

A review of remuneration packages is conducted on a regular basis. There are also long-term incentive plans in place for most senior members of staff.

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Directors' report for the year ended 31 December 2022

Going concern

In order to assess and manage the impact of stress events, the Group carries out regular liquidity stress testing on cash flow forecasts over a 3-year time period to ensure the Company will continue to have sufficient access to liquidity.

Qualifying third party indemnity provision

The Company has in place qualifying third party indemnity provisions for the Directors of Punter Southall Governance Services Limited.

Directors

The Directors who held office during the year are given below:

E C Bruce-Gardner
J M Double
W Phelan
S M Southall

Employment

The Company's employees are critical to the success of the business and the Company actively retains staff with the following policies listed below.

Employee involvement

Employees are kept as fully informed as possible about the activities of the business. This is achieved through internal publications, the intranet, communication programmes and management and staff meetings.

The Company, as a subsidiary of the Group, encourages employee involvement in the financial performance of the business through senior management incentive share schemes and share option schemes.

Through the Group the Company also participated in an internal share programme with an external valuation completed at each year end. Both Save As You Earn (SAYE) and Share Investment Plan (SIP) schemes were available to all employees subject to eligibility. A Group Share Option Plan (CSOP) had also been introduced and participation was at the discretion of Directors. The Directors will continue to look at other opportunities for employees to share in the long term success of the Company.

Equal opportunities

Equal opportunities are offered to all, regardless of gender, race, ethnicity or national origin, sexual orientation, religious belief, colour, disability, marital status or age. All applicants and employees are treated equally in respect of recruitment, promotion, training, pay and other employment policies and practices. All decisions are based on merit. Reasonable adjustments will be made to accommodate those with special needs. Under no circumstances will discrimination against any individual or group be tolerated. All employees have access to confidential counselling.

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Directors' report for the year ended 31 December 2022

Disability

The Company gives full and fair consideration to applications for employment made by people with disabilities. Where an employee becomes disabled whilst in employment, every effort will be made to look at appropriate and reasonable adjustments and to offer suitable employment together with assistance in retraining.

Charitable donations

During the year the Company made charitable donations of £850 (2021: £nil).

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard (FRS) 101 *Reduced Disclosure Framework*. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Directors' report for the year ended 31 December 2022

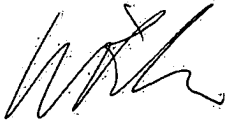
Auditors

All Directors have taken all appropriate steps to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP has expressed its willingness to continue in office and a resolution to re-appoint it will be proposed at a forthcoming board meeting in accordance with section 487 of the Companies Act 2006.

In preparing this Directors' report, advantage has been taken of the small companies' exemption.

On behalf of the Board



W Phelan

Director

Date: 25 May 2023

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Independent auditor's report to the members of Punter Southall Governance Services Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Punter Southall Governance Services Limited ("the Company") for the year ended 31 December 2022 which comprise the profit and loss account and statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED

Annual report and financial statements 2022

Independent auditor's report to the members of Punter Southall Governance Services Limited

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED

Annual report and financial statements 2022

Independent auditor's report to the members of Punter Southall Governance Services Limited

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to the entity. We determined that the most significant regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)).
- We enquired of management to identify how the entity is complying with those legal and regulatory frameworks and whether there were any known instances of non-compliance, or any actual, suspected or alleged fraud. We corroborated our enquiries through review of board minutes.
- We assessed the risk of susceptibility of the entity's financial statements to material misstatement, including how fraud might occur and determined the principle risks related to revenue recognition.
- We considered the entity's control environment that has been established to prevent, detect and deter fraud, in particular in relation to the appropriateness of revenue recognition and accrued income.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments in the general ledger and evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed how and where these might occur and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

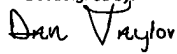
PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED

Annual report and financial statements 2022

Independent auditor's report to the members of Punter Southall Governance Services Limited

Use of our report

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

DocuSigned by:

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Daniel Taylor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
25 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Income statement and statement of comprehensive income for the year ended
31 December 2022

Income statement for the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	3	8,989,613	8,289,993
Administrative expenses		(6,401,080)	(5,844,088)
Operating profit	4	2,588,533	2,445,905
Interest receivable and similar income	6	151	-
Interest payable and similar charges	6	(1,353)	(1,223)
Profit on ordinary activities before taxation		2,587,331	2,444,682
Tax on profit on ordinary activities	7	(309,326)	(258,354)
Profit on ordinary activities after taxation		2,278,005	2,186,328

Statement of comprehensive income for the year ended 31 December 2022

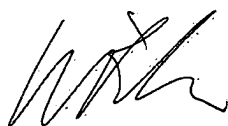
	2022 £	2021 £
Profit on ordinary activities after taxation	2,278,005	2,186,328
Total comprehensive income for the year	2,278,005	2,186,328

The notes on pages 13 to 23 form part of these financial statements.

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Statement of financial position as at 31 December 2022
Registered number: 03021321

	Note	2022 £	2021 £
Non-current assets			
Other intangible assets	8	-	1,583
Tangible fixed assets	9	26,442	40,820
Deferred tax	10	88,508	57,808
		<u>114,950</u>	<u>100,211</u>
Current assets			
Debtors	10	3,161,754	2,328,680
Cash at bank and in hand		<u>2,092,236</u>	<u>1,183,709</u>
		<u>5,253,990</u>	<u>3,213,699</u>
Creditors: amounts falling due within one year	11	<u>(2,011,840)</u>	<u>(1,472,770)</u>
Net current assets		3,242,150	2,039,619
Total assets less current liabilities		<u>3,357,100</u>	<u>2,139,830</u>
Creditors: amounts falling due after more than one year		<u>(379,040)</u>	<u>(270,449)</u>
Net assets		<u>2,978,060</u>	<u>1,869,381</u>
Capital and reserves			
Called up share capital	12	7	7
Retained earnings		<u>2,978,053</u>	<u>1,869,374</u>
Total shareholders' funds		<u>2,978,060</u>	<u>1,869,381</u>

The financial statements were approved by the Board and authorised for issue on 25 May 2023.
They were signed on behalf of the Board by:



W Phelan
Director

The notes on pages 13 to 23 form part of these financial statements.

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Statement of changes in equity for the year ended 31 December 2022

	Share capital £	Retained earnings £	Total equity £
Balance as at 1 January 2021	7	1,683,046	1,683,053
Profit for the year	-	2,186,328	2,186,328
Dividends paid	-	(2,000,000)	(2,000,000)
Balance as at 31 December 2021	7	1,869,374	1,869,381
Profit for the year	-	2,278,005	2,278,005
Dividends paid	-	(1,169,326)	(1,169,326)
Balance as at 31 December 2022	7	2,978,053	2,978,060

The notes on pages 13 to 23 form part of these financial statements.

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Notes to the financial statements for the year ended 31 December 2022

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below.

Disclosure exemptions adopted

In preparing these financial statements, the Company has taken advantage of all disclosure exemptions granted by FRS 101. Therefore these financial statements do not include:

- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of remuneration of the key management personnel; and
- the disclosure of fees paid to the Company's auditors for services other than audit.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because the equivalent disclosures are included in the consolidated financial statements of Punter Southall Group Limited. These financial statements do not include certain disclosures in respect of:

- financial instruments;
- fair value measurement; and
- impairment of assets.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Directors have prepared projections to 31 December 2025. These projections have been prepared using assumptions which the Directors consider to be appropriate to the current financial position of the Company as regards to current expected revenues and its cost base, and the Company's investments, borrowing and debt repayment plans. These projections are subject to regular stress testing over a three-year time period.

In order to assess and manage the impact of stress events, the Group carries out regular liquidity stress testing on cash flow forecasts over a 3 year time period to ensure the Company will continue to have sufficient access to liquidity.

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Notes to the financial statements for the year ended 31 December 2022

1. Accounting policies *continued*

Turnover

In terms of IFRS 15, an entity shall account for a contract with a customer that is within the scope of this Standard only when all of the following criteria are met:

- a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- b) the entity can identify each party's rights regarding the goods or services to be transferred;
- c) the entity can identify the payment terms for the goods or services to be transferred;
- d) the contract has commercial substance; and
- e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Turnover represents fees from pension consultancy that are recognised when performance obligations are satisfied. Fees are stated net of value added tax.

Accrued income

Unbilled work at 31 December 2022 is valued at the estimated realisable value. This is the lower of the time cost and net realisable value. The time cost is determined from timesheets and hourly rates.

Taxation

Tax expense comprises current and deferred tax.

Current tax

Current tax assets and liabilities comprise those obligations to, or claim from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date.

Deferred tax

Deferred tax is provided in respect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill (if any) or from the initial recognition of other assets and liabilities in a transaction, other than a business combination (if any), that affects neither the tax nor the accounting profit.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to be applied to their respective period of realisation, provided they are enacted or substantially enacted at the reporting date.

Where applicable, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off, when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Notes to the financial statements for the year ended 31 December 2022

1. Accounting policies *continued*

Changes in deferred tax assets and liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

Dividends

Equity dividends are recognised when they become legally payable.

Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method. The effective interest rate method allocates interest expense over the relevant period by applying the effective interest rate to the carrying amount of the liability.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised within administrative expenses when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term trade and other receivables when the recognition of interest would be immaterial.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

- fixtures, fittings, and equipment – 2 to 7 years.
- leasehold improvements – 14.3% per annum

Intangible assets

The identifiable net assets acquired as a result of a business combination may include intangible assets other than goodwill. Any such intangible assets are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets are recognised at cost less accumulated amortisation and impairment losses which are recognised within administrative expenses. The estimated useful life of the Company's software is 3 years.

Pension costs

Company contributions to the Group's defined contribution stakeholder arrangement and to individual personal pension arrangements are charged to the profit and loss account in the period in which they become payable. The assets of these schemes are held separately from those of the Group and Company in independently administered funds.

Cash at bank and in hand

Cash comprises of cash in hand, cash at banks and demand deposits.

2. Critical accounting estimates and judgements

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's Directors to exercise judgements and estimates that have been made in preparing the financial statements, as well as make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payments

Where share options are awarded to employees the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date, so that ultimately the cumulative amount recognised over the vesting period is based on the number of options granted. As long as all non-market vesting conditions are satisfied a charge is made, irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest the increase in the fair value of the options measured immediately before and after the modifications, is also charged to the income statement over the remaining vesting period.

Impairment of tangible and intangible assets

At each balance sheet date the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of the money and risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Notes to the financial statements for the year ended 31 December 2022

2. Critical accounting estimates and judgements *continued*

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation increase.

3. Turnover

Turnover is attributable to the principal activity of the Company and arises solely within the United Kingdom.

4. Operating profit

	2022	2021
	£	£
<i>This is stated after charging:</i>		
Staff costs (note 5)	5,027,421	4,302,919
Recharges from ultimate parent company	648,668	529,358
Rent	231,253	323,014
Amortisation (note 8)	1,583	6,334
Depreciation (note 9)	14,379	14,378
Facilities management	35,349	-
Professional fees	86,857	71,885
Other general costs	355,570	596,200
	<u>6,401,080</u>	<u>5,844,088</u>

Auditor's remuneration of £19,011 was paid by Punter Southall Group Limited, the ultimate Parent company, which in turn are met by appropriate recharges to the Company (2021: £16,899).

PUNTER SOUTHALL GOVERNANCE SERVICES LIMITED
Annual report and financial statements 2022
Notes to the financial statements for the year ended 31 December 2022

5. Staff costs

	2022 £	2021 £
<i>Staff costs (including Directors) consist of:</i>		
Wages and salaries	3,477,545	3,007,642
Employee incentives and bonuses	669,732	547,170
Social security costs	539,908	457,728
Pension costs	252,737	217,987
Other employee benefits - insurances	87,499	72,392
	<u>5,027,421</u>	<u>4,302,919</u>

The average number of employees including Directors during the year was

<u>54</u>	<u>47</u>
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Included in the above were the Directors emoluments below:

	2022 £	2021 £
Emoluments	797,423	826,076
Pension costs	19,266	17,872
	<u>816,689</u>	<u>843,948</u>

Highest paid Director

Emoluments	369,820	408,794
Pension costs	10,000	10,000
	<u>379,820</u>	<u>418,794</u>

Two of the Directors were members of the Company's group personal pension arrangement (2021: 2).

6. Interest and similar items

	2022 £	2021 £
<i>Interest receivable and similar items includes:</i>		
Other interest receivable	151	-
	<u>151</u>	<u>-</u>

Interest payable and similar items includes:

Bank charges	(1,353)	(1,223)
	<u>(1,353)</u>	<u>(1,223)</u>

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7. Tax on profit on ordinary activities

	2022 £	2021 £
Current tax		
Current year	340,026	302,750
	<u>340,026</u>	<u>302,750</u>
Deferred tax		
Current year	(30,700)	(40,162)
Adjustment in respect of prior periods	-	(4,235)
	<u>(30,700)</u>	<u>(44,397)</u>
Total tax charge	<u>309,326</u>	<u>258,354</u>

The tax charge can be reconciled to the profit for the year as follows:

	2022 £	2021 £
Profit on ordinary activities before tax	2,587,331	2,444,682
Profit before tax multiplied by the effective rate of corporation tax in the UK of 19% (2021: 19%)	491,593	464,490

Effects of:

Expenses not deductible for tax	1,568	290
Transfer pricing adjustments	(152,868)	(92,117)
Group relief	(363,625)	(403,185)
Prior year adjustment	-	(4,235)
Movement in temporary differences	(7,368)	(9,639)
Payment for use of tax losses	340,026	302,750
Total tax charge for the year	<u>309,326</u>	<u>258,354</u>

Reconciliation of the deferred tax asset:

	Accelerated capital allowances £	Short-term timing differences £	Total £
As at 1 January 2021	(10,270)	23,682	13,412
(Charge)/Credit through the income statement	300	44,096	44,396
As at 31 December 2021	<u>(9,970)</u>	<u>67,778</u>	<u>57,808</u>
(Charge)/Credit through the income statement	3,552	27,148	30,700
As at 31 December 2022	<u>(6,418)</u>	<u>94,926</u>	<u>88,508</u>

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8. Other intangible assets

	Software £
<i>Cost</i>	
At 1 January 2022	19,000
Additions	-
As at 31 December 2022	19,000
<i>Accumulated amortisation & impairment</i>	
At 1 January 2022	(17,417)
Amortisation charge for the year	(1,583)
As at 31 December 2022	(19,000)
<i>Net book value</i>	
As at 31 December 2022	-
As at 31 December 2021	1,583

9. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & office equipment £	Total £
<i>Cost</i>			
At 1 January 2022	38,507	33,386	71,893
Additions	-	-	-
As at 31 December 2022	38,507	33,386	71,893
<i>Accumulated depreciation</i>			
At 1 January 2022	(14,119)	(16,954)	(31,073)
Provided for during the year	(7,701)	(6,676)	(14,378)
As at 31 December 2022	(21,821)	(23,630)	(45,451)
<i>Net book value</i>			
At 31 December 2022	16,686	9,756	26,442
At 31 December 2021	24,388	16,432	40,820

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10. Debtors

	2022	2021
	£	£
<i>Amounts due within one year</i>		
Trade debtors	1,312,333	962,591
Prepayments	18,721	118,612
Accrued income	1,462,571	1,247,477
Other debtors	840	-
Amounts due from group undertakings	367,289	-
	<u>3,161,754</u>	<u>2,328,680</u>
<i>Amounts due after more than one year</i>		
Deferred tax (note 7)	88,508	57,808
	<u>3,250,262</u>	<u>2,386,488</u>

Reconciliation of trade debtors:

	2022	2021
	£	£
At 1 January	962,591	993,007
Increase during the year	10,446,121	9,407,556
Cash received	(10,093,317)	(9,437,171)
Impaired	(3,062)	(801)
At 31 December	<u>1,312,333</u>	<u>962,591</u>

A provision for impairment in trade debtors of £3,062 was recognised at the period end (2021: £801).

Reconciliation of accrued income:

	2022	2021
	£	£
At 1 January	1,247,477	814,121
Invoiced in the period	(8,774,519)	(7,856,637)
Income in the period	8,989,613	8,289,993
At 31 December	<u>1,462,571</u>	<u>1,247,477</u>

The carrying value of the trade receivables represents trade and other receivables which are not impaired. The directors consider that the carrying value approximates to the fair value.

11. Creditors

	2022	2021
	£	£
<i>Amounts falling due within one year</i>		
Trade creditors	8	-
Amounts due to Group undertakings	705,298	298,689
Accruals and deferred income	882,706	861,311
Taxation and social security	423,828	305,690
Other creditors	-	7,080
	<u>2,011,840</u>	<u>1,472,770</u>
<i>Amounts falling due after more than one year</i>		
Other accruals	379,040	270,449
	<u>2,390,880</u>	<u>1,743,219</u>

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12. Called up share capital

	2022	2021
	£	£
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
7 ordinary shares of £1 each	<u>7</u>	<u>7</u>

13. Share-based payments

The company did not enter into any share-based payment transactions in the current or previous year.

Share Incentive Plan (SIP)

The Group operated HMRC-approved employee share schemes for all employees within the Group, subject to eligibility. A SIP schemes were launched on 1 December 2014, 2015 and 2016.

The SIP scheme operated over a 1 year period allowing employees to save a regular amount monthly from their gross pay to a maximum of £150 per month. Employees bought Punter Southall Group Limited shares at the end of the period at the lower of the price at the start or end of the period called partnership shares and the Parent Company matches 1 free share for every 4 partnership shares acquired. The latest SIP available matured on 6 December 2017.

Shares need to be held in the share incentive plan for 5 years for maximum tax benefit when taken out. There were 3,420 allocated SIP shares within the Company at 31 December 2022 split as 2,739 Partnership shares and 681 matching shares.

14. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	Net gains and losses and transactions with owners not recognised elsewhere.

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15. Related party transactions

During the year the Company provided services of £12,600 to related parties (2021: £12,000). These transactions were included in turnover.

	2022 £	2021 £
Punter Southall Pensions Solutions Ltd	12,600	12,000
	<u>12,600</u>	<u>12,000</u>

During the year the Company paid administration costs of £902,209 to related parties (2021: £902,249).

	2022 £	2021 £
Punter Southall Group Limited	691,932	646,402
Punter Southall Wealth Limited	2,019	1,050
Punter Southall Defined Contributions Consulting Limited	-	699
Gryphon Group Holdings Limited	208,258	254,098
	<u>902,209</u>	<u>902,249</u>

The following balances were due from/(owed to) the respective parties at 31 December:

	2022 £	2021 £
Punter Southall Group Limited	365,106	(298,691)
Punter Southall Pension Solutions Ltd	<u>2,100</u>	<u>-</u>

16. Post balance sheet events

On 28 February 2023 the ultimate Parent company changed to Vidett TopCo Limited from Punter Southall Group Limited.

17. Immediate and ultimate Parent Companies

The Company's immediate Parent Company is PSGS Group Limited, a company incorporated in the United Kingdom. PSGS Group Limited is the Parent Company of the smallest group of which the Company is a member.

The Company's ultimate Parent and controlling undertaking is Vidett TopCo Limited, an entity incorporated in Jersey.

Copies of the financial statements of Vidett TopCo Limited can be obtained from the Company Secretary: Vidett TopCo Limited, 44 Esplanade, St Helier, JE4 9WG, Jersey.