Mortgage Advice Bureau

Mortgage Advice Bureau (Holdings) plc

Annual Report 2021

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"I am delighted to report another strong year where we achieved revenue growth of 27% to £188.7m, and adjusted EPS growth of 30% to 37.1p. Our mortgage completions increased by 33%, with growth fuelled by strong consumer demand for housing and mortgage products as well as the Stamp Duty holiday. Accordingly, the Board is pleased to propose the payment of an increased final dividend of 14.7p per share, making a total proposed dividend for the year of 28.1p per share, up 46% on the prior year.

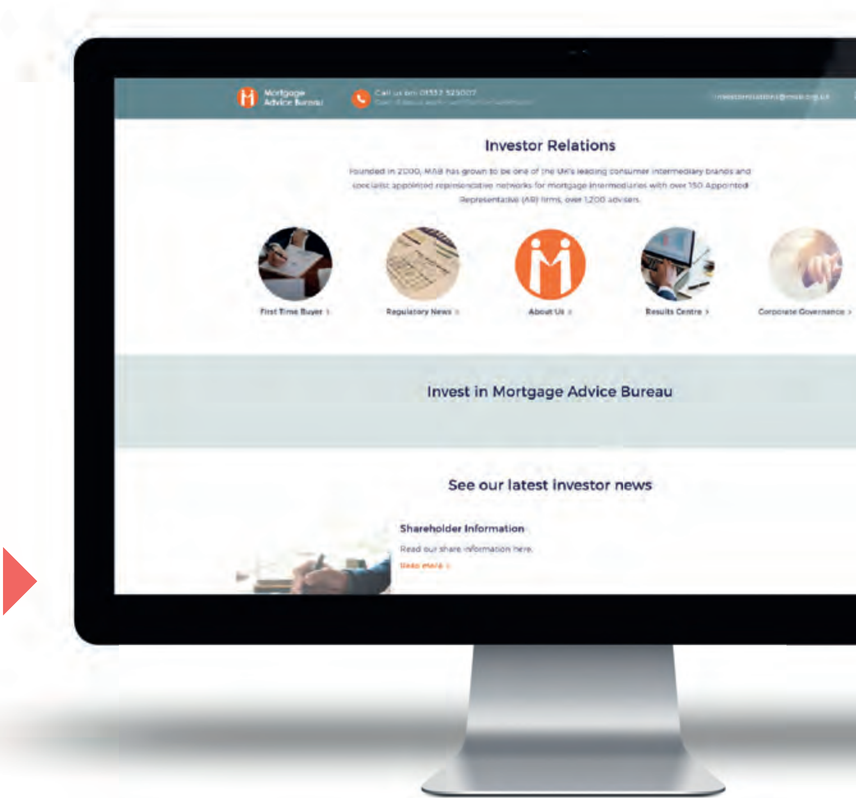
"We believe the investments made during 2021 are of exceptional quality, and together with those that have been maturing in recent years, will contribute strongly and significantly enhance MAB's ability to achieve our accelerated growth plans.

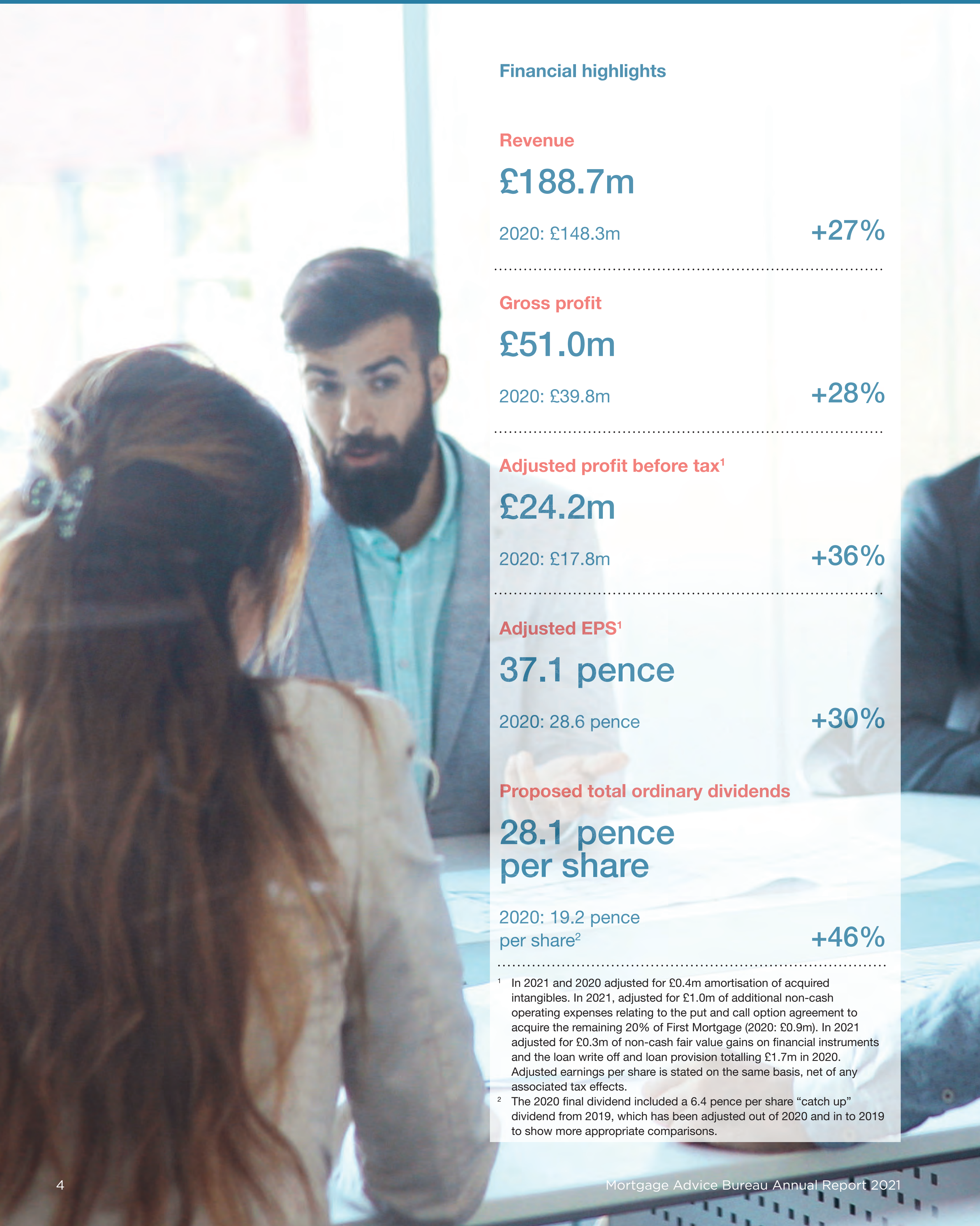
"The addition of Fluent will be transformational for MAB's national lead generation strategy. Fluent is a market leader in centralised telephony advice and we are confident that the competitive advantage from leveraging the reputation of both businesses, together with combined resources to service rapidly increasing lead generation, will enable the Enlarged Group to grow this new market share opportunity quickly and effectively.

"We have started 2022 with a pronounced increase in adviser numbers and a strong and growing pipeline of new business, ARs, advisers and customer lead sources supporting our plans to secure further profitable growth."

Peter Brodnicki
Chief Executive Officer

For more information please visit our website
www.mortgageadvicebureau.com/investor-relations





Financial highlights

Revenue

£188.7m

2020: £148.3m **+27%**

Gross profit

£51.0m

2020: £39.8m **+28%**

Adjusted profit before tax[1]

£24.2m

2020: £17.8m **+36%**

Adjusted EPS[1]

37.1 pence

2020: 28.6 pence **+30%**

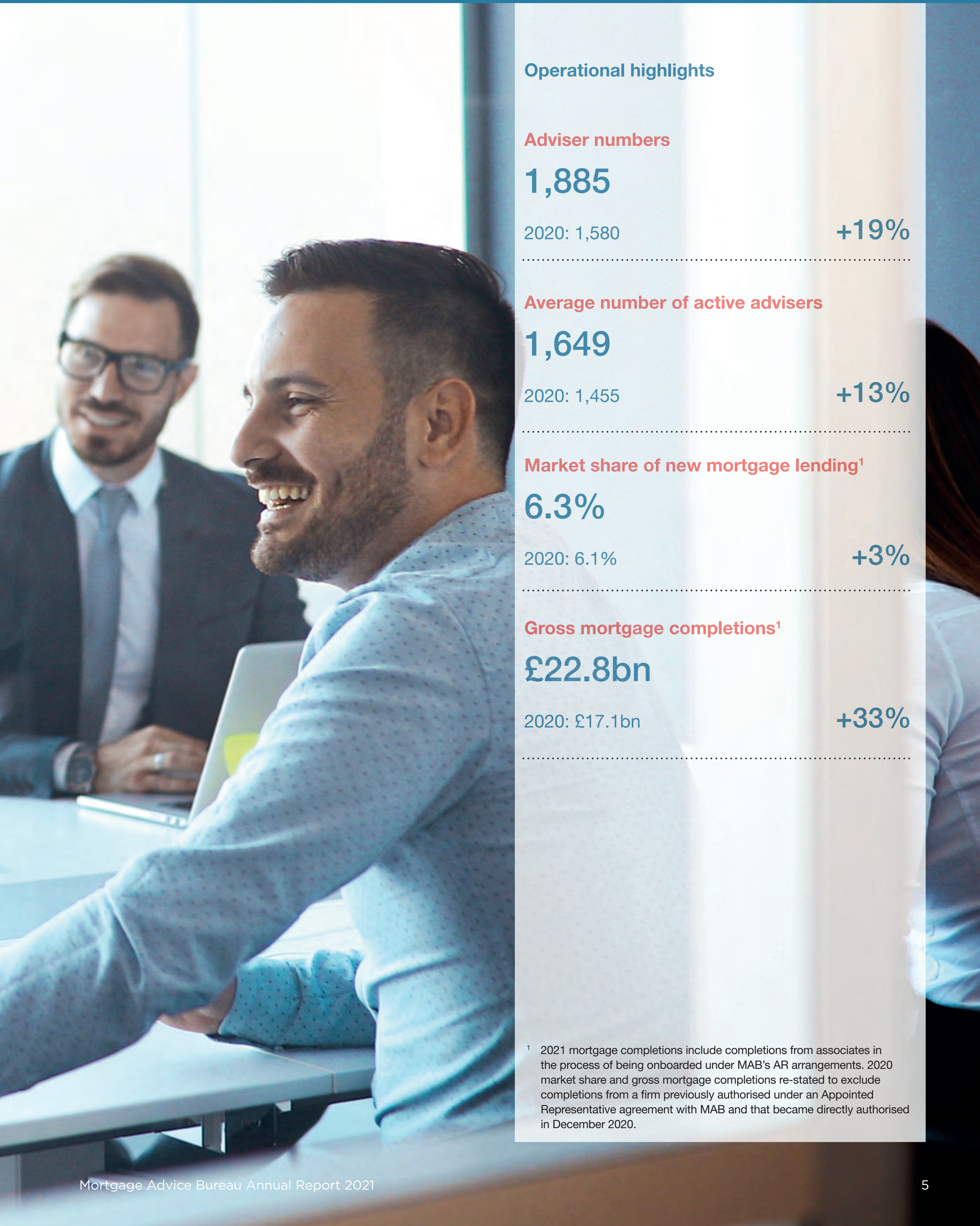
Proposed total ordinary dividends

28.1 pence per share

2020: 19.2 pence per share[2] **+46%**

1 In 2021 and 2020 adjusted for £0.4m amortisation of acquired intangibles. In 2021, adjusted for £1.0m of additional non-cash operating expenses relating to the put and call option agreement to acquire the remaining 20% of First Mortgage (2020: £0.9m). In 2021 adjusted for £0.3m of non-cash fair value gains on financial instruments and the loan write off and loan provision totalling £1.7m in 2020. Adjusted earnings per share is stated on the same basis, net of any associated tax effects.

2 The 2020 final dividend included a 6.4 pence per share “catch up” dividend from 2019, which has been adjusted out of 2020 and in to 2019 to show more appropriate comparisons.



Operational highlights

Adviser numbers

1,885

2020: 1,580 +19%

Average number of active advisers

1,649

2020: 1,455 +13%

Market share of new mortgage lending[1]

6.3%

2020: 6.1% +3%

Gross mortgage completions[1]

£22.8bn

2020: £17.1bn +33%

[1] 2021 mortgage completions include completions from associates in the process of being onboarded under MAB's AR arrangements. 2020 market share and gross mortgage completions re-stated to exclude completions from a firm previously authorised under an Appointed Representative agreement with MAB and that became directly authorised in December 2020.

Who we are and what we do

Mortgage Advice Bureau is one of the UK's leading consumer intermediary brands and specialist appointed representative networks for mortgage intermediaries.

MAB's Appointed Representatives (ARs) and their advisers specialise in providing its mortgage advice to customers, as well as advice on protection and general insurance products.

Our proposition is aimed at high quality mortgage brokering firms with high growth and productivity ambitions that MAB supports with proprietary technology and services, including adviser recruitment and lead generation, learning and development, compliance auditing and supervision, and digital marketing and website solutions.

60%+ of our partner firms trade as Mortgage Advice Bureau, which is the most widely recognised mortgage intermediary brand in the UK. In terms of lead flow, MAB is exceptionally strong in the new build and estate agency sectors, and has recently expanded successfully into national lead sources such as comparison websites, property portals, and savings and investment platforms.

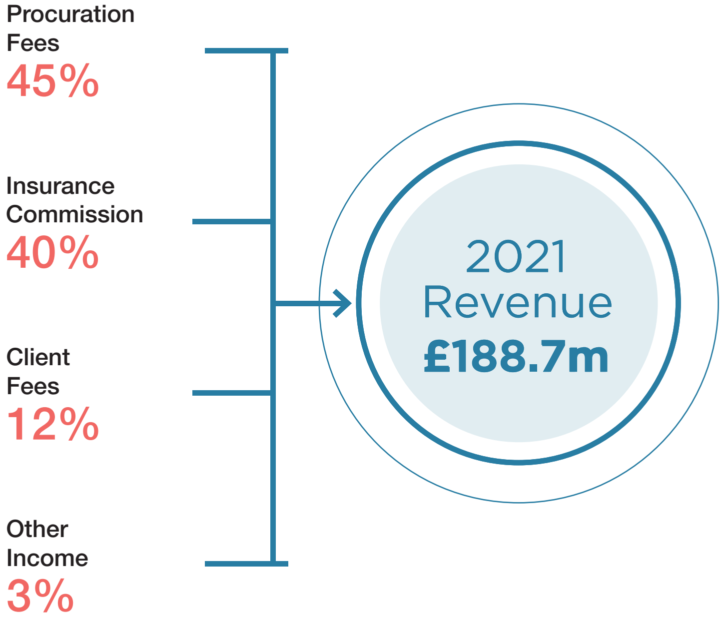
Our proprietary technology platform delivers operational efficiencies and is used by all our distribution to capture and nurture customers, manage and distribute leads, support the advice and mortgage application process, manage advice quality, and provide an exceptional AR, adviser and customer experience.

MAB has made a number of strategic investments that we expect to significantly escalate our profit growth in the years ahead.

We are a cash generative and capital light business, that delivers strong and consistent year on year growth and returns for our investors.

Our revenue model

MAB retains a revenue share from the following products sold by the advisers of its AR firms to customers. The average number of advisers in each financial year is one of the key drivers of revenue.



Mortgage procuration fees:

These are paid to MAB by lenders via the L&G Mortgage Club

Insurance Commission:

From advised sales of protection and general insurance policies, paid by the insurance providers

Client Fees:

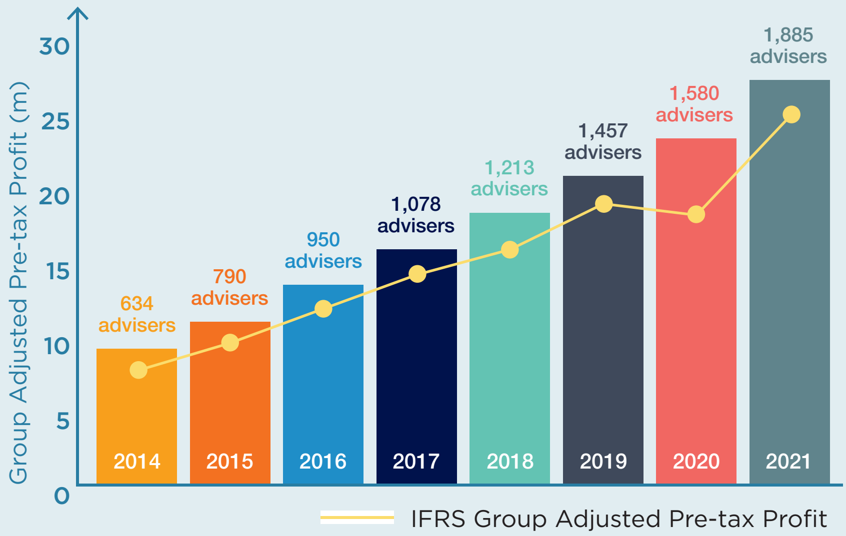
Paid by the underlying customer for the provision of mortgage advice

Other Income:

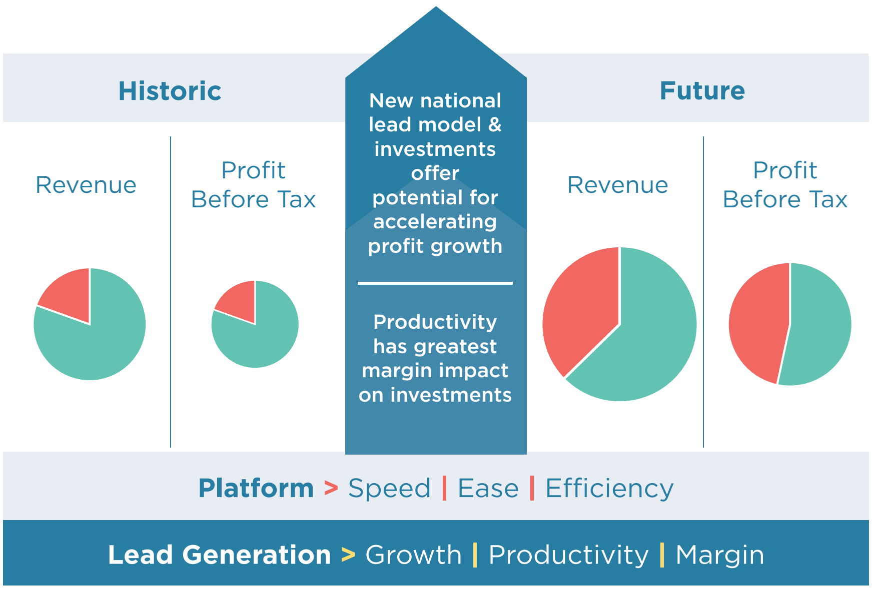
Includes Wealth, Later Life and other ancillary income such as conveyancing, survey income and referrals

Our performance since IPO

MAB has performed strongly and consistently in all market conditions since IPO. Historic growth trends are expected to continue, boosted by accelerated profit growth as a result of high quality and strategically important investments and acquisitions made.



Illustrative profit profile – investments



Future growth

We aim to capitalise on maturing and new growth drivers. These, combined with our continuing significant investment, high calibre management, resource, and technology, put MAB in a strong position to start accelerating growth over the next few years.

Investments

ARs

Company headlines

- Exceptional management team and higher engaged employees
- 1,885 advisers at 31 December 2021
- £22.8bn of mortgage completions in 2021 (7% market share run-rate)
- Leading proprietary MIDAS Platform driving enhanced performance
- Leading consumer intermediary brand
- Award winning – over 150 industry awards in the last 5 years
- Reputation for innovation and excellence
- Investments play a key part in our plans for accelerated growth
- Focus on exceptional quality and productivity
- Commitment to outstanding service
- High standards of governance and board oversight
- Diverse and inclusive work environment
- Strong, sustainable returns
- 2021 dividend per share: 28.1 pence
- 2021 adjusted earnings per share: 37.1 pence
- Meaningful impact on local communities
- Reducing environmental impact, with MAB Foundation supporting our ESG strategy
- MAB are a Platinum-rated Feefo member, with a score of 4.9 out of 5 from over 16,000 reviews

Dear Shareholder

The year began with a sudden and third lockdown at the beginning of January as the Coronavirus pandemic continued into a second year. Our working from home arrangements were resumed and remained in place through the first quarter and into the second. Social distancing measures were combined with rotas to enable teams to work together effectively, whilst managing the office occupancy to keep our staff safe and well. This third and prolonged lockdown was much harder to endure, and I wish to personally thank each and every one of our employees for their dedication, endurance and hard work through such a difficult period.

The housing market experienced strong demand this year and overall UK housing transactions were up 26% on the prior year to nearly 1.5 million, as a robust jobs market, low interest rates and the race for space continued to drive consumer demand for housing. The first half of the year saw the fastest pace of growth, as house buyers benefited from the Stamp Duty holiday. Activity levels softened as expected in the second half, as the Stamp Duty reliefs were tapered and finally removed in September, although this was countered by the increase in refinancing.

MAB delivered a record performance in 2021 as we capitalised on favourable market conditions whilst continuing to make excellent progress on our strategic initiatives. In a market where UK gross new mortgage lending reached £313bn, a 27% increase over 2020 and a 17% increase over 2019, the Group achieved revenue of £188.7m, a 27% increase over 2020, which was severely affected by the market closure at the start of the pandemic, and a 31% increase over 2019. This was driven by the combination of a 23% increase in the number of mainstream advisers over the two years to 1,649, and a 7% increase in revenue per mainstream adviser over the same period.

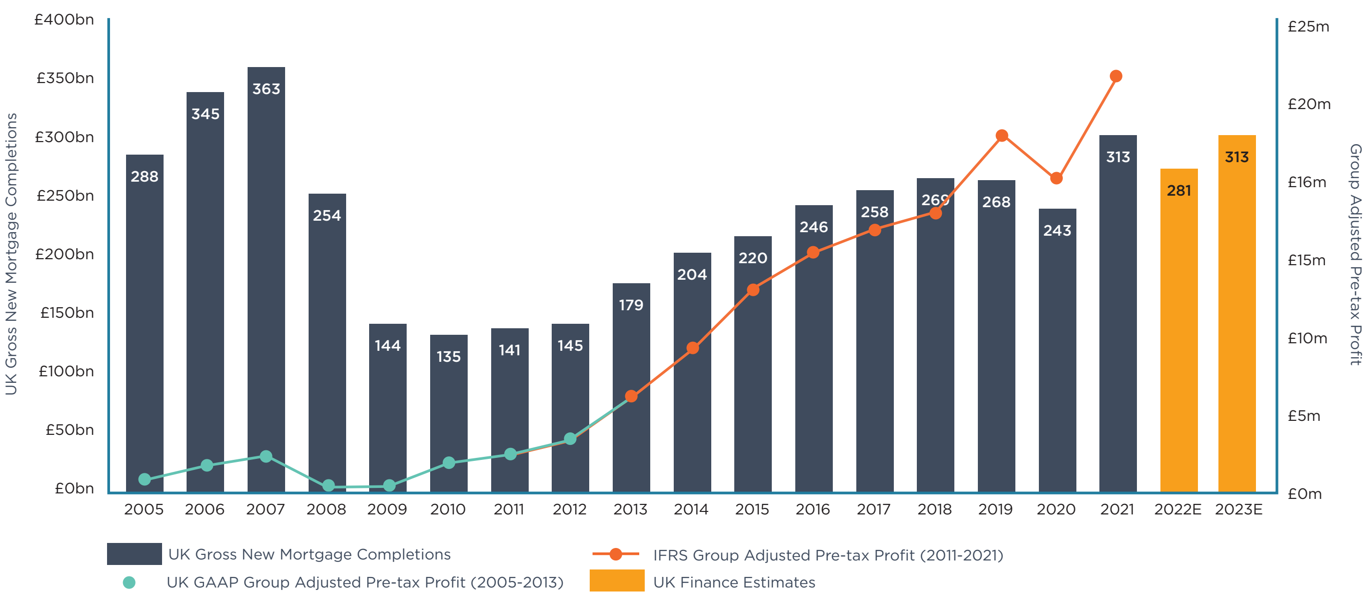
MAB's adjusted PBT for the year was a record £24.2m, a 36% increase compared to 2020 and 30% increase compared to 2019. Adjusted earnings per share of 37.1p increased by 30% and 23% compared to 2020 and 2019 respectively. The Group remains very cash generative, with an operating profit to adjusted cash conversion of 113% (2020: 112%, 2019: 119%). At 31 December 2021 total adviser numbers had grown to 1,885, an increase of 19% over the year (31 December 2020: 1,580), despite the regulatory approval of new AR firms taking longer than in previous years.

Acquisition of The Fluent Money Group Limited ("Fluent")

We are delighted with the acquisition of Fluent. Fluent has gained a leading position as a technology enabled telephony mortgage broking platform. This acquisition, which is subject to FCA change of control approval, will put MAB in a market dominant position to handle national lead sources of scale. Fluent shares many of the values that are central to MAB and there is a close cultural fit between the two groups. We look forward to welcoming Fluent's management and employees as part of the Enlarged Group.

Environmental, Social and Governance (ESG)

Consideration for ESG matters continue to be at the forefront of our decision making and helps to shape the way in which we engage with our stakeholders and the broader community.



Mortgage Advice Bureau

Our stakeholders include our employees, our Appointed Representatives, their advisers, and our customers, suppliers, and shareholders. We report in more detail how we have had regard to their interests in accordance with Section 172 of the Companies Act 2006 later in this report.

In 2021 we launched our new culture programme, 'MABology', to create an environment in which employees are supported, afforded opportunities for development and are actively engaged in the long-term vision for MAB. Winning the Business Culture Award for the Best Business Culture 2021 is testament to the way in which the principles of MABology have resonated with our employees and have been so readily adopted across the Group.

Diversity and inclusion in the workplace is also a key focus at MAB, and we were delighted to be awarded Equality Employer of the Year 2021 at the Financial Reporter Women's Recognition Awards.

We are committed to maintaining our standards of high-quality advice and good customer outcomes, and further strengthening our governance and risk framework. In 2021 we appointed RSM to conduct an independent assessment of our internal processes, and this work will continue in 2022 and beyond.

We continually seek new ways to mitigate our impact on the environment. We report on our such initiatives and our carbon emissions later in this report.

Board appointment

Mike Jones joined the Board as a Non-Executive Director on 1 March 2021. Mike's 35-year career with Lloyds Banking Group (LBG), from which he retired in December 2020, means he brings invaluable experience, most recently as Managing Director, Intermediaries & Specialist Brands since 2010. His primary role was leading the Halifax, BM Solutions and Scottish Widows Bank business development teams working with mortgage intermediaries across the UK. His leadership, vision, and strategic thinking at the UK's leading lender has shaped the intermediary and lending markets that exist today and I am delighted with this appointment.

Dividend

Our dividend policy, adopted since the acquisition of First Mortgage in 2019, is to pay out a minimum of 75% of adjusted earnings. Our high cash conversion allows this return to be made to shareholders, whilst at the same time continuing to deliver our growth strategy.

The Board is pleased to recommend the payment of a final dividend for the year of 14.7 pence per ordinary share. This represents a distribution of 75% of adjusted earnings for the year. If approved, the final dividend will be paid on 30 May 2022, to shareholders on the register on 29 April 2022. Dividends paid during the year amounted to £17.3m and were in respect of the final dividend for the year ended 31 December 2020, and the interim dividend for the year ended 31 December 2021.

Outlook

The Group starts 2022 with a strong pipeline of written business and adviser recruitment, which will be enhanced by delayed adviser starts from 2021. Demand for housing remains strong, with greater activity levels only constrained by the level of available housing stock for sale. Refinancing activity remains strong, particularly as there is the prospect of further, if modest, interest rate rises in response to rising inflation.

The UK Finance recent estimates for gross new mortgage lending are £281bn for 2022, representing a 10% reduction on the volumes experienced in 2021, before increasing to £313bn for 2023. Higher levels of refinancing are also forecast.

The strong underlying fundamentals of the housing market, combined with the significant investment continuing to be made in technology to enhance our MIDAS Platform, and in lead generation, put MAB in a strong position to accelerate its pace of growth.

Katherine Innes Ker
Chair

28 March 2022

Current trading and outlook

The Group has started 2022 with a strong pipeline of written business and adviser recruitment. Refinancing activity remains positive and demand for housing continues to be very strong, with an increasing number of property instructions driving greater activity levels.

Gross new mortgage lending in 2021 amounted to £313bn (2020: £283bn), driven by a very strong purchase market. UK Finance currently estimates gross new mortgage lending in 2022 will be £281bn, increasing to £313bn in 2023.

Current trading is in line with the Board's expectations, which were revised upwards in March 2021. The acquisition of Fluent is expected to be significantly earnings enhancing in the first full year following completion, and together with MAB's maturing and new growth drivers will position the Enlarged Group to further accelerate its pace of growth.

Overview of 2021

I am very pleased with MAB's record performance in 2021. The Group achieved revenue of £188.7m for the period, a 27% increase on 2020 (£148.3m), which was impacted by the Covid-19 pandemic, and a 31% increase compared to 2019 (£143.7m). The Group's adjusted PBT rose 36% to £24.2m compared to 2020 (£17.8m) and 30% compared to 2019 (£18.7m).

The Group's mortgage completions also increased to record levels, as set out below:

	2021 £bn	2020 £bn	2019 £bn	Increase vs 2020	Increase vs 2019
New mortgage completions	19.6	14.9	14.7	+32%	+33%
Product Transfers	3.2	2.2	1.4	+45%	+129%
Gross mortgage completions[(1)]	**22.8**	**17.1**	**16.1**	**+33%**	**+42%**

UK gross new mortgage lending activity (excluding Product Transfers) in 2021 rose by 27% to £313.2bn compared to 2020, which was affected by the closure of the housing market in Q2 2020, and by 17% compared to 2019. The increase in home-mover activity was particularly pronounced, largely driven by changing working and living patterns and the stamp duty holiday.

The Group's gross mortgage completions (including Product Transfers) rose to £22.8bn, a 33% increase compared to 2020, and a 42% increase compared to 2019. Our market share of UK new mortgage lending increased by 3% to 6.3% (2020: 6.1%[(1)]), with our H2 2021 market share exceeding 7.0%.

Recruitment activity was strong during the period, with adviser numbers up 19% to 1,885, despite the regulatory approval of new AR firms taking longer than in previous years and hence delaying our growth in adviser numbers.

Delivering our growth strategy

■ Investment strategy

Our investments play a key part in our plans for accelerated growth and are an integral part of our lead generation strategy. First Mortgage Direct and Fluent, are two exceptional businesses that provide MAB with specialist expertise, which alongside our key AR partners, will place MAB in a market leading position to handle national lead sources of scale.

Our investment in Meridian Holdings Group Limited ("Meridian") in 2020, followed by investments in Evolve FS Ltd ("Evolve Financial Solutions") and Heron Financial Limited in 2021 plus the acquisition of Metro Finance Brokers Ltd by Meridian, have put MAB in an equally strong position in terms of new build, with these firms rapidly growing market share. Combined with our existing specialist firms, MAB now has a standout national new build proposition, supported by technology that has been built to the requirements of developers and brokers in this sector.

The average adviser productivity of our invested businesses in 2021 was over 25% higher than our other ARs, and we expect this to increase further as a result of the high quality investments completed during the year. Productivity improvements benefit MAB's overall overheads ratio, and importantly also impact more significantly the profitability of our AR firms, including those that MAB has invested in. Strong, guaranteed customer lead flow supports productivity, profitability and scalability, and our recent investments have significantly enhanced the Group's ability to achieve our accelerated growth plans, and further strengthen MAB's market position.

Fluent is a leader in centralised telephone mortgage advice, with MAB having also targeted this fast-growing sector, by using technology to seamlessly link MAB's key AR partners and invested firms, to deliver a best-in-class telephone advice service able to scale significantly. Combined, Fluent and MAB can grow this new market share opportunity quickly and effectively, complementing the local/regional strategy delivered by the rest of the Group's growing distribution.

Although the contribution from some of our smaller historic investments, including our joint venture in Australia, has taken time to build, these investments are starting to mature. Our investment strategy in the last few years has focused on further strengthening our new build proposition and market share, and ensuring we have the expertise and scale to establish a market leading position in the national lead source sector, which is a major new market share opportunity for MAB.

1 2021 mortgage completions include completions from associates in the process of being onboarded under MAB's AR arrangements. 2020 mortgage completions re-stated to exclude completions from a firm previously authorised under an Appointed Representative agreement with MAB that became directly authorised in December 2020.

We expect the additional lead flow MAB can generate for its invested-in business, combined with its existing growth trajectory, strong protection success, and growing productivity per adviser, will result in a significant contribution to profit growth over the next five years.

Customer lead generation

MAB continues to grow in its core markets of estate agency and new build, with technology developments, such as our Homebuyer App, enabling MAB to generate additional customer lead opportunities from data when a referral is not actually made by a builder or an estate agent.

There is a significant opportunity to generate lead flow digitally, and really leverage the extensive estate agency and new build firm partnerships that we have. In addition, our new technology initiatives will allow us to access new and untapped opportunities from landlords and tenants.

We have completed our initial pilot studies, and expect this incremental lead flow from existing lead sources to start being realised in 2023. We also expect MAB’s retention rate of existing customers to be positively impacted by the launch of our new platform functionality.

In 2021 MAB secured its first national lead sources, Money Supermarket, Boomin, and Lifetime ISA provider, Beehive. Technology integrations and pilot studies have been completed with these exceptional businesses, and lead flow will start to build this year, with more high-quality partnerships currently onboarding. Combined with the rapid growth of Fluent in this sector, we expect to see this new lead flow for MAB start to come through in H2 2022 and build strongly in 2023.

As part of MAB’s wider protection strategy, we intend to extend Vita Financial Limited’s proposition into a wider addressable market, to fully leverage its expertise which is currently focused on supporting MAB’s ARs.

MAB’s policy is not to authorise advisers in Secured Personal Loans, Commercial, or Bridging Finance, with ARs currently referring this business to a number of third party providers. We plan to open up these sectors to specialist advisers by the year end, generating more focus and opportunity on lead flow. This will be further strengthened by Fluent, which already provides advice and delivers strong margins in these specialist areas.

New lead initiatives are also being tested in the existing specialist sectors of Equity Release and Wealth (pension and investments). We expect these initiatives to increase productivity and adviser growth in these areas in H2 2022 and into 2023.

Adviser growth

Adviser growth will continue to be a major focus, boosted by the need to service new lead flow, whilst using technology to help maximise opportunities from existing customers and lead sources. The addition of new customer lead flow into the ARs we have invested in, plus our other key AR firms, will further help organic growth and adviser retention.

Further investments and acquisitions will continue to add to adviser numbers alongside organic growth and new firm recruitment, with some of our existing firms making their own strategic acquisitions to achieve their respective growth ambitions.

With increasing expectations from the regulator, more directly authorised firms are seeking greater support from a strategic partner like MAB. We expect the recruitment of growth driven firms to remain strong, supported by the continued development of our technology platform.

Summary

With technology now a serious enabler for MAB, the management team further strengthened, and some strategically important investments made, the Board expects MAB to build a market leading position over the next five years, with an uplift in profits that reflects this.

Our technology and the exceptionally high calibre investments we have made, are major drivers of our lead generation strategy. Combined, they support adviser performance and market share growth, enabling MAB to benefit fully from productivity gains.

Although consumer demand for property and refinancing remains very high, MAB has historically delivered growth in all market conditions. The strategy we are now delivering, underpins our ability to achieve accelerated growth and a market leading position.

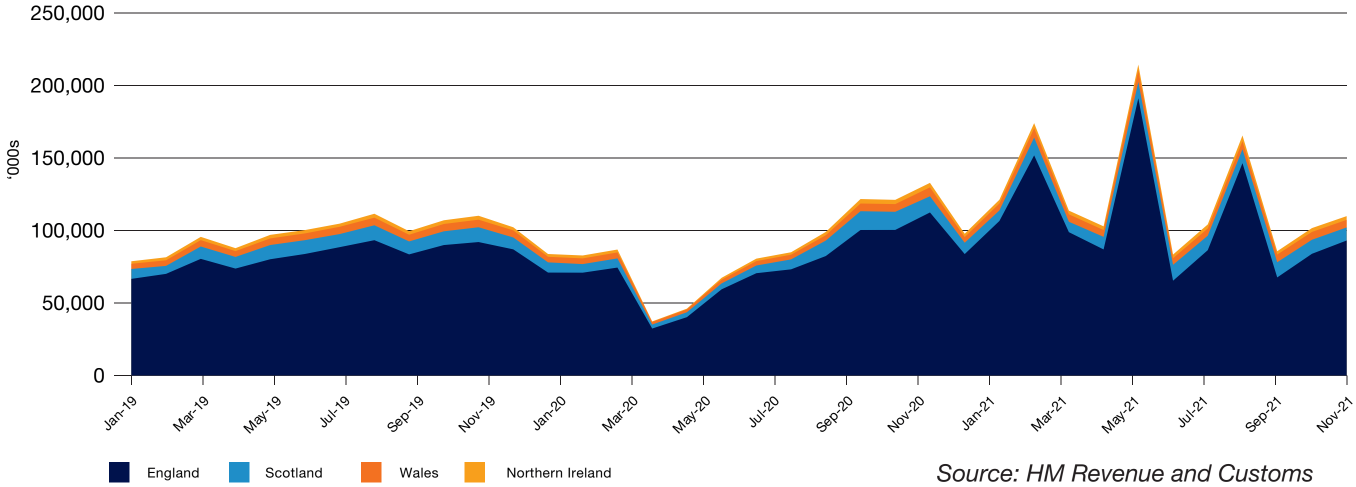
Market review

In 2021, strong consumer demand, coupled with the Stamp Duty holiday, generated high levels of purchase activity in the housing market and stimulated the overall demand for mortgages.

With the Stamp Duty holiday originally set to end on 31 March 2021, and then extended to 30 June 2021, the housing market saw particularly high levels of activity in the run up to those dates. In H1 2021, housing transactions increased by 104% compared to H1 2020, which was affected by the closure of the housing market during Q2 2020, and 52% compared to H1 2019.

As anticipated, housing market activity softened in H2 2021 following the tapering down of the Stamp Duty holiday until 30 September 2021 and its removal thereafter. Overall, housing transactions in 2021 increased by 43% and 26% compared to 2020 and 2019 respectively. This is illustrated in the graph below.

UK property transactions by volume



Source: HM Revenue and Customs

Gross new mortgage lending activity saw a similar trend in 2021. In the first half of the year, gross new mortgage lending (excluding Product Transfers) increased by 60% and 37% compared to H1 2020 and H1 2019 respectively. Home-mover lending values grew by 132% and 70% compared to H1 2020 and H1 2019 respectively, largely driven by changing working and living patterns. Buy-to-let purchase lending values also saw significant growth of 121% and 81% compared to H1 2020 and H1 2019 respectively, with the Stamp Duty holiday providing a compelling stimulus in that segment. The demand from first time buyers was also strong, with mortgage lending increasing by 75% and 29% compared to H1 2020 and H1 2019 respectively in that segment.

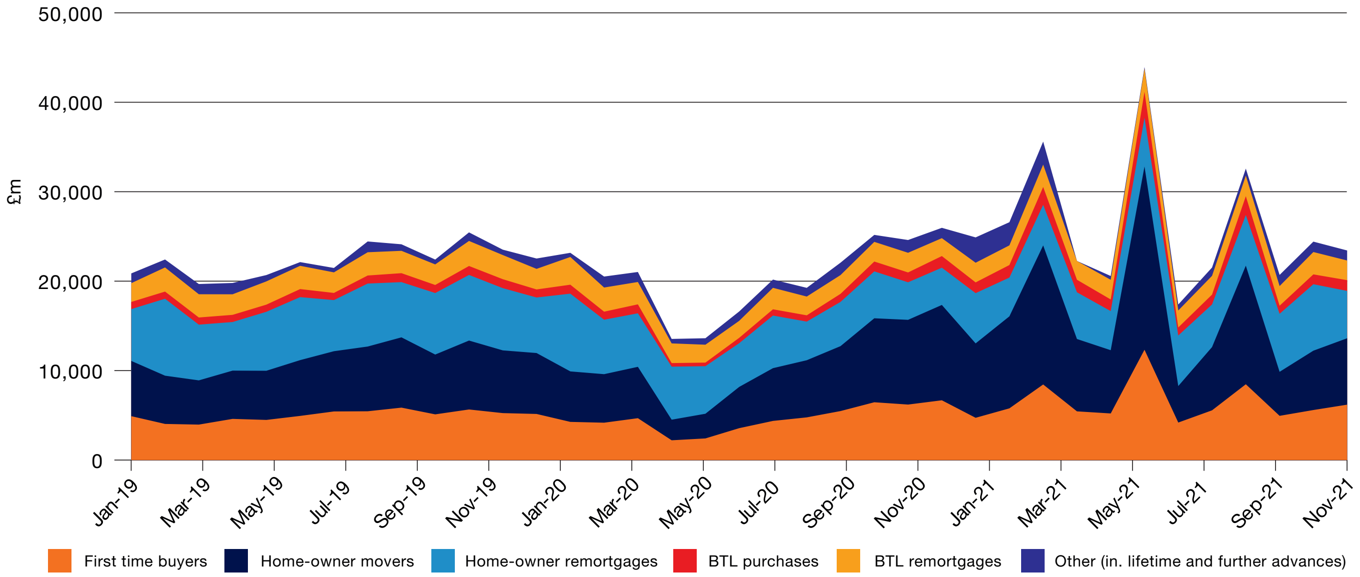
The gross new mortgage lending market softened in H2 2021. Residential and buy-to-let purchase values decreased by 4% compared to H2 2020 (increase of 5% compared to H2 2019). External re-mortgage lending values increased by 16% compared to H2 2020 and decreased by 13% compared to H2 2019.

Overall, gross new mortgage lending activity (excluding Product Transfers) in 2021 rose by 27% to £313.2bn compared to 2020 and 17% compared to 2019. This was driven by a strong purchase market, with residential and buy-to-let purchase lending values increasing by 47% and 40% compared to 2020 and 2019 respectively.

Re-financing activity remained steady, driven by Product Transfers. Product Transfer lending values increased by 10% and 11% compared to 2020 and 2019 respectively. External Re-mortgage lending values decreased by 1% and 17% compared to 2020 and 2019, as lenders and intermediaries applied maximum focus towards the exceptionally busy housing market. New refinancing activity increased in H2 as expected, but much of this activity won't complete until 2022.

The trends in gross new mortgage lending are illustrated in the graph below.

New mortgage lending by purpose of loan



Source: UK Finance

The increase in average house prices in 2021 was 10% compared to 2020 and 13% compared to 2019, but these house price increases did not fully feed through to higher average new mortgage values due to the lack of availability of high loan to value mortgages through much of the year.

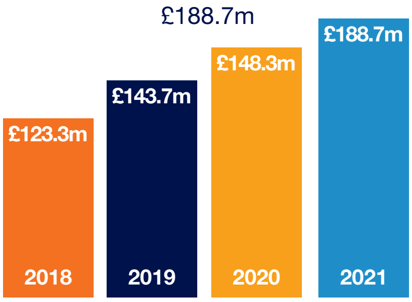
Approximately 80% of UK residential mortgage transactions (excluding Buy to Let, where intermediaries have a higher market share, and Product Transfers where intermediaries have a lower market share) were via intermediaries in 2021 (2020: 79%). MAB expects this position to remain broadly stable in the near term.

UK Finance's current estimate of gross new mortgage lending in 2022 is £281bn, representing a 10% reduction versus 2021 and with higher levels of refinancing forecast. For 2023, UK Finance currently estimates that gross new mortgage lending will increase back to £313bn.

Despite an increasing inflation environment and geopolitical uncertainty, consumer demand for housing and mortgages remains strong. We are confident that this, coupled with lenders' high liquidity levels and a return of higher loan to value products to near pre-pandemic levels, will continue to drive sustained transaction activity in the mortgage market in the short and medium term.

- We measure the development, performance and position of our business against a number of key indicators:

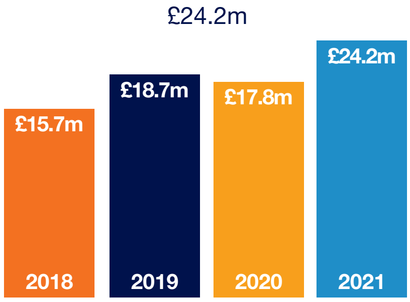
Revenue (£m)



Total income from all revenue streams.

Strategy/objective
Shareholder value and financial performance

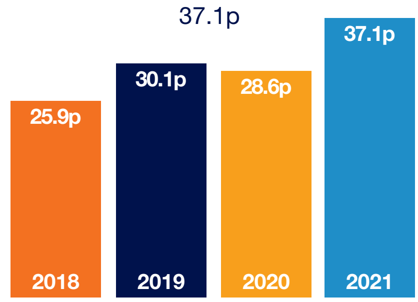
Adjusted profit before tax



Profit before exceptional items[2] and tax.

Strategy/objective
Shareholder value and financial performance

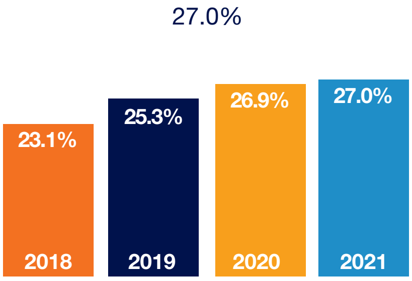
Adjusted earnings per share



Total comprehensive income attributable to equity holders of the Company, adjusted for exceptional items[2], divided by total number of ordinary shares.

Strategy/objective
Shareholder value and financial performance

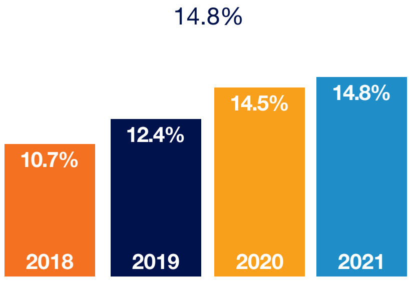
Gross profit margin



Gross profit generated as a proportion of revenue.

Strategy/objective
Managing gross margins

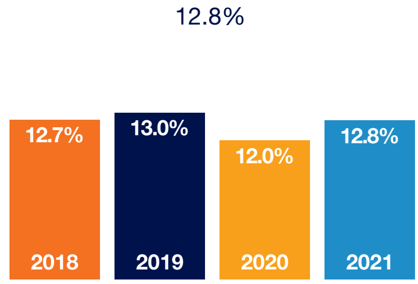
Adjusted overheads % of revenue



Group's administrative expenses[1] as a proportion of revenue.

Strategy/objective
Operating efficiency

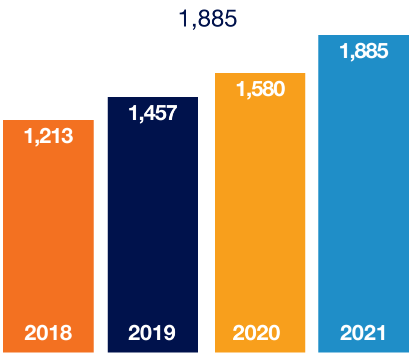
Adjusted profit before tax margin



Group's adjusted profit before tax[2] as a proportion of revenue.

Strategy/objective
Shareholder value and financial performance

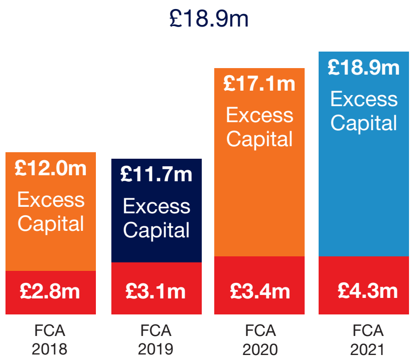
Adviser numbers



The average number of mainstream advisers[3] for 2021 was 1,649 (2020: 1,455)

Strategy/objective
Increasing the scale of operations

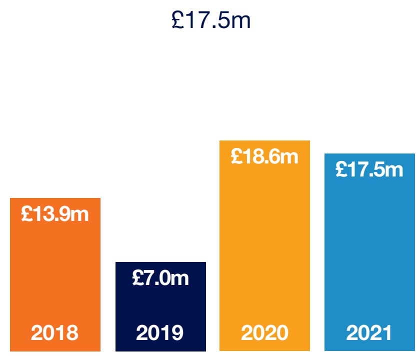
Capital adequacy (£m)



Excess capital requirements over amounts required by the Financial Conduct Authority (FCA).

Strategy/objective
Financial stability

Unrestricted net cash balances



Bank balances at 31 December available for use in operations.

Strategy/objective
Financial stability

1 Adjusted in 2021 and 2020 for £0.4m amortisation of acquired intangibles (2019: £0.2m). In 2021, overheads are adjusted for £1.0m of additional non-cash operating expenses relating to the put and call option agreement to acquire the remaining 20% of First Mortgage (2020: £0.9m, 2019: £0.4m). In 2019, £0.4m of one off costs associated with the acquisition of First Mortgage were also adjusted.
2 Adjusted profit before tax is stated before the items in (1) above and £0.3m of non cash fair value gains on financial instruments in 2021 and the loan write off and loan provision totalling £1.7m in 2020. Adjusted earnings per share is stated on the same basis, net of any associated tax effects.
3 Based on average number of mainstream advisers for the period. Mainstream advisers exclude directly authorised advisers, later life advisers, and advisers from associates in the process of being onboarded.

Revenue

The Group achieved revenue of £188.7m for the year ended 31 December 2021. This represents a 27% increase on 2020 (£148.3m), and a 31% increase compared to 2019. The increase in revenue since 2020, which was impacted by the pandemic, is driven by the combination of a 13% increase in the average number of active mainstream advisers(1) to 1,649 (2020: 1,455) and a 12% increase in revenue per active mainstream adviser.

The increase in revenue since 2019 is driven by the combination of a 23% increase in the average number of mainstream advisers(1) to 1,649 over the two-year period (2019: 1,341) and a 7% increase in revenue per mainstream adviser.

The Group continued to generate revenue from three core areas, with all key income sources continuing to grow strongly. These are summarised as follows:

	Group				
Income source	**2021 £m**	**2020 £m**	**2019 £m**	**Change vs 2020 %**	**Change vs 2019 %**
Mortgage Procuration Fees	85.1	67.2	64.3	+27	+32
Protection and General Insurance Commission	75.3	58.8	56.2	+28	+34
Client Fees	23.2	19.0	20.2	+22	+15
Other Income	5.1	3.3	3.0	+55	+70
Total	**188.7**	**148.3**	**143.7**	**+27**	**+31**

In the first half of the year, MAB's banked mortgage mix saw a higher proportion of purchase business compared to the prior year, and versus H1 2019. Strong underlying demand, combined with the various Stamp Duty incentives, were in marked contrast to the prior year, when the first national lockdown severely restricted the completion of purchase transactions.

In the second half of the year, and with the final element of Stamp Duty relief coming to an end on 30 September 2021, MAB's banked mortgage mix saw an increased proportion of re-financing transactions compared to the first half of the year, in part driven by a high level of fixed interest rates on consumers' current mortgages coming to an end and also by the prospect of rising interest rates. Banking for purchase related mortgages was again slower than historical averages, as lenders operated with reduced and stretched operations, and significantly increased new business volumes. Additionally, an overall lack of property stock for sale meant that housing chains took longer to complete.

Mortgage procuration fees increased by 27% with gross mortgage completions increasing by 29%(2), with an increased proportion of Product Transfers. MAB's average mortgage size increased by 4% compared to prior year, driven by the increase in house prices in the period. The average mortgage size in the year however did not rise at an equivalent level to house price growth due to the lack of availability of high loan to value mortgages throughout much of the year.

With mortgage completions increasing by 29%(2), protection and general insurance commission increased by 28% and client fees increased by 22% for the year.

MAB's overall revenue from refinancing (including both Re-mortgages and Product Transfers) represented circa 25% (2020: 32%, 2019: 31%) of total revenue for the year with a particularly high level of purchase transactions during the year.

The proportion of revenue derived from each of the Group's core revenue streams has remained relatively stable, despite the short-term impact of the Stamp Duty changes during the year, as summarised below.

Income source	**2021**	**2020**	**2019**
Mortgage Procuration Fees	45%	45%	45%
Protection and General Insurance Commission	40%	40%	39%
Client Fees	12%	13%	14%
Other Income	3%	2%	2%
Total	**100%**	**100%**	**100%**

We expect client fees to become increasingly dependent upon the type and complexity of the mortgage transaction, as well as the delivery channel. This will lead to a broader spread of client fees on mortgage transactions, which are our lowest margin revenue stream.

■ Gross profit margin

Gross profit margin remained stable at 27.0% (2020: 26.9%). The Group typically receives a slightly reduced margin (revenue share) as its existing ARs grow their revenue organically through increasing their adviser numbers. In addition, larger new ARs typically join the Group on lower-than-average margins due to their existing scale and hence we expect to see a slight degree of erosion of our underlying gross profit margin due to the continued growth of our existing ARs and the addition of new larger ARs. MAB expects the slight erosion in its underlying gross margin to be countered by the reduction in its overheads ratio.

MAB continues to provide services to a firm previously authorised under an Appointed Representative agreement until 7 December 2020 but now directly authorised by the FCA. As a result, going forward, the fees received by MAB represent the total income in respect of this arrangement. No commission will be paid out by MAB to this firm as it receives its income direct. The effect of this is to slightly increase the gross profit margin.

■ Overheads

Overheads increased by £6.4m to £29.2m, reflecting MAB's continued investment in growth, and specifically in its technology platform and its marketing team through a mix of employee and third party costs, which drives lead generation opportunities. Head office costs, including those of First Mortgage, also increased to support the Group's continued growth. All development work on MAB's MIDAS Platform is expensed. Adjusted(3) overheads as a percentage of revenue were 14.8% (2020: 14.5%).

Our FCA and FSCS regulatory fees and charges are usually closely correlated to growth in revenue. MAB had expected its FSCS levy cost for the period from 1 April 2021 to 31 March 2022 to be significantly higher than in the prior year, due to increased business failures caused by the pandemic, an increase in complex pension advice claims and further failures of SIPP operators. The reaction of other mortgage intermediaries to this unfair allocation of levies was widely reported in trade media and MAB supported the challenge made by the Association of Mortgage Intermediaries (AMI), the trade association that represents the views and interests of UK mortgage brokers, so that future levies could become better signposted and fairer. In November 2021, FSCS confirmed that the levy costs that firms in the Home Finance category would bear would not be significantly higher than in the prior year.

MAB continues to benefit from the scalable nature of most of its cost base, where those costs typically rise at a slower rate than revenue, which will, in part, counter the expected slight erosion of MAB's underlying gross margin as the business continues to grow.

■ Associates and Investments

MAB's share of profits from associates was £1.0m (2020: £0.04m) with the majority of the Group's associates performing strongly during the year. In addition, we realised our minority investment in the sales progression platform Yourkeys Technology Ltd, making a profit of £0.3m, and further impaired the value of the investment in The Mortgage Broker Group Limited by £0.4m.

MAB made a number of key investments during the year with £5.0m invested in associates and £2.5m in a minority interest in Boomin, and has also accounted for £2.2m in deferred consideration in respect of the investments made in associates during the year.

MAB considers that the value of a number of these investments exceeds their balance sheet value as accounted for using the equity accounting method under IAS 28.

■ Profit before tax and margin thereon

Adjusted(4) profit before tax rose by 36% to £24.2m (2020: £17.8m), with the margin thereon increasing to 12.8% (2020: 12.0%). Statutory profit before tax rose by 56% to £23.2m (2020: £14.9m) with the margin thereon increasing to 12.3% (2020: 10.0%).

Adjusted(4) profit before tax as a percentage of net revenue(5) was 40.5% (2020: 37.9%).

■ Finance revenue

Finance income of £0.05m (2020: £0.1m) reflects continued low interest rates and interest income accrued on loans to associates. Finance expense of £0.2m (2020: £0.2m) reflects the interest expense on lease liabilities and the non-utilisation fee payable on MAB's previous Revolving Credit Facility of £12m. MAB did not draw down its £12m Revolving Credit Facility during the year having repaid it in full on 23 December 2020.

■ Taxation

The effective rate of tax increased to 16.9% (2020: 14.0%), principally due to the deduction arising from the exercise of employee and Appointed Representative share options being greater in the prior year. We expect our effective tax rate to continue to be marginally below the prevailing UK corporation tax rate, subject to tax credits for MAB's research and development expenditure on the continued development of the MIDAS Platform, MAB's proprietary software, still being available and further tax deductions arising from the exercise of employee share options.

Earnings per share and dividend

Adjusted[4] earnings per share increased by 30% to 37.1 pence (2020: 28.6 pence). Basic earnings per share increased by 49% to 35.2 pence (2020: 23.7 pence).

The Board is pleased to propose a final dividend of 14.7 pence per share (2020: 19.2 pence), which represents a cash outlay of £7.8m on the existing issued share capital prior to the placing. Following payment of the dividend, the Group will retain significant surplus regulatory reserves. The proposed final dividend represents circa 75% of the Group's adjusted[5] post-tax and minority interest profits for H2 2021 and reflects our ongoing intention to distribute excess capital in line with our previously announced dividend policy. The final dividend for 2020 represented circa 75% of the Group's adjusted[5] post-tax and minority interest profits for the whole of 2020 as no interim dividend was paid in respect of the post-tax and minority interest profits generated in H1 2020.

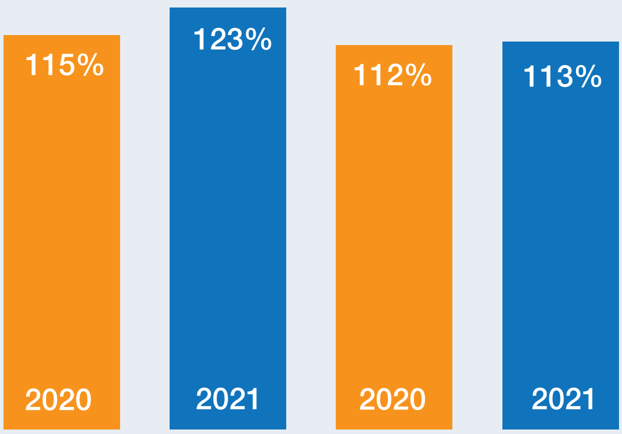
The record date for the final dividend will be 29 April 2022 and the payment date 30 May 2022. The ex-dividend date will be 28 April 2022.

Cash flow and cash conversion

The Group's operations produce positive cash flow. This is reflected in the net cash generated from operating activities of £26.9m (2020: £17.8m).

Headline cash conversion[6] was:

Adjusted cash conversion[7] was:



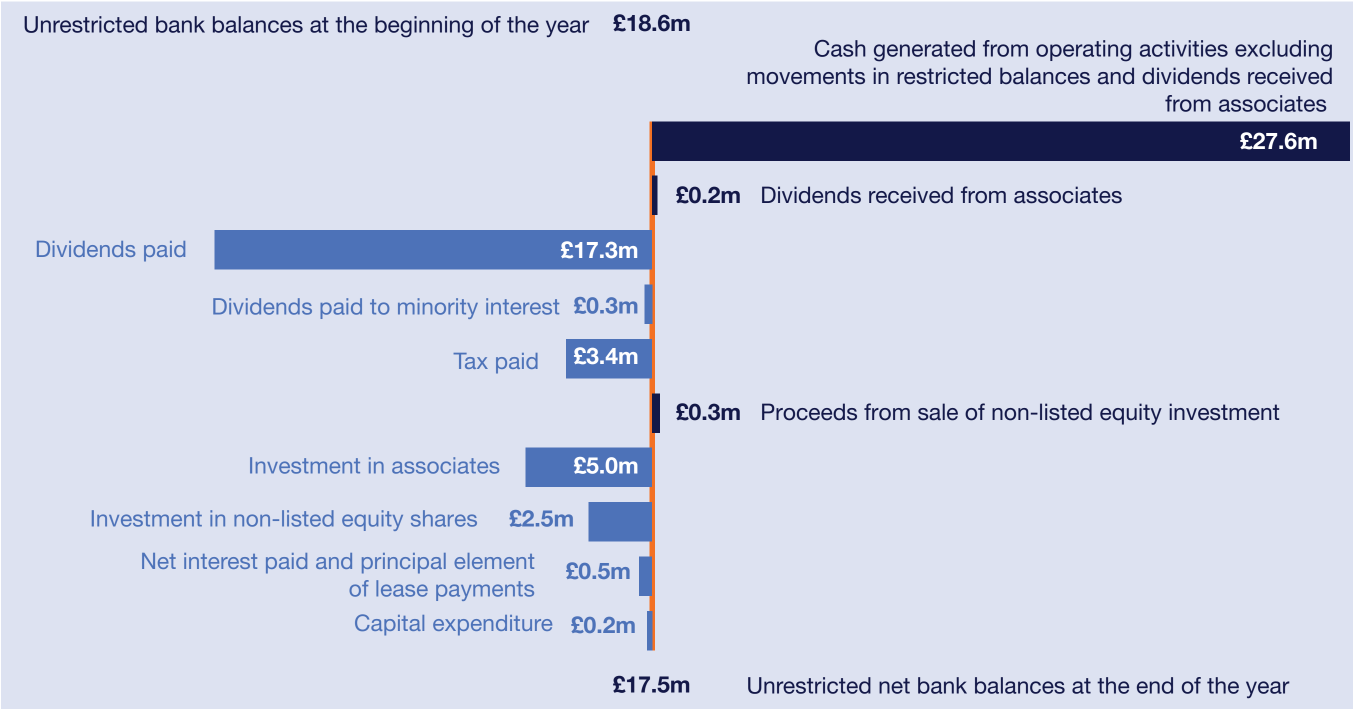
The Group's operations are capital-light, with the most significant ongoing capital investment being in computer equipment. Only £0.2m of capital expenditure on office and computer equipment was required during the year (2020: £0.3m). Group policy is not to provide company cars, and no other significant capital expenditure is foreseen in the coming year other than with regards to MAB's head office facilities in Derby.

The Group had no bank borrowings on 31 December 2021 (2020: £nil). The Group had unrestricted bank balances of £17.5m on 31 December 2021 (31 December 2020: £18.6m).

The Group has a regulatory capital requirement amounting to 2.5% of regulated revenue. On 31 December 2021 this regulatory capital requirement was £4.3m (31 December 2020: £3.4m), with the Group having a surplus of £18.9m (31 December 2020: £17.1m).

1 Excludes directly authorised advisers, later life advisers, and advisers from associates in the process of being onboarded under MAB's AR arrangements. In 2020 advisers on furlough were not included.
2 Stated before completions from associates in the process of being onboarded under MAB's AR arrangements to produce more appropriate comparisons against revenue metrics.
3 In 2021 and 2020 adjusted for £0.4m amortisation of acquired intangibles. In 2021, adjusted for £1.0m of additional non-cash operating expenses relating to the put and call option agreement to acquire the remaining 20% of First Mortgage (2020: £0.9m).
4 Adjusted profit before tax is stated before items in (3) above, £0.3m of non-cash fair value gains on financial investments in 2021 and the loan provision and write off totalling £1.7m in 2020. Adjusted earnings per share is stated on the same basis, net of any associated tax effects.
5 Net revenue is revenue less commissions paid. MAB acquired First Mortgage on 2 July 2019. As the Group retains 100% of revenue for First Mortgage, this calculation is rebased thereafter.
6 Headline cash conversion is cash generated from operating activities adjusted for movements in non-trading items, including loans to AR firms and associates totalling £(0.7)m in 2021 (2020: £(1.5)m), as a percentage of adjusted operating profit.
7 Adjusted cash conversion is headline cash conversion adjusted for increases in restricted cash balances of £2.4m in 2021 (2020: £0.6m) as a percentage of adjusted operating profit.

The following table demonstrates how cash generated from operations was applied:



Forward-looking statements

The strategic report is prepared for the members of MAB and should not be relied upon by any other party for any other purpose. Where the report contains forward-looking statements these are made by the Directors in good faith based on the information available to them at the time of their approval of this report.

Consequently, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risks underlying such forward looking statements and information. The Group undertakes no obligation to update these forward-looking statements.

Principal risks and uncertainties

The Group Risk Committee (GRC) has undertaken an assessment of MAB's principal risks and uncertainties. Should one or more of these risks materialise, there could potentially be a resulting negative impact upon the Group's performance against its strategic objectives. Consequently, this may have a material impact over the short, medium or longer term, depending upon the nature and gravity of the risk event(s) that might apply. The GRC will continue to review the Group's risk registers on a regular basis.

The table below contains the most significant risks known to the Group. There is always the chance that unknown risks may materialise throughout the year which could also have some form of negative impact upon the Group.

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
Russian military action in the Ukraine	The Russian invasion of Ukraine that began on 24 February 2022 represents a significant potential risk to the UK, to Europe and to the rest of the world. There is a risk that the conflict may escalate, and/or become protracted and lengthy, with deep sanctions applied to Russia having a knock-on negative domestic impact on household disposable income. Consumer confidence levels, and consequently the housing and mortgages markets may also eventually be impacted.	The outcome of this recent invasion and its future path remain unclear. There is a wide range of possibilities that extend from a swift conclusion to long and drawn-out conflict, along with the possibility of direct military engagement and involvement of NATO. The UK funding markets however remain highly liquid, in no small part bolstered by very strong retail inflows accumulated during the height of the pandemic. Lenders therefore have access to significant funds that they need to lend. The wider capital markets remain open and active too. There is a school of thought that suggests Bank Base Rate may rise more slowly as a consequence of the conflict. Interest rates however remain set to rise from current record lows, but slowly and in small increments by historical measures, as inflation rises. MAB has no direct presence in the Ukraine, so the conflict does not present a risk to the continuity of MAB services. In the event of escalation including NATO military activity, it is unclear how significantly this would impact the UK but as a minimum it would be expected to reduce household expenditure and consumers' appetite to move home. In the current scenario however, consumer demand for housing remains very strong, as does the need to re-finance for home improvements, and also to lock in to new mortgage deals.	Low – Medium	High	New

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
COVID-19 Pandemic	The COVID-19 Pandemic continues to be prevalent causing disruption to all life across the UK. This is further emphasised by the devolved Governments across the UK taking differing approaches to the pandemic.	Since the emergence of the COVID-19 virus the landscape across the world and the UK has changed significantly. The roll out of the vaccine scheme across the UK has significantly reduced the likelihood of hospitalisations and death. MAB can now successfully operate remotely if required to do so. Even with the Delta and Omicron variants being prevalent in the UK over the last year or so, the market continues to operate freely and actively. The risk to MAB caused by COVID-19 has significantly decreased. There are now relevant controls in place to ensure continuity within MAB. However, due to the potential risk of future new variants and the uncertainties the virus may cause, this continues to be a risk for 2022.	High	Low	Decreased
Macroeconomic	The Group is dependent on the macroeconomic conditions surrounding the UK housing market which impacts on property transaction levels. The risk of regular and meaningful increases in interest rates is likely to have a detrimental impact on the housing market and customers' financial situation.	Bank Base Rate remains at a historically low level and has been low since the Global Financial Crisis. However, the Bank of England has recently raised its base rate from record lows with further increases likely. However, due to the historically low interest rates available in 2021 re-financing increased and homeowners and new borrowers looked to take advantage of low fixed rate deals. While this does not entirely mitigate interest rate risk, it does mean demonstrably more borrowers would be well protected should interest rates rise sharply. Gradual interest rate movements can also be helpful. Historically they have stimulated greater re-financing activity and the need for consumers to also protect debt repayments. MAB would be well positioned to help customers and would maximise new opportunities in this sort of changed environment. The Group regularly stress tests its forecast and considers it against housing market changes and movements in Bank Base Rate.	Low	High	No change

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
Investment & Acquisitions	Poor execution of investment and acquisition strategy. This could apply to: a. new investments or acquisitions b. poor trading outcomes of existing investments or acquisitions.	The Group has a clear and consistent investment strategy. Any new investments or acquisitions are made to support the Group's objectives to deliver year on year growth in our market share and deliver attractive returns to investors. All new investments or acquisitions are subject to an appropriate level of operational, financial, and legal due diligence, engaging external specialists as required. Investment and acquisition risks are managed through a set of operating performance metrics and shareholder and Board consent matters. In 2021 this level of governance was further strengthened by the appointment of MAB's new Head of Legal. The Group has a portfolio of investments. With the number of investments made by the Group there is a risk that some may not perform as anticipated. To mitigate this risk, post investment, MAB conducts regular performance reviews and financial monitoring, with assistance and expertise offered in the development of growth plans. MAB also proactively uses its contacts, technology, support infrastructure and financial expertise to help its investments maximise their performance.	Medium	Medium	No change
Availability of Mortgage Lending	The Group is exposed to a significant reduction in the availability of mortgage lending.	Since the re-opening of the housing markets in mid-2020, the Group has seen a considerable increase in mortgage product availability. As of early 2022 product availability had increased to circa 16,000 products, with many more customers now able to access mortgage lending. In fact, product availability is now just over 80% of the pre-pandemic level. There is good availability of funds for mortgage lending, with banks and building societies attracting large inflows of retail deposits over the last two years. This enables them to compete aggressively to lend to borrowers, improving the overall availability of mortgage lending. Most notably, the availability of high loan to value (LTV) mortgages improved significantly throughout 2021, with 90% and 95% LTV mortgages now much more freely accessible. We have also seen an increase in mortgages for the self-employed, those who have variable earnings, as well as a steady increase in Buy-to-Let mortgages.	Low	High	Decreased

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
		The Group expects mortgage availability to continue to increase throughout 2022 and as a result, ARs and their advisers will be able to provide a highly competitive range and choice of product for customers, enabling them to move home more freely. Re-financing product pricing has also become far more competitive over the last 6 months, as lenders have started to return to normal levels of operational capacity. This helps MAB to remain competitive with its existing and prospective customers, helping them to raise additional funds and/or insulate them from future interest rate increases.			
Regulatory compliance	Failure to comply with current regulatory requirements or appropriately anticipate, react to, and embed new legislation and regulation. This could result in reputational and financial damage, including withdrawal of authorisation by the Financial Conduct Authority, and imposition of censure and/or financial penalty by the Information Commissioner's Office.	The Group maintains open and effective relationships with regulators and relevant industry associations, in addition to having a governance structure and controls in place across the business. This ensures the Group complies with current regulatory and legislative requirements and continually monitors emerging regulatory change. The majority of advisers are directly employed or are engaged by ARs (rather than by the Group), and all compliance monitoring and supervision is undertaken by the Group's specialist compliance team. The Group now operates an enhanced risk-based approach to supervision. The central objective is to further improve delivery and monitoring of good customer outcomes. The Compliance function is set up to focus on a risk-based approach to supervision and governance, and MAB has successfully initiated a programme of investment in the development of its 'Risk Profiler System', together with the deployment and integration of external systems, to further reduce the risk of poor customer outcomes and enable advisers to deliver best advice.	Low	High	No change

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
		Regulatory Compliance continues to be a risk to all financial services organisations but the Group remains focused on achieving positive consumer outcomes, keeping under constant review the adequacy and effectiveness of its internal controls, compliance and risk management systems, to ensure the Group is fulfilling its regulatory responsibilities on all areas.			
Infrastructure and IT systems	The Group's performance would be adversely impacted if the availability and security of its proprietary MIDAS Platform, and other IT infrastructure was compromised.	There has been significant and continued investment into the Group's IT infrastructure. The Group has two primary line-of-business applications. Application 1 All the Group's servers are currently hosted in a specialist data centre with appropriate security and systems resilience. A copy of the database is also held at another location. The Group will shortly further strengthen and re-factor its technology, as part of an ongoing project that will ensure complete Cloud-hosting through a leading provider of Cloud-based services. Application 2 Platform is a cloud-hosted solution and is consequently significantly more robust. The architecture is highly resilient and can be re-provisioned rapidly should there ever be a failure MAB has invested significantly in security over the past 2 years and continues to invest to improve its security posture.	Low – Medium	High	No change
Cyber related crime	There could be a negative impact upon the Group should it suffer a deliberate and significant cyber-attack on its systems.	The Group continues to strengthen its infrastructure, processes, and systems in relation to cyber security and there is an ongoing strategy of work to appropriately protect MAB against ever-evolving cyber risk. It has installed new software, technology, scanning devices and other defensive measures. The Group acknowledges that the Russian invasion of the Ukraine in early 2022 increases the likelihood of cyber related attacks against the UK government and UK companies. As UK organisations enforce sanctions on Russian Companies, there is an increased risk of cyber-attack both for financial and political gain.	Medium	High	No Change

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
		The National Cyber Security Centre (NCSC) advises all organisations in the UK to strengthen their online defences. The Group is aware of the increased risk of cyber-attack from Russian state sponsored actors and will follow UK government guidance as and when necessary. The Group has again expanded its dedicated resource in this area, providing more robust protection against cyber incidents and an increased awareness and advanced warning of potential risks. The Group's 'Information Security Strategic Vision' has outlined a roadmap for continual improvement and has been operationalised to provide an action plan.			
Technological advancements	The continued development of technology increases the likelihood of existing and new competitors emerging, for example to deliver self-serve (or 'Execution Only') mortgages online directly with consumers.	Although technological innovation and new business models will continue to emerge, the perceived threat of Execution Only has failed to surface. Lenders have been slow and apprehensive about acquiring mortgage business this way. Over 80% of gross mortgage lending is now intermediated and advised. This ensures a cost-effective and low risk means of customer acquisition for lenders. For Execution Only to become something of significance, it would take one or both of a sudden change in consumer demand and activity or a major shift in mortgage regulation. Customers increasingly need advice, re-assurance, and assistance in moving home or re-financing, and the Execution Only process fails to deliver that. MAB continues to monitor this area closely but would be very well positioned to innovate or partner other parties should meaningful change arrive.	Medium	High	Reduced
Appointed Representative (AR) model	The Group has full regulatory responsibility for the actions of its network of ARs, who employ or engage the advisers.	The Group has robust compliance procedures as stated above. Whilst the Group has ultimate regulatory responsibility, the commercial liability (such as cost of complaint redress) remains with the ARs. The new FCA consultation paper (CP21/34) means the controls and reporting required by MAB of its ARs, and the ARs of their own businesses (to MAB), are likely to increase and tighten. Although the Group's current controls and reporting are strong, any further enhancements in this area will only serve to further protect MAB, its AR partners, and their customers.	Medium	Medium	No change

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
	The Group could be exposed should large ARs fail.	The Group maintains strong relationships with its ARs to ensure it provides appropriate support for the continued growth of the Group and its ARs and it is aware of key risks posed to the Group within its AR Model. The Group conducts regular monitoring of its firms, including heightened and close financial and other scrutiny of the ARs it has invested in.	Low	Medium	No Change
Concentration	The Group could be exposed to a significant geographic concentration, or over-exposure to certain AR Firms or suppliers.	MAB has a broad geographical spread in the UK. The Group has no significant exposure to any single AR. Typically, ARs agree five or ten-year contracts with the Group, and the renewal dates for these contracts are evenly spread between calendar years. The Group enjoys strong relationships with the many mortgage lenders it places its new business with, as well as with the major businesses that make up its panel of protection and insurance providers.	Medium	Low	No Change
Key personnel	The Group could lose key employees.	The Group strengthened the People & Culture team in 2021 by expanding the team and appointing the People & Culture Director and in early 2021 the Group announced its Mission, Vision, and 'DNA', known as MABology. MABology continuously aims to challenge the culture within the Group ensuring it is a great place to work, reducing the likelihood of losing key employees. As a result of the work undertaken around culture, MAB was awarded "Best Small Organisation for Business Culture" at the 2021 Business Culture Awards. Remuneration continues to be reviewed annually. Approaching half of the Group's employees participate in the share-based incentive plans. The Group has a successful history of retaining senior employees. The recent recruitment of additional key personnel provides assurance that there is appropriate breadth of management and span of control, and this reduces key personnel risk. Succession planning is assessed annually by MAB's Nominations Committee. The Group also has succession plans in place for all Board members and the Executive Management Team with the aim of improving the roster of internal candidates for key roles, through management of their progress and development.	Medium	Low	Increased

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
		The recent cost of living increase has posed some upward pressure on wages, however the Group addresses this through its pay review process. The budgeting process anticipates and allows for trends in pay demands and will continue to do so.			
Litigation and complaints	The Group could be subject to litigation or complaints not covered by insurance.	The Group has not been subject to any actual or threatened material litigation. Complaint levels are exceptionally low compared to transactional volumes, and any redress payable from those complaints is borne by the ARs. PI insurance is in place, as required by the FCA. The Group has further strengthened its position in 2021 following the appointment of a new Head of Legal. The Group has strict advice guidance and compliance processes in place for advisers. These require exacting standards of advice and record-keeping at all times, thereby mitigating, if not eliminating, the likelihood of future complaints and litigation.	Low	High	No change
Liquidity risk, including bank default	One or more of the major mortgage lenders could fail.	The Group has a highly cash generative business model and consequently holds substantial amounts of cash on deposit with banks. The stringent capital adequacy tests imposed on the banks after the Global Financial Crisis (GFC) should enable them to better withstand extreme negative market downturn and reduction in liquidity, thereby enabling them to continue lending freely. Lenders were tested severely during the initial phases of the pandemic when the housing market closed, and millions of borrowers sought financial assistance in the form of payment holidays. Their business models withstood this severe pressure, which is testament to some of the measures of support offered by the Government at that time, but also the regulatory changes implement post the GFC.	Low	Medium	No change
Third party dependency risk	The Group is dependent on a variety of third parties to provide services to enable it to conduct business. There is an operational and financial risk of third parties increasing the costs of services or withdrawing the service.	Due to the continued growth of the Group, the risk posed by third parties has increased and appropriate oversight of third parties continues to be an area of regulatory focus.	Medium	High	No Change

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
		The Group has been enhancing its 'Operational Resilience' framework in line with the expectations for regulated firms. Appropriate due diligence is carried out, before entering into agreements with third parties and reporting and notification requirements from third parties to the Group are defined in contractual documents. These documents include performance targets to assess the adequacy and resilience of service provision. The Group maintains good relationships with its third-party service providers. Furthermore, the appointment of RSM as our Internal Audit provider in 2021 will provide further assurance and challenge over MAB's third party control framework.			
Fraud	The Group is potentially exposed to fraudulent activity from any of its Customers, AR firms or advisers.	The Group has embedded controls at all process levels to mitigate this risk and these are regularly reviewed by the Risk & Compliance Committee. The Group has robust controls in place to monitor and identify potentially fraudulent activity, with the resource in place to conduct detailed investigations should the need arise and continues to assess the effectiveness of controls and identify opportunities to enhance where possible. MAB's compliance team run regular compliance workshops for each AR firm and has a network of field compliance managers to monitor the performance and behaviour of each adviser against the Group's internal procedures and systems. This ensures that the Group fulfils its regulatory responsibilities and that AR firms' and advisers' knowledge of potential risks and how to deal with them is always kept fully up to date.	Medium	High	No change
Potential loss of a major partnership or contract (lead sources)	The Group has an increasing number of material commercial partnerships with customer-led sources.	The Group Partnership function has an experienced relationship management team in place, with responsibility for key account management and liaison, as well as the development and retention of its new and existing AR relationships.	Medium	Medium	No change

Risk Category	Risk Description	Mitigating Factors / Commentary	Chance	Impact	Change in Risk
	The loss of one of these contracts, or a significant reduction in lead volumes could impact revenues and consequently reduce the Group's profitability and strategic performance.	Relationship management is defined at senior management level and supported by members of the Group's Executive Committee. Regular reviews are undertaken with partners to ensure continued focus on performance against service levels and compliance with contractual requirements. The ongoing development of the platform is intrinsically linked to performance and ensuring the Group continues to maintain and build strong relationships with its key partners.			
The FCA's regulatory fees could increase sharply and with little or no notice provided to the Group, thereby impacting its financial performance. Charges levied for the Financial Services Compensation Scheme (FSCS) - due to negative outcomes in different financial services sectors - could rise significantly and be payable by MAB at short notice.	MAB has a range of fees and levies that it pays to the FCA and towards the FSCS annually. The FCA also charges for certain activities and from time to time increases its charges. Should costs rise uncontrollably and especially without notice, this could have a negative impact upon MAB's performance.	The Group regularly reviews its financial budgets and forecasting tools to ensure that it plans for and can respond to unforeseen financial costs. Additionally, there is a strong and proactive focus across the Group's Finance, Commercial and Compliance functions, towards all relevant and prevailing regulatory themes and wider industry failures. This typically ensures that most financials shocks are not unforeseen and can be planned for, even if they are significant.	High	Medium	No change
Reputational risk	If another large mortgage intermediary were to act negligently or not in customers' interests, there is a risk that consumers could feel negative towards MAB, resulting in reduced mortgage activity for the Group.	MAB prides itself on helping advisers to offer the best advice and outcomes to customers. Customer satisfaction is recorded on the feedback portal Feefo and is constantly monitored to enable the Group to have full visibility about the experience customers are having with MAB ARs' advisers. The feedback ratings are high in number and high in rating, reflecting good experiences and outcomes with customers.	Medium	Medium	No change

MAB is directly authorised by the Financial Conduct Authority ("FCA") and is one of the UK's leading consumer mortgage brands and networks for mortgage intermediaries. MAB specialises in providing mortgage advice to customers, as well as advice on protection and general insurance products. The Group has a long established and broad geographic spread across the United Kingdom.

MAB seeks to develop long term strategic relationships with its AR firms so that there is a close alignment of interests. Our proposition appeals most to multiple adviser firms that have ambition to grow both their market share and business, with the MAB brand an important USP that is adopted by the majority of our AR partners.

Aside from our subsidiary, First Mortgage, almost all the advisers are engaged directly by the ARs themselves. However, MAB carries out all of the compliance supervision on behalf of the AR firms, ensuring greater control and helping to achieve consistently high standards of consumer outcomes.

Products available through the Group

The Group's network offers advice on over 16,000 residential and buy to let mortgage products from circa 100 lenders, including those that are only available through mortgage intermediaries.

The Group's network also offers advice on a range of both protection and general insurance products, which are sourced from a panel of insurers.

Revenue model

The Company has 3 core revenue streams:

1. Mortgage procuration fees paid to MAB by lenders via the L&G Mortgage Club.
2. Insurance commission from advised sales of protection and general insurance policies.
3. Client fees paid by the underlying customer for the provision of mortgage advice. These can be split between application fee, and mortgage offer or completion fee.

Contractually, these income streams are paid to the Company. The AR Agreements set out the arrangements under which income from products sold by the advisers of the ARs is split between the Company and the relevant AR. MAB retains its revenue share from each of the above core income streams and then passes the balance onto its AR firms. The average number of advisers in each financial year is one of the key drivers of revenue.

Sector focus and specialisation

MAB has developed bespoke support services for intermediary firms that operate in specialist sectors such as estate agency (including on-line), new build, buy-to-let, mortgage shops and telephone-based mortgage advice. These specialist sectors are typically rich in generating new customers and sales, and offer intermediaries the greatest opportunity to grow their business.

Proprietary software

Technology is an increasingly important differentiator in the intermediary sector, and unlike the vast majority of other networks, MAB has developed its technology in-house, providing the business with a major competitive advantage in terms of the customer and adviser experience. This is one of the reasons why advisers and intermediary firms decide to join MAB.

Our proprietary software MIDAS Platform gives us the flexibility to deliver bespoke solutions in all our areas of specialisation, and is playing an increasingly important role in managing data to generate more leads, increasing adviser capacity/efficiency, as well as cross sales, customer retention and repeat sales.

Our proprietary software enables us to be at the forefront of responding to changing consumer behaviours and driving increasingly streamlined digital processes. This, combined with our existing expertise in face-to-face and telephony advice solutions, gives us a market leading position and a platform from which we can grow the Group further, through providing our advisers and customers with a better and more rounded mortgage and protection experience.

The Directors of MAB consider that they have acted in the way they consider, in good faith, would be the most likely to promote the success of the Company for the benefit of its members as a whole, having regard to matters set out in s172(1)(a-f) of the Companies Act 2006, in the decisions taken during the year ended 31 December 2021. In particular:

(a) Likely consequences of any decision in the long-term

Our core business model and strategy are designed to secure sustainable long-term growth whilst continuing to deliver strong results in the meantime, and as such the long-term is firmly within the sights of the Board when making all material decisions.

The business model and strategy of the Company is set out on pages 6 to 7 and page 30. Any amendment to that strategy is subject to Board approval.

At least annually, the Board considers a budget for the delivery of its strategic objectives based on a three-year forecast model. The senior management team reports non-financial and financial key performance indicators to the Board each month, including but not limited to the measures set out in the 'Key performance indicators' section of the Strategic report on page 15, which are used to assess the outcome of decisions made.

The Board's commitment to keeping in mind the long-term consequences of its decisions underlies its focus on risk, including risks to the long term success of the business. A prudent level of cash resources is maintained such that the payment of dividends to shareholders and of variable remuneration to employees, are balanced.

(b) The interests of the Company's employees

Our employees are fundamental to the delivery of our strategy. We are committed to developing our staff and maintaining the capacity to deliver sustainable growth. How the Directors have had regard to the interests of the Group's employees is set out on pages 41 and 42.

(c) The need to foster the Company's business relationships with suppliers, customers and others

Engaging with our stakeholders is very much a part of our ethos as it strengthens our relationships and helps us make better business decisions. More details on how we have regard for the interests of our suppliers and customers and how this has shaped our decisions can be found on page 43.

(d) The impact of the Company's operations on the community and the environment

We are proud to support our local community. More details on our engagement with local communities and charitable activities in 2021 can be found on pages 43 and 44.

The Group's impact on the environment is limited due to the nature of the Group's business operations, as set out in the Environmental performance and strategy section of the Strategic report on pages 36 and 37.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Board is committed to achieving and maintaining high standards of business conduct, corporate governance, integrity and business ethics.

A key to maintaining our reputation for high standards is to treat our customers, partners and employees fairly at all times, and our approach to conducting our business is focused on this outcome. We have designed a Risk Management Framework that is both robust and acts as an enabler to our business, ensuring that advisers receive the support and education they need to provide their customers with good advice and the best customer outcomes. This gives the Board confidence that the Company's strategic and growth objectives can be met within our risk and business conduct framework. To further enhance our risk framework the Group strengthened its 3rd line of defence by appointing RSM as Internal Audit partner in order to independently challenge the design and effectiveness of our controls.

More details on risk and our internal controls can be found on pages 45 to 50.

The Senior Managers & Certification Regime ("SM&CR") was introduced to increase individual accountability within firms in the wake of the 2008 financial crisis and came into effect for the Group in March 2021. Processes have been introduced to ensure the regulatory requirements are met and work is now focussed on further embedding the SM&CR principles into all aspects of our activities.

Our compliance processes and robust controls result in MAB being well regarded by lenders for both volume of transactions and customer outcomes. We measure customer satisfaction through the online review platform Feefo. We have recently won a Platinum trusted award from Feefo, with a score of 4.9 out of 5 from over 16,000 reviews. In 2021, the number of customer complaints received decreased to 0.1% of written mortgage volumes (2020: 0.2%). MAB remains below the threshold for referred complaints to the Financial Ombudsman Service and therefore does not appear on its public database.

The Group continues to monitor for, and respond to, the changing regulatory landscape. We have already started preparing for the Financial Conduct Authority's proposed changes in respect of Appointed Representative oversight and proposed rules to introduce the new 'Consumer Duty'.

(f) The need to act fairly as between members of the Company

The Board is committed to openly engaging with our shareholders. We recognise the importance of a continuing effective dialogue, whether with major institutional investors, private or employee shareholders. Further details on how we engage with our shareholders can be found on page 49.

The main methods used by the Directors to perform their duties include:

- the Board reviews the Group's business model and strategy to assess the long-term sustainable success of the Group and its impact on key stakeholders;
- the Board meets regularly throughout the year as well as on an ad hoc basis, as required by time critical business needs;
- the Board is responsible for the Company's ESG activities set out in the Strategic report;
- the Board's risk management procedures set out in the Corporate governance report identify the potential consequences of decisions in the short, medium and long term so that mitigation plans can be put in place to prevent, reduce or eliminate risks to the Company and wider stakeholders;
- the Board sets the Company's purpose, values and strategy, detailed in the Strategic report, and the senior management team ensures they align with its culture;
- the Board carries out direct shareholder engagement via the AGM and Directors attend shareholder meetings on an ad hoc basis;
- external assurance is received through external audits and reports from brokers and advisers; and
- specific training for existing Directors and induction for new Directors as set out in the Corporate governance report.

Principal decisions in the year

The principal non-routine decisions taken by the Board during the year were:

- the ongoing response to the COVID-19 pandemic;
- investments in Evolve FS Ltd and Heron Financial Limited in July and November 2021 respectively. These investments saw MAB strengthen its position in the new build sector;
- supporting the M&A activity of our investee companies, namely the acquisition of Metro Finance Brokers Ltd by Meridian Holdings Group Limited and the investment in M & R FM Ltd by First Mortgage Direct Ltd.

Stakeholders

Details of the Group's key stakeholders and how we engage with them are set out below.

- Shareholders: as owners of the Group, we rely on our shareholders' support and their opinions are important to us. We have an open dialogue with our shareholders through one-to-one meetings, group meetings and the AGM. Discussions with shareholders cover a wide range of topics including financial performance, strategy, outlook, governance and ethical practices. Shareholder feedback along with details of movements in our shareholder base are regularly reported to and discussed by the Board and their views are considered as part of decision-making.
- Employees: our people are the key to our success, and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including employee surveys, forums, well-being discussions, face-to-face briefings, internal communities and newsletters. During the pandemic there has been an increased focus on the health and well-being of our employees.
- Our ARs and advisers: maintaining an active dialogue and supporting our ARs and their advisers is paramount to our business. We hold regular review meetings with each AR firm and use a collaborative approach in operational matters such as setting goals and objectives. We regularly hold training sessions on various matters including compliance and updates to our technology platform.
- Customers: the quality of customer outcomes is central to our culture, which is reflected in our compliance strategy. Customer feedback is a core component in our strategy to ensure consumers receive a first-class experience. We have partnered with the online review company Feefo, to give us feedback on the service our advisers provide. MAB is accredited with the Platinum Trusted Service award. We continue to enhance our vulnerable customer strategy, to ensure that appropriate support is provided when customers need it most.
- Suppliers: we build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. Key areas of focus include innovation, enhancing our client propositions, health and safety and sustainability. The Board recognises that relationships with suppliers are important to the Group's long-term success and is briefed on supplier feedback and issues on a regular basis.
- Communities: we engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support local causes and issues, create opportunities to recruit and develop local people and help to look after the environment. We partner with local charities and organisations at an individual office level to raise awareness and funds. The impact of decisions on the environment both locally and nationally is considered with such considerations as the use of and disposal of paper and plastic.
- Government and regulators: we engage with the Government and regulators through a range of industry consultations, forums, meetings and conferences to communicate our views to policy makers relevant to our business. MAB is a member of the Association of Mortgage Intermediaries ("AMI") and the Quoted Companies Alliance. Key areas of focus are compliance with laws and regulations, health and safety. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Further information on the ways in which the Board engages with stakeholders is set out in the Directors' report on pages 41 to 44, and in the Corporate governance report on page 49.

We partnered with local charity Sustrans to promote the use of sustainable transport.

The Marketing team getting together in person for a team building event.

We celebrated winning the Financial Reporter Women's Recognition Award for Diversity and Inclusion.

Rick Richardson who works on Service Desk, receiving one of our first ever MABStars of 2021. Recognition from his peers for Delivering Wow.

Our internal Culture Design Group celebrating picking up the Best Organisation Business Culture Award, for their work on our new Mission, Vision and DNA.

Over 200 employees came together for a face to face event – MABFest. We shared business updates, met new colleagues in person and shared our successes.

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the government's policy on Streamlined Energy and Carbon Reporting, requiring disclosure of the environmental performance of the Group's assets through calculating the Group's greenhouse gas ("GHG") emissions and subsequently, setting strategies to minimise these emissions. The following information summarises the Group's environmental performance over the year.

Methodology

GHG emissions are quantified and reported according to the Greenhouse Gas Protocol. Consumption data has been collated and converted into CO_2 equivalent using the UK Government 2021 Conversion Factors for Company Reporting in order to calculate emissions from corresponding activity data. To collect consumption data, the Group has reviewed utility invoicing and its staff expense software to track business mileage in own vehicles.

We have collected data for both MAB and our subsidiary First Mortgage Direct Limited ("First Mortgage"). MAB owns 80% of First Mortgage but have factored in 100% of the Scope 1, Scope 2, and Scope 3 emissions.

We have calculated energy intensity and emissions intensity using the average number of employees in the year, including our subsidiary First Mortgage. We consider this to be a good indicator of the scale of the business and our energy intensity.

As part of the data collection, a materiality assessment was applied to determine which indicators were relevant to the Group. We have assessed each indicator in terms of its impact on the Group and its perceived importance to stakeholders.

Reporting boundaries and limitations

The GHG sources that constitute our operational boundary for the reporting period are:

- Scope 1: Natural gas combustion within boilers. MAB does not provide any company cars;
- Scope 2: Purchased electricity consumption for our own use; and
- Scope 3: Fuel consumption from employee-owned cars for business use.

Fuel connected with employee train and plane travel for business use has been excluded as amounts are likely to be immaterial and we consider it impractical to make estimations. Water usage has also been excluded as amounts are also likely to be immaterial. Fugitive gasses from office air conditioning are also considered immaterial. We have estimated Scope 3 emissions based on the split of Diesel vs. Petrol cars in the UK.

Performance

The table below shows absolute performance and like-for-like performance of our Scope 1, 2 and 3 emissions for the year, which represents the Group's first year of reporting under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018:

Energy consumption and associated GHG emissions (tCO_2e)		2020	2021	Change
Scope 1	Fuel consumption (gas office heating) (kWh)	**403,688**	**484,361**	**+20%**
	Associated GHG (tCO_2e)	**74**	**89**	**+20%**
Scope 2	Electricity consumption (office electricity) (kWh)	**322,306**	**322,017**	**0%**
	Associated GHG (tCO_2e)	**75**	**68**	**-9%**
	Total Scope 1 & 2 emissions	**149**	**157**	**+5%**
Scope 3	Fuel consumption (own cars for business use) (miles)	**180,437**	**245,841**	**36%**
	Fuel consumption (own cars for business use) (kWh)	**220,244**	**302,359**	**37%**
	Associated GHG (tCO_2e)	**54**	**74**	**37%**
	Total Scope 3 emissions	**54**	**74**	**37%**
	Gross Scope 1, 2 and 3 emissions	**196**	**231**	**18%**
	Total average employees (including First Mortgage)	**389**	**445**	**14%**
	Scope 1 and 2 emissions intensity (tCO_2e/employee/yr)	**0.38**	**0.35**	**-7%**
	Scope 3 emissions intensity (tCO_2e/employee/yr)	**0.14**	**0.17**	**19%**

The Group's electricity consumption (including First Mortgage) was flat compared to 2020, however associated GHG equivalent emissions decreased by 9%. This is probably due to an increasing proportion of UK electricity being produced from renewable sources in 2021.

The Group's gas consumption and associated GHG equivalent emissions were 20% higher than in 2020, mainly due to our offices being closed during the first lockdown in the second quarter of 2020.

Overall, we are pleased that our Scope 1 and 2 emissions intensity (in tCO_2e/employee) decreased by 7% in 2021 due to a higher number of employees occupying the same premises.

Our Scope 3 emissions intensity (in tCO_2e/employee) increased by 19%, mainly as 2020 was heavily impacted by the market closure during the second quarter.

Energy efficiency actions

Sustainability is embedded into our core values and we have taken a number of steps to reduce our impact on the environment. Our Head Office continues to be powered by 100% renewable electricity and energy saving light and heating is utilised. During 2021, we streamlined electricity suppliers for all the offices of our subsidiary First Mortgage, and are pleased to report that all of them are now powered by 100% renewable electricity. This will further reduce our GHG emissions.

MAB is at the forefront of change with regards to Green mortgages, with our ARs now able to actively source all Green mortgages via our MIDAS Platform. This is an important area for us where we can actively contribute to improving the sustainability of the housing stock in the UK.

We continually monitor our consumption and explore new ways to further reduce our usage. In 2021, we secured a green sponsorship from a major lender to offset the carbon emissions of our annual MAB Conference, thereby making it a net zero carbon event. Building on the introduction of our cycle to work scheme in 2020 we have partnered with local charity Sustrans to promote the use of sustainable transport methods.

We continue to work with a socially responsible specialist IT recycling company to arrange for the secure disposal and reuse of our old IT equipment.

We have replaced all of our single use plastic drinking cups with recyclable paper ones and no longer use plastic mineral water bottles. We have also donated some of our old office furniture to charity for reuse.

There has been a specific focus on reducing the level of printing undertaken by the Group. In 2021 we conducted a shareholder consultation with a view to confirming how our shareholders wished to received shareholder communication. This has resulted in a significant reduction in the level of printing of the Company's Annual Report and Accounts and associated environmental impact, and is an important step towards a paperless office.

Further improvements in our MIDAS Platform and to the structure of our Compliance function have also meant ARs, advisers and their clients are required to print fewer documents.

We continue to investigate new strategies to make our business more sustainable and through collaboration with all our stakeholders we expect to make further positive steps in this regard in 2022.

On behalf of the Board

Lucy Tilley
Chief Financial Officer

28 March 2022

The Board comprises three Executive and five Non-Executive Directors. A short biography of each Director is set out below:

Katherine Innes Ker,
Aged 61
Non-Executive Chair

Katherine has extensive executive and non-executive director experience. She is Senior Independent Director of Forterra plc and Non-Executive Director of Vistry Group plc. Her experience as a chair includes The Television Corporation, Shed Media plc, Victoria Carpets plc and Sovereign Housing Association and she was deputy chair of Marine Farms S.A. She has been a non-executive director of, amongst others, St Modwen Properties plc, Taylor Wimpey plc, Taylor Woodrow plc, Fibernet plc, Williams Lea plc, S&U plc and Gyrus Group plc. She is chair of the Remuneration Committee, Balliol College, Oxford.

Peter Brodnicki,
Aged 59
Chief Executive Officer

Peter was one of the founders of MAB in 2000. He has over 30 years' mortgage and financial services experience. Immediately prior to founding MAB, he was with Legal & General for five years where he held the position of Head of the Estate Agency Network, and also latterly as Recruitment Director. Peter's experience prior to Legal & General includes sales and management roles at Albany Life, before which Peter was at John Charcol. Peter has received a number of industry awards in recent years, including Business Leader of the Year (three consecutive years), Mortgage Strategist of the Year (two consecutive years), and the Industry's Most Influential Person.

Ben Thompson,
Aged 52
Deputy Chief Executive Officer

Ben was previously Chief Executive Officer of ULS Technology plc, the AIM-listed provider of online B2B platforms for the UK conveyancing and financial intermediary markets. Prior to that he held senior positions at Legal & General Group Plc, where he ran their market-leading mortgage distribution business, as well as the banking division.

Lucy Tilley,
Aged 50
Chief Financial Officer

Lucy joined MAB in May 2015 as Finance Director and became Chief Financial Officer in July 2019. She qualified as a Chartered Accountant in 1996 with KPMG. Prior to joining MAB, Lucy was most recently a director in the corporate broking team at Canaccord Genuity Limited and was part of the team that worked on MAB's admission to AIM in November 2014. At Canaccord Genuity Limited she advised numerous quoted and unquoted companies predominantly in the financial services sector.

Nathan Imlach,
Aged 52
Senior Independent Non-Executive Director

Nathan is Chief Strategic adviser to AIM listed Mattioli Woods plc, where his focus is on acquisitions and contributing to its future direction. Nathan is a director of a number of Mattioli Woods' subsidiaries and is also a trustee of Leicester Grammar School Trust. He qualified as a Chartered Accountant with Ernst & Young, specialising in providing mergers and acquisitions advice to a broad range of quoted and unquoted clients in the UK and abroad. He is a Fellow of the Chartered Institute for Securities & Investment and holds the Corporate Finance qualification from the Institute of Chartered Accountants in England and Wales. Previously, Nathan was CFO of Mattioli Woods plc for the 15 years following its IPO. He was also a director of Custodian Capital Limited and Company Secretary to Custodian REIT plc, having jointly led its listing on the Main Market of London Stock Exchange.

Stephen Smith,
Aged 64
Non-Executive Director

Stephen Smith has worked in the financial services market for nearly 40 years and was most recently responsible for Legal & General's award winning Mortgage Club, estate agency and technology operations, before retiring at the end of 2017. He is a former deputy chairman of The Association of Mortgage Intermediaries and served on its board for 14 years. He is a Fellow of the Chartered Institute of Bankers and holds a number of non-executive directorships with companies operating in the mortgage and Fintech markets.

David Preece,
Aged 61
Non-Executive Director

David joined MAB as an Executive Director in 2004 and retired as Chief Operating Officer in 2019, remaining on the Board as a Non-Executive Director. He has over 40 years of experience in financial services and is an Associate of the Chartered Institute of Bankers. Prior to joining MAB, roles included Senior Manager at NatWest Group Financial Control, Head of Mortgage Operations at NatWest and Head of Membership Services at the Britannia Building Society. David holds non-executive director positions, as well as acting in an advisory capacity, with companies in the financial services sector.

Mike Jones,
Aged 58
Non-Executive Director

Mike joined Lloyds Bank plc in 1985 and retired from Lloyds Banking Group plc ("LBG") at the end of 2020. He worked in many roles across the group, most recently as Managing Director, Intermediaries & Specialist Brands since 2010. His primary role was leading the Halifax, BM Solutions and Scottish Widows Bank business development teams working with mortgage intermediaries across the UK. Mike also chaired the LBG Housing Forum, the LBG Intermediary Conduct Forum and was responsible in the UK for Birmingham Midshires, Scottish Widows Bank and Intelligent Finance. He was also Chair of the Supervisory Board of Lloyds Bank GmbH, LBG's retail bank operating in Germany and The Netherlands, and this has continued since retiring from the parent.

Company:	**Mortgage Advice Bureau (Holdings) plc**	
Directors:	**Katherine Innes Ker**	Non-Executive Chair
	Peter Brodnicki	Chief Executive Officer
	Ben Thompson	Deputy Chief Executive Officer
	Lucy Tilley	Chief Financial Officer
	Nathan Imlach	Senior Independent Non-Executive Director
	Stephen Smith	Independent Non-Executive Director
	Mike Jones	Independent Non-Executive Director
	David Preece	Non-Executive Director
Company secretary:	**Fabien Holler**	
Registered office:	**Capital House** Pride Place Pride Park Derby DE24 8QR	
Registered number:	04131569	
Nominated adviser and broker:	**Numis Securities Limited** 45 Gresham Street London England EC2V 7BF	
Auditor:	**BDO LLP** 55 Baker Street London W1U 7EU	
Solicitors:	**Norton Rose Fulbright LLP** 3 More London Riverside London SE1 2AQ	
Principal bankers:	**NatWest Bank plc** Cumberland Place Nottingham NG1 7ZS	
Registrars:	**Equiniti Limited** Aspect House Spencer Road Lancing West Sussex BN99 6DA	

The Directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2021. For the purposes of this report, the expression "Company" means Mortgage Advice Bureau (Holdings) plc and the expression "Group" means the Company and its subsidiaries.

Results and business review

The principal activity of the Group continues to be the provision of financial services, in particular the provision of mortgage advice and advice on protection and general insurance products. The principal activity of the Company is that of a non-trading holding company. The review of the business, operations, principal risks and outlook are included in the Strategic report on pages 4 to 37. The financial statements set out the results of the Group on pages 64 to 109.

In 2021, the Group has continued to deliver its strategy to achieve year-on-year growth, irrespective of prevailing market conditions:

- Group revenue increased by 27% to £188.7m;
- Adviser numbers grew by 19% to 1,885 at 31 December 2021; and
- Our market share of new mortgage lending increased by 3% to 6.3%.

Adjusted profit before tax increased by 36% to £24.2m. Group profit for the year after taxation amounted to £19.3m, up 51% on the previous year. Income tax expense for the year was £3.9m, an effective rate of 16.9% (2020: 14.0%).

Dividends

In line with the Group's dividend policy following the First Mortgage acquisition of paying out a minimum of 75% of its adjusted earnings, the Board recommends a final dividend of 14.7 pence per share, totalling £7.8m. This represents a payout of 75% of the Group's adjusted profit after tax for 2021, adjusting for minorities and non-cash items.

This has not been included within the Group financial statements as no obligation existed at 31 December 2021. If approved, the final dividend will be paid on 30 May 2022 to ordinary shareholders whose names are on the register on 29 April 2022. Dividends paid during the year amounted to £17.3m and were in respect of the final dividend for the year ended 31 December 2020 and the interim dividend for the year ended 31 December 2021.

Going concern

The Directors have assessed the Enlarged Group's prospects until 31 December 2023, taking into consideration the current operating environment, including the impact of recently increased geopolitical and macroeconomic uncertainty and inflationary pressures on property and lending markets. The Directors' financial modelling considers the Enlarged Group's profit, cash flows, regulatory capital requirements, borrowing covenants and other key financial metrics over the period.

These metrics are subject to sensitivity analysis, which involves flexing a number of key assumptions underlying the projections, including the effect of recently increased geopolitical and macroeconomic uncertainty and inflationary pressures and their impact on the UK property and lending markets and the Group's revenue mix, which the Directors consider to be severe but plausible stress tests on the Enlarged Group's cash position, banking covenants and regulatory capital adequacy. The Group's financial modelling shows that the Enlarged Group should continue to be cash generative, maintain a surplus on its regulatory capital requirements and be able to operate within its current financing arrangements.

Based on the results of the financial modelling, the Directors expect that the Enlarged Group will be able to continue in operation and meet its liabilities as they fall due over the 12 months from the approval of the financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Events after the reporting date

On 28 March 2022 Mortgage Advice Bureau (Holdings) plc announced that it had agreed to acquire 75.4% of Project Finland Topco Limited, which indirectly owns 100% of The Fluent Money Group Limited ("Fluent" or the "Business") from its current shareholders including Beech Tree Private Equity and founders for an enterprise value of £95 million on a debt free, cash free basis (the "Acquisition"). Fluent is a technology enabled telephony mortgage broking platform that has developed a leading end to end digital customer journey with approximately 420 employees including c.125 advisers across Mortgages (first charge mortgages), Secured Personal Loans (second charge mortgages), Later Life lending and Bridging Finance. The Acquisition will be funded from the Company's existing cash resources, new debt facilities up to £35m and the proceeds of a placing of new ordinary shares in the Company, which raised £40 million.

The founder shareholders will retain a 24.6% ownership stake at completion. Total consideration at completion will comprise c. £73 million paid in cash, subject to adjustment to reflect the daily cash generation of Fluent if completion takes place before or after 30 June 2022. MAB will have the right to acquire the remaining 24.6% after six years at a valuation subject to certain performance criteria under a mutual put/call arrangement. Total consideration for the put/call arrangement will be capped at £120 million and MAB can, at its discretion, satisfy up to 50% of the consideration through the issue of new ordinary shares in MAB.

MAB and Fluent will be able to leverage their respective unique selling points and leading technology capabilities to be the leading player in the rapidly expanding national customer lead source market.

MAB also entered into an agreement on 28 March 2022 with NatWest, in respect of a new term loan for £20m and a new revolving credit facility for £15m, in order to part fund the cash consideration payable in relation to the Acquisition. It is MAB's intention to repay the drawn down proportion of this debt facility as soon as practicable. MAB's practice over recent years has been to pay out approximately 75% of its adjusted profit after tax and minority interests as dividends and MAB intends to keep that level of pay out.

The terrible atrocities currently unfolding in Ukraine increase the economic uncertainty, and the longer-term financial consequences are unknown. Energy prices are already impacted, as are businesses with trade both to and from Russia. MAB has no interests which are directly impacted by the conflict.

There were no other material events after the reporting period, which have a bearing on the understanding of these consolidated financial statements.

Directors

A list of the current serving Directors and their biographies is given on page 38. All of the Directors served during 2021. All Directors will stand for re-election at the 2022 Annual General Meeting.

Directors' indemnity

All Directors and Officers of the Company have the benefit of the indemnity provision contained in the Company's Articles of Association and have received a deed of indemnity from the Company. The Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors and Officers, although no cover exists in the event Directors or Officers are found to have acted fraudulently or dishonestly.

Share capital

Mortgage Advice Bureau (Holdings) plc is a public limited company incorporated in England and Wales and its shares are quoted on the AIM market of the London Stock Exchange plc. The Company's issued share capital during the year and as at 31 December 2021 is shown in note 24. Save as agreed at the Annual General Meeting of the shareholders, the ordinary shares have pre-emption rights in respect of any future issues of ordinary shares to the extent conferred by section 561 of the Companies Act 2006.

Rule 9 of the City Code

Under rule 9 of the City Code, where any person acquires an interest in shares which carry 30% or more of the voting rights that person is normally required to make a general offer to all remaining shareholders of the Company to acquire their shares.

The Panel on Takeovers and Mergers ("the Panel") considers two of the Directors (Peter Brodnicki and David Preece) as persons acting in concert for the purposes of the City Code. At 31 December 2021 the Concert Party held ordinary shares, in aggregate, representing 21.3% of the issued share capital of the Company.

Substantial shareholdings

At 31 December 2021, the Company had been notified of the following interests representing 3% or more of its issued share capital:

Shareholder	Number of ordinary shares	Percentage holding
Peter Brodnicki	10,401,227	19.55%
Liontrust Investment Partners	10,326,864	19.41%
Kayne Anderson Rudnick Investment Management	5,316,374	9.99%
Standard Life Aberdeen plc	3,722,323	7.00%
M&G Plc	2,605,048	4.90%
Octopus Investments Nominees Ltd	2,159,198	4.06%
SEB Investment Management AB	1,771,643	3.33%
Wasatch Advisors, Inc	1,650,164	3.10%

Directors' interests

Directors' emoluments, beneficial interests in the shares of the Company and their options to acquire shares are disclosed in the Directors' Remuneration Report. During the period covered by this report, no Director had a material interest in a contract to which the Company or any of its subsidiaries was a party (other than their own service contract), requiring disclosure under the Companies Act 2006. There are procedures in place to deal with any Directors' conflicts of interest arising under section 175 of the Companies Act 2006 and such procedures have operated effectively.

Related party transactions

Details of related party transactions are given in note 27.

Employee engagement

Our employees are our most valuable asset. Their immense knowledge, skills and experience are key to our success in delivering our business plan and are vital to ensuring we maintain the high standards of customer service and satisfaction which underpin the provision of quality advice. We focus on creating a working environment in which people thrive and where our core values are communicated effectively and upheld. We believe that a positively engaged workforce is one that is more productive, happier and fulfilled, which in turns leads to improved performance, greater customer satisfaction and reduced employee attrition.

In 2021, we strengthened our People team with the appointment of a People & Culture Director to lead the focus on our culture and to drive positive employee engagement. In addition, we recruited a People & Culture Champion to oversee our end-to-end employee experience and build on what the Group had already achieved.

Employee engagement (continued)

In April 2021 we launched our newly defined Mission, Vision and DNA – the behaviours we aim to live and breathe to enable us to achieve our vision. This was launched under the name 'MABology' as part of an event where we brought together 200 colleagues virtually. This was the culmination of a 6-month project which involved employees from across the business coming together to determine how they wanted to harness MAB's culture and enable it to grow and develop further.

The launch of our MABology has been successful in bringing people together and helping them to understand the role that they play in helping MAB achieve its ambitions. As part of the implementation, we have rolled out several initiatives to bring people together as part of one team.

Prioritising the health and safety of our employees has remained imperative for the Group in 2021. Given working from home continued to be the norm for large parts of the year, we ensured that we maintained and increased our level of communication and engagement with our employees.

Every fortnight, we hold a virtual update called Friday Joy. This is a light-hearted update, hosted by members of the senior leadership team in which we share business updates and celebrate new starters, birthdays and MAB successes. The first of these updates was held in April 2021 and with a different host and theme for each session they have proved to be very well received and attended.

We have introduced quarterly 'MABFest' events which are hosted by the Executive Team and used to share strategic developments, wider business updates and provide a great opportunity for employees from across the UK to come together.

We regularly ask our colleagues for feedback and have undertaken two engagement surveys in the last 12 months to help shape the priorities for the People Team. Participation in these averaged 75% and has seen our employee engagement score increase from 13 to 32 using Employee Net Promoter Score (eNPS), a method of measuring how likely employees are to recommend their company as a place of work. eNPS scores can range from -100 to +100. We regularly give our colleagues the chance to provide feedback and ideas through online suggestion forms or otherwise, and encourage them to use their voice.

Recognising the hard work and teamwork of our colleagues, we launched a peer-to-peer recognition initiative, 'MABplause'. Throughout the week, employees can nominate colleagues for a virtual 'shout out' in appreciation of them living and breathing the MAB DNA. To date over 800 MABplauses have been given with those consistently recognised put forward for our quarterly MABStar awards.

In June we wanted to say thank you to everyone for their efforts throughout the Covid pandemic and to celebrate the lifting of the restrictions. We gave everyone a day off, a MABoliday, and asked our colleagues to share with us how they spent their day off.

Supporting our employees both mentally and physically remained a priority in 2021. We continued to offer virtual personal training sessions and partnered with the charity Sustrans to promote walking and cycling to work. We also launched weekly lunchtime walks in line with the TechTime Out challenge to encourage employees to take a break from electronic devices during the day. To support our colleagues mentally we offered breathwork classes, Time to Talk drop-in sessions with the People Team, and even knitting classes to help promote healthy minds.

Recognising the importance of achieving a good work/life balance we have continued to provide a more flexible working environment enabling our employees to work from home part of the week if they wish to.

The Group is committed to developing its employees and maintaining the capacity to deliver sustainable growth. In 2021 we further developed the MAB Hub platform, set up in 2020 and which provides learning and development opportunities to support employee personal growth competence more effectively and enhances the governance framework for the SM&CR regime. In 2021, over 72,000 hours of training were completed on the MAB Hub platform by our employees and advisers.

We continue to share the success of the Group with our staff. MAB operates a WorkSave Pension Plan available to all employees and contributes to the pension schemes of Directors and all employees. The Group operates an Unapproved Incentive Plan and a Share Incentive Plan, details of which are given in the Directors' Remuneration Report and the financial statements.

The Mortgage Advice Bureau (Holdings) plc Share Incentive Plan ("the SIP") enables employees to buy shares in the Company in a tax advantageous manner by having an amount deducted from pre-tax salary each month. In addition, the Company grants participating employees matching shares.

The Group is committed to the principle of equal opportunity in employment, regardless of a person's race, creed, colour, nationality, gender, age, marital status, sexual orientation, religion or disability. Employment policies are fair, equitable and consistent with the skills and abilities of the employees and the needs of the business.

We are members of the Diversity and Inclusivity Forum and are an open and diverse employer. Our approach to equality in the workplace was recognised at the Financial Reporter Women's Recognition Awards when we won Equality Employer of the year 2021.

We are proud of our investment in our people and our culture, and last year we won the Business Culture Award for Best Business Culture 2021. We continue to invest in our people and our culture to enable us to achieve our vision to be an amazing place to work.

Engagement with customers and suppliers

Engaging with our stakeholders is very much a part of our ethos as it strengthens our relationships and helps us to make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of customers, suppliers and shareholders' insights into the issues that matter most to them and our business.

In particular, maintaining an active dialogue and supporting our ARs is key to our business. We use a collaborative approach in operational matters such as setting goals and objectives and hold regular review meetings with each AR firm. We also work with specialist ARs and providers to explore new ideas and growing markets.

Several initiatives were introduced and built upon throughout the year to maximise engagement with our ARs and advisers. Investment were made across all of our major support functions, including sales, recruitment, marketing, regulatory and compliance. A dedicated customer care team was also introduced to assist ARs and advisers in maximising every opportunity.

Concerted efforts were made in 2021 to drive increased lead generation for our ARs and this will continue to be a key focus. We made significant improvements to our MIDAS Platform to enable this to happen at scale.

Regular business owner forums are used to educate our business owners on current trends, market updates and developments at MAB whilst fortnightly clinics are also held at an adviser level. Such sessions are designed to increase adviser skill and knowledge and ultimately to help support their proposition to their clients. These events supplement our content rich online platform, MABChat, which is used across our network, as well as MABHub, our training and competency online platform.

We aim to be at the forefront of providing good advice to consumers, leveraging our proprietary MIDAS Platform, by offering our customers the choice of how they want to transact whilst giving our ARs the tools to improve their productivity. ARs input regularly into the MIDAS Platform for instance through the Regular User Group that has been established. We continue to enhance our vulnerable customer strategy to ensure that appropriate support is provided when customers need it most.

We have invested in our learning and development function to allow us to deliver more inductions and academies and in turn support our ARs with the recruitment of advisers. We have streamlined our academy courses to allow advisers to be operational sooner, whilst not compromising on the quality of customer outcomes.

The learning and development team has been further strengthened by the appointment of a dedicated Leadership trainer, responsible for designing programmes to help our AR leaders deliver the best outcomes for their teams and, in turn, their customers.

Each region now has a dedicated learning and development consultant who works with our ARs and their advisers to help create bespoke learning packages to drive the knowledge and skill required to help our customers.

In recognition of our approach to learning and development, MAB is proud to have achieved the City & Guilds Princess Royal Training Award. The award is an honour for UK employers across all industries that have created lasting impact by successfully linking their skills development needs to business performance.

The quality of consumer outcomes is central to our culture, which is reflected in our compliance strategy. We run regular compliance workshops for each AR firm, and in 2021 we further improved MAB Hub, the online platform first launched in 2020 to aid with the provision of proactive and efficient compliance support to our ARs whilst helping their advisers with continuing professional development.

Strong and sustainable relationships with our product providers are also fundamental to our success. We hold regular roundtable events with them where topics such as business process improvements are discussed as a group. This open dialogue has for instance contributed to the implementation by our technology team of a more seamless mortgage submission process. We continue to complete further direct to lender submission routes for mortgage applications and have plans to extend these further in 2022, with the major top 10 lenders.

Community engagement and charitable donations

Corporate Social Responsibility is important to the Group, and we try to engage with the communities in which we operate in a meaningful and impactful manner.

In December 2021 MAB applied to establish a Charitable Incorporated Organisation (CIO), the Mortgage Advice Bureau Foundation. The Mortgage Advice Bureau Foundation will be a grant giving organisation with the specific purpose of supporting the development of sustainable community-based projects by enabling communities to lead local initiatives but with potential to scale.

Through it, we will seek to meet the diverse needs of all people in existing and future communities, promoting personal wellbeing, healthy recreation, social cohesion and inclusion, environmental sustainability, and creating equal opportunity. By empowering our staff, business partners and most importantly our customers to come together to tackle issues of local importance we will be challenging them to get involved in community projects.

We have earmarked a significant budget for charitable activity to be channelled through the Mortgage Advice Bureau Foundation.

In light of events on-going in Ukraine, a donation of £20,000 has been made in March 2022 to the Red Cross to support their work in the region.

In 2021 we also launched a new volunteering initiative, The Share The Love Days. This gives every employee two days paid leave a year to volunteer. In December 2021, employees volunteered with The Salvation Army in Derby helping with its Christmas Toy Appeal.

Political donations

The Group has made no political donations during the year (2020: £nil).

Environmental

The Board believes in good environmental practices. In 2021 we have continued to introduce a number of initiatives to minimise our impact on the environment, as set out in the Environmental performance and strategy section on pages 36 and 37. However, due to the nature of its business generally, the Group does not have a significant environmental impact.

Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held on 25 May 2022. The notice of meeting is included with this document and contains further information on the ordinary business to be proposed at the meeting.

Principal risks and uncertainties

The Directors' view of the principal risks and uncertainties facing the business is summarised in the Strategic report on pages 20 to 29. A full review of financial risk management can be seen on pages 99 to 102.

Corporate governance

A full review of Corporate governance appears on pages 45 to 50.

Auditors

BDO LLP, who were appointed as auditors during 2014, have confirmed their willingness to continue in office as auditor in accordance with Section 489 of the Companies Act 2006. The Group is satisfied that BDO LLP are independent and there are adequate safeguards in place to safeguard their objectivity. A resolution to re-appoint BDO as the Company's auditor will be proposed at the AGM on 25 May 2022.

Directors' statement as to disclosure of information to the auditor

All of the Directors who were members of the Board at the time of approving the Directors' Report have taken all the steps they might reasonably be expected to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. To the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware.

On behalf of the Board

Lucy Tilley

Chief Financial Officer

28 March 2022

Introduction

The Board is committed to achieving high standards of corporate governance, integrity and business ethics. Under the AIM Rules the Group is required to apply a recognised corporate governance code. The Board has resolved to adopt the Quoted Companies Alliance ("QCA") corporate governance code, which requires the Group to apply 10 principles focused on the pursuit of medium to long-term value for shareholders and also to publish certain related disclosures.

As a Board we believe that good governance is crucial to the delivery of our strategic objectives. We aim always to remain abreast of best practice and of developments in the regulatory framework within which we operate, and in the way in which we seek to serve the needs of our customers.

Further details on MAB's corporate governance are contained in the section entitled 'Corporate Governance' on MAB's investor website (www.mortgageadvicebureau.com/investor-relations).

Board composition and independence

In 2021, the Board of Directors comprised three Executive Directors, four independent Non-Executive Directors and one other Non-Executive Director. Their biographies on page 38 demonstrate a range of experience which is key to the success of the Group.

The four independent Non-Executive Directors are considered by the Board to be independent of management and free from any relationship which might materially interfere with the exercise of independent judgement. As such, they provide a strong independent element to the Board. The Board does not consider the independent Non-Executive Directors' shareholdings to impinge on their independence. Nathan Imlach is the Senior Independent Director.

All the Non-Executive Directors bring a mix of skills and experience at a senior level of business operations and strategy. Together they bring the skills and experience which support our strategic direction and our culture.

All Directors have access to the Company Secretary, Fabien Holler, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. The Board meets at least seven times each year, and additional meetings are held as required. The Board is the principal forum for directing the business of the Group.

Operation of the Board

The Board is responsible to shareholders for the proper management of the Group, sets its long-term objectives and commercial strategy, and approves its business plans, operating and capital budgets, and the interim and annual accounts.

The Board considers and approves the Group's dividend policy, changes in the Group's capital and financing structure, and significant transactions including acquisitions and disposals. The Board is responsible for ensuring the maintenance of a sound system of internal control and risk management, for Board appointments and succession planning, the approval of the Remuneration Policy and remuneration arrangements for the Directors and other senior managers, and for setting the terms of reference for Board Committees. Other matters are delegated to management, supported by policies for reporting to the Board.

The Company maintains appropriate insurance cover in respect of legal action against the Company's Directors, but no cover exists in the event that a director is found to have acted fraudulently or dishonestly.

The agenda and papers for Board meetings are distributed by the Company Secretary on a timely basis, usually five days before each Board meeting.

The roles of Chair and Chief Executive Officer are distinct with clear division of responsibilities. The Chair's role is to ensure good corporate governance, and her responsibilities include leading the Board, ensuring the effectiveness of the Board in all aspects of its role, setting the Board's agenda, ensuring that all directors participate fully in the activities and decision making of the Board, and ensuring communication with shareholders. As part of the Senior Managers and Certification Regime (SM&CR) which applies to the Company as an FCA-regulated firm, the Chief Executive Officer, Deputy Chief Executive Officer and Chief Financial Officer each have a specific role clearly set out in a statement of responsibilities. Together, they are responsible for overseeing the development and the delivery of the strategy approved by the Board, and the day-to-day operational and commercial management of the Group by the senior executive team. The Board is committed to developing the corporate governance and management structures of the Group to ensure they continue to meet the ongoing needs of the business.

On appointment, Board members, in particular the Chair and the Non-Executive Directors, disclose their commitments and agree to allocate such time as is necessary to the Company in order to discharge their duties effectively. The Board has considered the time commitments of each director and is comfortable that each has sufficient available capacity to carry out the required duties for the Company. Any conflicts of interest are dealt with in accordance with the Board's conflict of interest procedures.

All Executive and Non-Executive Directors retire and put themselves forward for re-election annually at each Annual General Meeting and as such all Directors will stand for re-election at the 2022 Annual General Meeting.

The Board aims to lead by example and do what is in the best interests of the Company. We have a strong set of values that we communicate as fundamental to achieving good customer outcomes and promoting business success, and this is core to our culture. The board is committed to ensuring MAB has a healthy corporate culture and conducts an annual staff survey as part of this.

Induction, training and performance evaluation

All the Directors keep abreast of key issues and developments pertaining to industry, financial, regulatory and governance matters. The Directors regularly attend briefing seminars, conferences and/or industry forums, read trade publications and undertake training courses or online learning to keep up-to-date on relevant matters. Where appropriate, the Board receives presentations from industry and professional experts. The Chief Executive Officer and Deputy Chief Executive Officer are regular participants at a number of industry specific conferences, and the Chief Financial Officer regularly participates in seminars on accounting, other financial and governance matters.

In addition, the Non-Executive Directors hold other directorships and continually add to their skillset through those connections. Regular and open communication ensures that relevant information is disseminated effectively to the Board as a whole. Any Director, on appointment and throughout their service, is entitled to receive any training they consider necessary to fulfil their responsibilities effectively.

As required by SM&CR, the non-executive Chair regularly assesses the continuing fitness and propriety of each Board member and their individual contributions to ensure amongst other things that:

- their contribution is relevant and effective;
- they are committed; and
- where relevant, they have maintained their independence.

Board evaluation

In 2021 the recommendations and conclusions of the Board evaluation that had been undertaken in 2020 were kept under review and acted upon as necessary. A summary of the findings of the review of the Board's, Committee's and Chair's performance and overall effectiveness is detailed below. In the course of the year the Terms of Reference for each of the committees of the Board were updated to reflect changes required by developments in governance standards and practices. A Schedule of Matters Reserved for the Board was updated to reflect the change in size of the Group since the IPO in 2014.

The effectiveness evaluation process focused on the following areas:

- composition, mix of skills and experience, diversity;
- procedures and operation of the Board and Committees;
- culture and tone from the top;
- stewardship and governance; and
- strategy.

The evaluation confirmed that the board understands its strengths and weaknesses, and can respond appropriately according to changing market and business needs. The Board concluded that the composition of the Board and its Committees are appropriate, procedures in place are effective, responsibilities are divided clearly, and the Directors have the skills and experience, independence and knowledge to allow the Board and its Committees to effectively discharge their duties. The Senior Independent Director conducted a separate review with each of the Directors to assess the performance of the Chair and compiled a detailed report on these areas, shared with the Chair, and which concluded that the Chair was effective, and had the requisite skills, experience and knowledge required.

Induction programme

The Board has an induction programme so that new directors receive a formal induction on their appointment covering the activities of the Group, its key business, governing law and corporate governance codes, strategy, financial and regulatory risks, the terms of reference of the Board and its Committees, and the latest financial information. The induction programme includes meetings with the Executive Directors, Company Secretary, members of the Executive board and other members of management, meetings with external advisers including our Nominated adviser and auditors as appropriate, and access to Board and Committee papers and minutes.

Board committees

To assist in discharging its duties, the Board has delegated authority to four specialist committees: an Audit Committee, a Group Risk Committee, a Remuneration Committee, and a Nominations Committee. The terms of reference of each committee are approved by the Board and kept under review. The Chair of each committee provides a report of any meeting of that committee at the following Board meeting.

Meetings and attendance

All directors are expected to attend all Board meetings and meetings of Committees of which they are members. In 2021, the number of Board meetings held was unusually high as the Group faced the challenges caused by the Covid-19 pandemic. Directors' attendance at meetings during the year was as follows:

Meetings attended (eligible to attend)	Board	Audit	Remuneration	Nomination	GRC
Katherine Innes Ker	17 (17)	2 (2)	7 (7)	3 (3)	5 (5)
Peter Brodnicki	17 (17)	–	–	3 (3)	5 (5)
Ben Thompson	17 (17)	–	–	–	5 (5)
Lucy Tilley	17 (17)	–	–	–	5 (5)
Nathan Imlach	17 (17)	2 (2)	7 (7)	3 (3)	5 (5)
Stephen Smith	17 (17)	2 (2)	7 (7)	3 (3)	5 (5)
David Preece	17 (17)	1 (1)[1]	7 (7)[1]	3 (3)	5 (5)
Mike Jones[2]	13 (17)	2 (2)	5 (7)	2 (3)	4 (5)

Notes:

1. David Preece stood down as a member of the Audit and Remuneration Committees following the Company's 2020 AGM.
2. Mike Jones was appointed to the Board on 1 March 2021.

Audit Committee

As at 31 December 2021, the Audit Committee comprised Nathan Imlach (Chair), Katherine Innes Ker, Mike Jones and Stephen Smith. David Preece stood down from the Audit Committee following the Company's AGM in May 2020, and on 1 March 2021 Mike Jones joined the Committee as an independent Non-Executive Director.

Nathan Imlach is a Chartered Accountant and the Board is satisfied that all members of the committee have recent and relevant financial experience. We have considered the Financial Reporting Council's guidance that the Committee should have competence relevant to the financial services sector and have concluded that the Committee, as a whole, satisfies this requirement. The Committee meets together with the Chief Financial Officer, Lucy Tilley, not less than twice a year. The Board believes the Committee is independent, with all members being independent Non-Executive Directors.

The responsibilities of the Audit Committee are outlined in the Committee's Terms of Reference, with its key responsibilities being:

- To review the reporting of financial and other information to the shareholders of the Company and to monitor the integrity of the financial statements;
- To review the Company's accounting procedures and provide oversight of significant judgement areas;
- To review the effectiveness of the external audit process and the independence and objectivity of the external auditor;
- To review the effectiveness of the Group's internal financial control and risk management systems; and
- To report to the Board how it has discharged its responsibilities.

Committee meetings are normally attended by representatives of the external and internal auditors. The Chief Executive Officer, Chief Financial Officer and Deputy Chief Executive Officer are invited to attend at the Committee's request. The presence of other senior executives from the Group may be requested. The Committee meets with representatives of the external auditors without management present at least once a year.

There is a cross membership with the Group Risk Committee, to help ensure that agendas are aligned, and key information is shared appropriately across the Board Committees.

Activities during the year

The Audit Committee met twice during the year, where it considered the significant financial and audit issues, the judgements made in connection with the financial statements and reviewed the narrative within the Annual Report and the Interim Report.

Last year the Audit Committee considered the establishment of an internal audit function and the most appropriate way for this to be structured. In light of an ever-changing regulatory environment, the committee resolved that outsourcing gives the Company access to greater skills externally, while having the ability to shrink or expand our internal audit activities to meet the ongoing demands of the business. As the third line of defence, the internal audit function (together with the external auditors in connection with their audit of the financial statements) builds risk awareness within the organisation by challenging the first and second lines of defence to continue improving the controls framework.

The internal audit function was put out to competitive tender at the start of the year, with RSM being appointed as Internal Auditor in March 2021 following conclusion of the tender process in line with best practice.

The Audit Committee also considered the appointment of, and fees payable to, the external auditor and discussed with them the scope of the interim review and annual audit.

Specific audit issues the committee discussed included:

- Consideration of the potential impact on the financial statements of risks associated with the COVID-19 pandemic;
- Review and approval of the internal audit plan for the year;
- Assessment of whether each entity and the group as a whole are going concerns, including whether forecast performance would result in an adequate level of headroom over the group's available cash facilities, including the potential impacts of the COVID-19 pandemic;
- Review of the whether any impairment needed to be recognised in respect of the carrying value of investments in and loans to associates;
- Provisions recognised in respect of commission on life policies that may be clawed back if the policy lapses within four years of being taken out and management's key assumptions and estimates applied in reaching these recognition and measurement decisions;
- The correct recognition of revenues under IFRS 15;
- Approval of a formal policy on the provision of non-audit services by the external auditors, in line with the FRC's Ethical Standard for Auditors;
- Development of an audit and assurance policy;
- The design and implementation of enhanced information technology general controls around logical access management and change management for the Company's key financial systems through segregation of duties, adherence to formal change processes and formal user access reviews; and
- A review of the Committee's performance.

Internal audit

The internal audit team has progressed the agreed internal audit plan during the period, with RSM's initial focus being on:

- An advisory review of our risk management framework, which noted some opportunities to strengthen the framework, including the development of key risk indicators;
- An assurance review of the Company's implementation of SM&CR, which concluded the requirements of the regime are being met but identified some enhancements to strengthen the control environment; and
- A digital risk assessment providing a maturity review against the current control framework, which identified several important control improvementsto be implemented within the Group's IT risk domains.

External auditor

An analysis of fees payable to the external audit firm in respect of audit and non-audit services during the year is set out in note 6 to the financial statements. The Company is satisfied the external auditor remains independent in the discharge of their audit responsibilities.

The Committee also reviews the external auditor's management letter and detailed presentations are made to the Committee by the Company's auditor at least once a year.

Remuneration Committee

As at 31 December 2021, the Remuneration Committee comprises Katherine Innes Ker (Chair), Nathan Imlach, Stephen Smith, and Mike Jones.

The Committee meets not less than twice a year, and more frequently as required. It is responsible for determining and reviewing the Group's policy on executive remuneration and other benefits, ensuring that this is aligned to the delivery of the Group's strategic objectives and terms of employment, including performance-related bonuses and share options. The Committee administers the operation of the share option and share incentive schemes established by the Company.

The members of the Remuneration Committee have no personal interest in the outcome of their decisions and seek to serve the interests of shareholders to ensure the continuing success of the Company. All members of the Remuneration Committee are independent Non-Executive Directors. The remuneration of the Non-Executive Directors is determined by the Executive Directors of the Board. No Director is permitted to participate in decisions concerning their own remuneration.

The Committee met seven times during the year, with key items considered including:

- The Group's remuneration policy and its operation since IPO in 2014;
- Annual review of the Executive Directors' and other Senior Managers' base salaries and bonus arrangements;
- Awards to be granted under the share option and share incentives schemes operated by the Company; and
- Vesting of executive options.

The Committee continues to review the Group's long-term incentive plans to ensure it can continue to attract, retain and incentivise appropriately qualified staff to achieve its goals.

Further information about the Committee and the Group's remuneration policy is as set out on pages 51 to 55 in the Directors' Remuneration Report.

Nominations Committee

The Nominations Committee comprises Katherine Innes Ker (Chair), Nathan Imlach, David Preece, Stephen Smith, Mike Jones and Peter Brodnicki.

The Committee is responsible for:

- reviewing the size, structure and composition (including the skills, knowledge, experience and diversity) of the Board and to make recommendations to the Board with regard to any changes;
- succession planning for both Executive Directors and Non-Executive Board roles, and other Senior Executives in the Group; and
- identifying and recommending to the Board for approval candidates to fill Board and senior management vacancies where required.

The Committee works in close consultation with the Executive Directors, with its main priorities being Board structure, ensuring that we have the right skills and experience to fulfil our responsibilities, and management development and succession.

The Nominations Committee met three times during the year, to appoint Mike Jones as an independent Non-Executive Director, to consider succession planning for the Executive Directors, to note appointments to the executive team, and to consider the development of succession planning for the Non-Executive Directors.

Group Risk Committee, and Risk and Compliance Committee

The Group Risk Committee (GRC) comprises Stephen Smith (Chair), Katherine Innes Ker, Nathan Imlach, Mike Jones, David Preece, Peter Brodnicki, Ben Thompson and Lucy Tilley.

The GRC meets five times per annum to review and discuss the following:

- All major Group-related existing and potential risks, including a review of the Group Risk Register, Risk Appetite and Management Framework, and any RCC escalations;
- Regulatory consultation papers and impending legislation changes;
- Senior Managers and Certification Regime (SM&CR);
- General Data Protection Regulation (GDPR);
- Cyber Security;
- Operational Resilience;
- Environmental, Social and Governance (ESG), vulnerable clients, diversity, and any other relevant regulatory themes;
- The effectiveness of the Group's procedures on whistleblowing, anti-bribery and corruption, and anti money-laundering; and
- Other major risk considerations and relevant upcoming legislation.

The Risk and Compliance Committee (RCC) reports to the GRC and meets on a monthly basis to review the adequacy and effectiveness of the Company's internal controls, compliance and risk management systems (including conduct risk), ensuring that the Company is fulfilling its regulatory responsibilities. As and when required, the RCC escalates major risk events to the GRC.

The Group's risk framework is designed to ensure that risks are identified, managed and reported effectively. The Group has been investing in its risk management framework to meet the requirements of key regulatory changes that apply to the Group, such as SM&CR, the new requirements on GI pricing and fair value, the New Consumer Duty and the proposals for improving the AR regime as well as implementing its own Risk Profiler system.

The Committee met five times during the year, with key items considered, in addition to those set out above, including:

- the identification and treatment of vulnerable customers;
- operational resilience;
- hybrid working;
- GI pricing and fair value; and
- and the FCA's proposals for a New Consumer Duty and the improvement of the AR regime.

Communications with shareholders

The Board is committed to maintaining communication with the Company's shareholders. The principal methods of communication with private investors remain the Annual Report and financial statements, the Interim Report, the AGM and the Group's website (www.mortgageadvicebureau.com/investor-relations).

All Directors will normally attend each AGM and shareholders are given the opportunity to ask questions. In addition, the Chief Executive, Deputy Chief Executive and Chief Financial Officer welcome dialogue with individual institutional shareholders to understand their views and feed these back to the Board. General presentations are also given to analysts and investors covering the annual and interim results, and prompt feedback is received by the Board through the Company's corporate broker.

The Board aims to be open with shareholders and available to them, subject to compliance with relevant securities laws. The Chair and other Non-Executive Directors make themselves available for meetings as appropriate.

Internal control and risk management

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risks and can only provide reasonable not absolute assurance against material misstatement or loss.

The Directors believe that the Group has internal control procedures in place appropriate to the size and nature of the business. In accordance with the guidance of the Turnbull Committee on internal control, an ongoing process is in operation for the identifying, evaluating and managing significant risks faced by the Group. The Board routinely reviews the effectiveness of the system of internal control and risk management to ensure controls react to changes in the nature of the Group's operations. There are two Board committees that review various risks: the Audit Committee and the Group Risk Committee. Further details of these committees are described on pages 47 and 49.

The Group maintains appropriate insurance cover and reviews the adequacy of the cover regularly, in conjunction with the Group's insurance brokers.

On behalf of the Board

Lucy Tilley
Chief Financial Officer

28 March 2022

Remuneration Committee

The committee is responsible for the Group's policy on executive remuneration, including performance related annual bonus and share options, other benefits, and terms of employment. The Committee also administers the operation of the share option schemes and share incentive schemes established by the company, including the Long Term Incentive Plan (LTIP) and Appointed Representative option scheme. The Committee operates under terms of reference approved by the Board.

The members of the Committee as at 31 December 2021 were Katherine Innes Ker (Chair), Nathan Imlach, Stephen Smith, and Mike Jones.

Remuneration Policy

The Group's remuneration policy sets basic salaries at a level which is competitive with comparable AIM-listed businesses, with a substantial proportion of the overall package of compensation linked to performance through participation in short and long term incentive schemes. Executive Directors receive other customary benefits such as pension contributions, death in service insurance, sick pay, and private medical insurance. The objective is to attract, retain and appropriately incentivise high quality executives capable of achieving the Group's objectives and thereby enhance shareholder value.

During the year the Committee took advice from Aon Hewitt Limited on the Group's share incentive plans. During the year, the Committee also reviewed the operation of the remuneration policy, assessing the appropriateness and effectiveness of the performance measures and the balance between of the use short and long term performance measures, being the annual bonus and the LTIP.

Remuneration Activity in Response to the Pandemic

During another year dominated by the Coronavirus pandemic, the health, safety and wellbeing of our employees remained our primary concern.

The LTIP award for 2021 was granted in April. Further details can be found on page 55.

Salaries and Fees

Salaries for Executive Directors are reviewed annually, taking into account increases in base pay for employees and external benchmark data, and the effective date for changes in Directors' remuneration is 1 January. Salaries remained unchanged throughout 2021, reflecting the impact of the continuing pandemic and the uncertain economic outlook. For 2022, the Executive Directors' base salaries were raised by 5.1%, in line with the average pay award across the Group.

Fees for the Non-Executive Directors are determined by the Executive Directors, having regard to the fees paid to Non-Executive Directors in other AIM-listed companies of a similar size and complexity, the time commitment and the responsibilities of the role. Non-Executive Directors do not receive bonuses and do not participate in the share incentive schemes. No options are held by the Independent Non-Executive Directors. No Director is permitted to participate in decisions about his or her own remuneration.

Non-Executive Directors are paid an annual base fee of £36,500. In 2020, fees for the Chairs of the Audit, Group Risk Committee and of the Remuneration Committees, and for the Senior Independent Director, were introduced. Set at £3,500 and £2,000 per annum respectively, these were benchmarked against other AIM-listed companies and in part reflect increasing responsibilities under the Senior Managers and Certification Regime, which came into effect for MAB as a regulated entity in December 2019. Base fees remained unchanged throughout 2021, and were increased from 1 January 2022 by 5.1% in line with the average increase awarded across the Group.

Annual Bonus

The annual bonus scheme is based on the increase in actual profit before tax achieved for the year compared to the highest previous profit before tax achieved by the group, a "high watermark scheme". The maximum award under the scheme is 200% of basic salary for any individual Executive Director.

The growth in profit in 2021 was measured over the adjusted profit before tax for the year ended 31 December 2019, as the previous high watermark profit, of £18.5m. This resulted in a bonus pool distributed between the Executive directors, and details are given on page 53.

Long Term Incentive Plan

The Group has adopted the Mortgage Advice Bureau Executive Share Option plan as the Long Term Incentive Plan (LTIP) to incentivise certain of its senior employees and directors.

On 1 April 2021, 115,502 options over ordinary shares of 0.1 pence each in the company were granted to the Executive Directors and senior executives of MAB under the Mortgage Advice Bureau Executive Share Option Plan. The exercise of the options is subject to the achievement of performance conditions based on total shareholder return (TSR) and earnings per share (EPS) criteria. Subject to the achievement of the performance conditions, these options will vest on 1 April 2024. The exercise price for these options is 0.1 pence, being the nominal cost of ordinary shares.

The 2018 LTIP award vested in April 2021. Half of the award was subject to an EPS performance condition measured over three financial years and the other half subject to a TSR performance condition measured over three years from grant. 100% of the TSR performance condition was achieved, however due to the profitability for the year ended 31 December 2020 being heavily affected the closure of the housing market during the first lockdown in Q2 2020, the minimum EPS growth hurdle was not achieved, and as a result 0% of the EPS condition was achieved. As a result, 50% of the total award vested.

Service Contracts

Executive Directors have contracts of employment that are subject to notice periods of twelve months for Peter Brodnicki, and six months for Ben Thompson and Lucy Tilley.

The Non-Executive Directors do not have service contracts. A Letter of Appointment provides for an initial period of 36 months and continues until terminated by either party by giving three months' prior written notice at any time after the initial 36-month period. All Directors are subject to annual re-election at the Annual General Meeting.

Employee Incentivisation and Reward

MAB is committed to the provision of an inclusive working environment and ensuring the fair reward of all employees, regardless of seniority across the business. In addition to the Executive Directors and senior management, the Committee considers wider workforce remuneration and reward.

Share Incentive Plan

The Mortgage Advice Bureau (Holdings) plc Share Incentive Plan (SIP) enables employees to buy shares in the Company at an effective discount to the London Stock Exchange price by having an amount deducted from pre-tax salary each month. In addition, the Company grants participating employees matching shares.

The Share Incentive Plan is popular among our employees, with over 40% of MAB employees participating. The average monthly contribution is £108. The take up among the employees of First Mortgage has also been increasing post the acquisition on 2 July 2019.

Shareholder Engagement

We take a keen interest in our shareholders' views on executive remuneration and welcome any feedback on the Directors' Remuneration Report. At the 2021 AGM, 97.2% of the votes cast were in favour of accepting the Remuneration Report.

Directors' Emoluments

The Directors' remuneration payable in respect of the year ended 31 December 2021 was as follows:

	Basic salary and fees		Bonus		Pension contributions		Benefits[1]		Long-term incentive plan[2]		Total	
	2021 £000s	2020 £000s	2021 £000s	2020 £000s	2021 £000s	2020 £000s	2021 £000s	2020 £000s	2021 £000s	2020 £000s	2021 £000s	2020 £000s
Executives												
Peter Brodnicki	390	390	440	–	–	–	2	3	127	365	959	759
Ben Thompson	258	257	440	100	5	2	1	2	357	–	1,062	361
Lucy Tilley	250	246	342	100	4	4	–	–	127	100	723	450
Sub-Total	898	894	1,223	200	9	6	3	5		465	2,744	1,570
Non-Executives												
Katherine Innes Ker	85	85	–	–	–	–	–	–	–	–	85	85
Nathan Imlach	42	42	–	–	–	–	–	–	–	–	42	42
Stephen Smith	40	40	–	–	–	–	–	–	–	–	40	40
David Preece[3]	93	120	–	–	–	–	–	–	38	23	131	143
Mike Jones	33	–	–	–	–	–	–	–	–	–	33	–
Sub-Total	293	287	–	–	–	–	–	–	38	23	332	310
Total	**1,192**	**1,180**	**1,223**	**200**	**9**	**6**	**3**	**5**	**38**	**489**	**3,075**	**1,880**

Notes:

1. The benefit package of each Executive Director includes the provision of life assurance and the option of private medical assurance under a Group scheme.
2. Total market price of shares under option vesting during the year at their vesting date, less any option exercise price payable
3. For 2021, basic salary and fees figure included Non-Executive Director fees of £36,500 (2020: £36,500) and an additional consultancy fee of £56,600 (2020: £83,010).

Directors' Interests in Shares

As at 31 December 2021, the interest of the Directors in the Ordinary shares of the Company were:

Director	Ordinary shares of 0.1p	%
Katherine Innes Ker	**14,617**	**0.03**
Peter Brodnicki	**10,401,287**	**19.55**
Ben Thompson	**63,794**	**0.12**
David Preece	**924,800**	**1.74**
Lucy Tilley	**18,589**	**0.03**
Nathan Imlach	**21,761**	**0.04**
Stephen Smith	**–**	**–**
Mike Jones	**–**	**–**

Note:
Directors' shareholdings include any shareholdings of trusts or family members deemed to be connected persons.

Interest in Options

The Group operates the Mortgage Advice Bureau Executive Option Plan by which certain of the Executive Directors and other Senior Executives are able to subscribe for ordinary shares in the Company. All options were measured at fair value at the date of grant. The interests of the Directors during 2021 were as follows:

Director		Date granted	Exercise price £	At 1 Jan 2021 No.	Granted during the year No.	Exercised during the year No.	Forfeited/ Not vested during the year No.	At 31 Dec 2021 No.
Peter Brodnicki	**(1)**	Apr-21	0.001	–	19,766	–	–	19,766
	(2)	Jul-20	0.001	37,108	–	–	–	37,108
	(3)	Jul-19	0.001	37,396	–	–	–	37,396
	(5)	Apr-18	0.001	19,915	–	–	9,958	9,957
				94,419	**19,766**	**0**	**9,958**	**104,227**
David Preece	**(5)**	Apr-18	0.001	6,159	0	3,079	3,080	–
				6,159	**0**	**3,079**	**3,080**	**0**
Ben Thompson	**(1)**	Apr-21	0.001	–	19,766	–	–	19,766
	(2)	Jul-20	0.001	37,108	–	–	–	37,108
	(3)	Jul-19	0.001	37,396	–	–	–	37,396
	(4)	Jun-18	0.001	59,263	–	29,631	29,632	–
				133,767	**19,766**	**29,631**	**29,632**	**94,270**
Lucy Tilley	**(1)**	Apr-21	0.001	–	17,570	–	–	17,570
	(2)	Jul-20	0.001	28,862	–	–	–	28,862
	(3)	Jul-19	0.001	29,085	–	–	–	29,085
	(5)	Apr-18	0.001	19,915	–	–	9,958	9,957
				77,862	**17,570**	**0**	**9,958**	**85,474**

Notes:
(1) Unapproved Option scheme - first date exercisable is 1 April 2024, last date exercisable is 1 April 2029.
(2) Unapproved Option scheme - first date exercisable is 22 April 2023, last date exercisable is 22 July 2028.
(3) Unapproved Option scheme - first date exercisable is 1 July 2022, last date exercisable is 1 July 2027.
(4) Unapproved Option scheme - first date exercisable is 8 June 2021, last date exercisable is 6 June 2026.
(5) Unapproved Option scheme - first date exercisable is 11 April 2021, last date exercisable is 9 April 2026.

All the LTIP awards are subject to a three-year service period from the date of grant. Half of the award is subject to a condition relating to the Company's growth in EPS over three financial years (the EPS Performance Condition), and the other half is subject to a condition relating to the Company's growth in TSR over three years from grant (the TSR Performance Condition). Vested and unvested LTIP awards are subject to a formal malus and clawback mechanism.

The following performance conditions apply to the LTIP awards granted in 2018 and 2019:

- EPS Performance Condition: if the average absolute annual growth in EPS is less than 7.5% per annum, none of the options will vest. Full vesting is achieved if the average absolute annual growth in EPS equals or exceeds 15% per annum.
- TSR Performance Condition: if the average absolute annual growth in TSR is less than 7.5% per annum, none of the options will vest. Full vesting is achieved if the average absolute annual growth in TSR equals or exceeds 15% per annum.

The LTIP award granted in 2020 is subject to the satisfaction of the following conditions, which reflect the adverse impact of the Coronavirus pandemic on the Group's EPS in 2020:

- EPS Performance Condition: if the absolute growth in EPS over the three-year performance period is less than 12.5%, none of the options will vest. Full vesting is achieved if the absolute growth in EPS equals or exceeds 25%.
- TSR Performance Condition: if the average absolute annual growth in TSR is less than 7.5% per annum, none of the options will vest. Full vesting is achieved if the average absolute annual growth in TSR equals or exceeds 15% per annum.

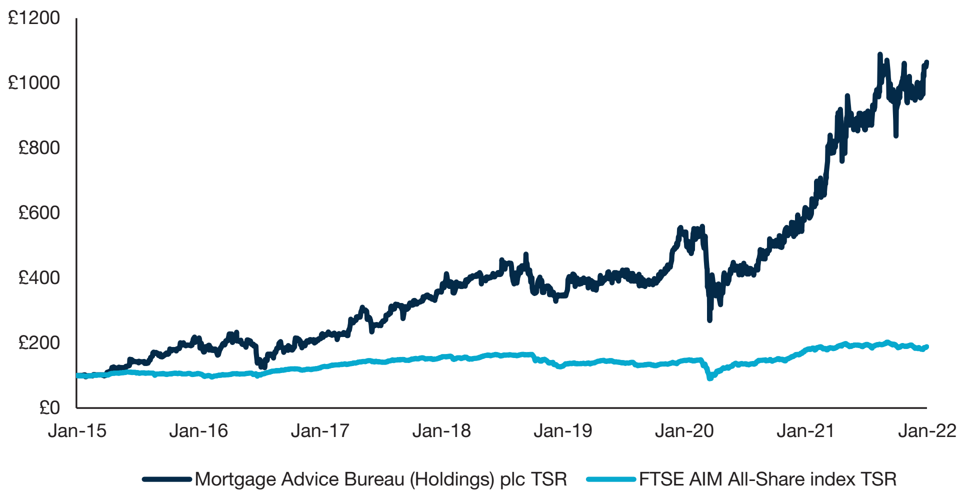
The following performance conditions apply to the LTIP awards granted in 2021:

- EPS Performance Condition: if the absolute growth in EPS over the three-year performance period is less than 40%, none of the options will vest. Full vesting is achieved if the absolute growth in EPS equals or exceeds 70%.
- TSR Performance Condition: if the average absolute annual growth in TSR is less than 5.0% per annum, none of the options will vest. Full vesting is achieved if the average absolute annual growth in TSR equals or exceeds 15% per annum.

Note 29 to the financial statements contains details of all options granted to directors and employees as at 31 December 2021. All of the share options were granted for nil consideration.

Total Shareholder Return Performance Graph

The graph below illustrates the total shareholder return (TSR) for the seven years ended 31 December 2021 in terms of the change in value of an initial investment of £100 against the corresponding TSR in hypothetical holdings of shares in the FTSE AIM All Share Index.



The Company is a member of the FTSE AIM All Share Index and considers this to be the most appropriate broad equity market index for the purpose of measuring the Company's relative performance.

The mid-market closing price of the Company's ordinary shares at 31 December 2021 was 1,450 pence and the range during the financial year was 820 pence to 1,500 pence.

None of the Directors had an interest in any contract of significance in relation to the business of the Company or its subsidiaries at any time during the financial year.

This Remuneration Report will be subject to an advisory vote at the 2022 AGM. Our goal is to be clear and transparent in the presentation of this report and I look forward to shareholders' support on this resolution.

On behalf of the Board

Katherine Innes Ker
Chair of the Remuneration Committee

28 March 2022

Directors' responsibilities for the financial statements

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

UK company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRSs.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. The maintenance and integrity of the corporate and financial information included on the Group's website is the responsibility of the Directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mortgage Advice Bureau (Holdings) plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard in the United Kingdom and Republic of Ireland* (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. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the Audit Committee we were appointed by the Board to audit the financial statements for the year ended 31 December 2014 and subsequent financial periods. In respect of the year ended we were appointed at the Annual General Meeting on 25 May 2021 to audit the financial statements for the year ended 31 December 2021. The period of total uninterrupted engagement is 8 years, covering the years ended 31 December 2014 to 31 December 2021.

We remain independent of the Group and the Parent 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 as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

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. Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- In evaluating whether the Group is a going concern, we have assessed the reasonableness of the assumptions within the Directors' forecast for liquidity and profitability for a period of 12 months from the signing of these accounts, agreeing back to supporting evidence. This involved considering the base and stress scenarios testing undertaken by management to support the going concern assessment which included assumptions about the potential impact this could have on revenue (mainly from purchase mortgages) and possible cost saving measures. We focused on the cash and capital position during this period.
- We have also searched publicly available information on the housing market and house price index to assess any impact on the Group's business.
- We assessed how the Directors have factored in inflationary pressures and the potential impact of the Ukraine/Russia conflict on the business, checking these had been appropriately considered as part of the Directors' going concern assessment.

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 Group's and the Parent 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.

Overview

Coverage	100% (2020: 100%) of Group profit before tax 100% (2020: 100%) of Group revenue 100% (2020: 100%) of Group total assets		
Key audit matters		**2021**	**2020**
	Revenue Recognition	✔	✔
	Clawback Provision	✔	✔
	Carrying value of loans to associates and joint ventures	✘	✔
	Investment in associates	✔	✘
	Carrying value of loans to associates and joint ventures is no longer considered a key audit matter due to the size of the balance this year		
Materiality	Group financial statements as a whole £918,000 (2020: £804,000) based on 5% (2020: 5%) of Profit before tax, over a 3 year average (2020: 3 year average)		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group is made up of the Parent Company and its wholly owned subsidiaries. The significant components are the Parent Company, MAB Limited and MAB Derby Limited. These three components were subject to full scope audits performed by the Group audit team. In respect of the non-significant components the Group audit team carried out specific procedures on balances that we identified as material to the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue recognition See accounting policies in note 1 to the financial statements. The Group's revenue comprises of commissions (including procuration fees), client fees and other income. Revenue recognition is considered to be a significant audit risk as it is a key driver of return to investors and there is a risk that there could be manipulation or omission of amounts recorded in the system.	We responded to this risk by performing the following procedures: • We assessed that revenue is recognised in line with Group approved policies that are in accordance with accounting standards. This included assessment of how revenue is being recognised versus the requirements of the applicable financial reporting standard. • We tested the operating effectiveness of the reconciliation controls in place between revenue and cash banked and agreed this to third party reports. • For commission income we obtained the third party reports and tested a sample back to cash receipts. • Using third party reports, we recalculated all the procuration fees independently. • For other income we agreed a sample to providers' statements and cash receipts. • We agreed a sample of other income to third party support. • We vouched a sample of revenue to third party reports and cash to check that they have been accounted for in the correct period. **Key observations:** Based on these procedures we consider revenue to have been recognised appropriately in line with accounting standards.

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Clawback provision
Management's associated accounting policies with detail about judgements in applying accounting policies and critical accounting estimates are outlined in the notes to the financial statements.

The clawback provision relates to the estimated value of repaying commission received up front on life assurance policies that may lapse in a period of up to four years following inception of the policies.

The clawback provision is considered a significant audit risk due to the management judgement and estimation applied in calculating the repayment commission and we therefore considered this to be a key audit matter.</td><td>We responded to this risk by performing the following procedures:
• We compared the relevant assumptions e.g. unearned commission, likely future lapse rates and lapse rate history used in the model with third party reports.
• For other assumptions e.g. age profile of the commission received, the Group's share of any clawback, and the success of the Appointed Representatives in preventing lapses and/or generating new income at the point of a lapse, we validated these to management's supporting analysis of the Group's actual experience based on data gathered from providers' statements.
• We tested the arithmetical accuracy of the spreadsheet model.
• We agreed inputs back to supporting documentation.

Key observations:
Based on the procedures undertaken we consider the judgments and estimates made by management in calculating the clawback provision to be reasonable.</td></tr>
<tr><td>Investments in associates

Management's associated accounting policies with the detail about judgements in applying accounting policies and critical accounting estimates are outlined in the notes to the financial statements.

During 2021, the Group made various investments in associates with consideration for certain investments including both cash and deferred payments.

The Group has also entered into option agreements or commitments for future increases in stakes or full acquisitions on a number of the investments.</td><td>We responded to this risk by performing the following procedures:

• We tested that the accounting treatment of the investments in associates was in accordance with IAS 28 and for relevant options and commitments for future commitments to be in accordance with IFRS 9.
• We obtained and vouched the key terms in the Share purchase agreements.
• We agreed the terms of the options to signed agreements.
• We engaged our internal valuation expert to review the valuation of the options.
• We agreed the cash consideration to bank statements.
• We have tested management's deferred consideration calculation by agreeing the inputs back to supporting documentation.
• We have tested that deferred consideration has been accounted for at the date of acquisition in line with IAS 28 and IFRS 3.

Key observations:
As a result of our procedures we considered that investment in associates and the options to have been accounted in line with accounting standards and the judgements and estimates made around the deferred consideration and valuation of options to be reasonable.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2021 £m	**2020 £m**	**2021 £m**	**2020 £m**
Materiality	£918,000	£804,000	£214,000	£223,000
Basis for determining materiality	5% of 3 year average profit before tax		5% of net assets	
Rationale for the benchmark applied	Selected as our benchmark as the entity is listed with profitability seen as the main interest of investors.		Given that the entity is a holding company, it is appropriate to determine materiality based off of net assets.	
Performance materiality	£688,000	£603,000	£160,000	£167,000
Basis for determining performance materiality	75% of materiality based on our risk assessment and our assessment of expected total value of known and likely misstatements.			

Component materiality

We set materiality for each component of the Group based on a percentage of 75% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality is set at £688,000 (2020: £603,000).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £18,000 (2020: £16,000) for the Group and £4,000 (2020: £4,000) for the Parent Company. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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. 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

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company 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.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considered the risk of acts by the Group which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Financial Conduct Authority ("FCA") regulations, FCA Mortgage Advice and Selling Standards and tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be management override of controls and in relation to accounting estimates such as revenue recognition and the clawback provision. See Key Audit Matters above.

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the audit committee;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and correspondence with the Financial Conduct Authority;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ariel Grosberg
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

Consolidated statement of comprehensive income
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	3	**188,663**	148,298
Cost of sales	4	**(137,697)**	(108,466)
Gross profit		**50,966**	39,832
Administrative expenses		**(29,178)**	(22,742)
Impairment of loans to related parties	18	**(16)**	(1,680)
Share of profit of associates, net of tax	15	**1,011**	36
Impairment and amount written off associates	15	**(408)**	(473)
Profit on sale of non-listed equity investment	16	**311**	–
Gain on fair value measurement of non-listed equity investment	16	**283**	–
Gains on fair value measurement of derivative financial instruments	15	**328**	–
Operating profit	6	**23,297**	14,973
Finance income	8	**45**	120
Finance expense	8	**(160)**	(234)
Profit before tax		**23,182**	14,859
Tax expense	9	**(3,910)**	(2,081)
Profit for the year		**19,272**	12,778
Total comprehensive income		**19,272**	12,778
Profit is attributable to:			
Equity owners of Parent Company		**18,722**	12,379
Non-controlling interests		**550**	399
		19,272	12,778
Earnings per share attributable to the owners of the Parent Company			
Basic	10	**35.2p**	23.7p
Diluted	10	**35.0p**	23.6p

All amounts shown relate to continuing activities.

The notes on pages 68 to 109 form part of these financial statements.

Consolidated statement of financial position
as at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	12	2,667	2,847
Right of use assets	13	2,457	2,590
Goodwill	14	15,155	15,155
Other intangible assets	14	2,704	3,262
Investments in associates and joint venture	15	12,433	4,883
Investments in non-listed equity shares	16	2,783	75
Derivative financial instruments	15	220	–
Other receivables	18	1,098	806
Deferred tax asset	23	1,871	822
Total non-current assets		41,388	30,440
Current assets			
Trade and other receivables	18	6,341	5,603
Derivative financial instruments	15	142	–
Cash and cash equivalents	19	34,411	32,981
Total current assets		40,894	38,584
Total assets		82,282	69,024
Equity and liabilities			
Share capital	24	53	53
Share premium		9,778	9,778
Capital redemption reserve		20	20
Share option reserve		3,523	1,807
Retained earnings		25,408	23,882
Equity attributable to owners of the Parent Company		38,782	35,540
Non-controlling interests		2,205	1,908
Total equity		40,987	37,448
Liabilities			
Non-current liabilities			
Provisions	22	5,716	4,576
Lease liabilities	13	2,202	2,352
Derivative financial instruments	15	34	–
Deferred tax liability	23	757	643
Total non-current liabilities		8,709	7,571
Current liabilities			
Trade and other payables	20	31,925	23,662
Lease liabilities	13	394	343
Corporation tax liability		267	–
Total current liabilities		32,586	24,005
Total liabilities		41,295	31,576
Total equity and liabilities		82,282	69,024

The notes on pages 68 to 109 form part of these financial statements.

The financial statements were approved by the Board of Directors on 28 March 2022.

P Brodnicki
Director

L Tilley
Director

Consolidated statement of changes in equity

for the year ended 31 December 2021

	Attributable to the holders of the Parent Company							
	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share option reserve £'000	Retained earnings £'000	Total £'000	Non–controlling interests £'000	Total Equity £'000
Balance at 1 January 2020	52	5,451	20	2,799	17,272	25,594	1,595	27,189
Profit for the year	–	–	–	–	12,379	12,379	399	12,778
Total comprehensive income	–	–	–	–	12,379	12,379	399	12,778
Transactions with owners								
Issue of shares	1	4,327	–	–	–	4,328	–	4,328
Share based payment transactions	–	–	–	625	–	625	–	625
Deferred tax asset recognised in equity	–	–	–	(674)	–	(674)	–	(674)
Reserve transfer	–	–	–	(943)	943	–	–	–
Dividends paid	–	–	–	–	(6,712)	(6,712)	(86)	(6,798)
Transactions with owners	1	4,327	–	(992)	(5,769)	(2,433)	(86)	(2,519)
Balance as at 31 December 2020 and 1 January 2021	**53**	**9,778**	**20**	**1,807**	**23,882**	**35,540**	**1,908**	**37,448**
Profit for the year	–	–	–	–	18,722	18,722	550	19,272
Total comprehensive income	–	–	–	–	18,722	18,722	550	19,272
Transactions with owners								
Share based payment transactions	–	–	–	1,210	–	1,210	–	1,210
Deferred tax asset recognised in equity	–	–	–	649	–	649	–	649
Reserve transfer	–	–	–	(143)	143	–	–	–
Dividends paid	–	–	–	–	(17,339)	(17,339)	(253)	(17,592)
Transactions with owners			–	1,716	(17,196)	(15,480)	(253)	(15,733)
Balance as at 31 December 2021	**53**	**9,778**	**20**	**3,523**	**25,408**	**38,782**	**2,205**	**40,987**

Consolidated statement of cash flows
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit for the year before tax		23,182	14,859
Adjustments for:			
Depreciation of property, plant and equipment	12	385	383
Depreciation of right of use assets	13	383	381
Amortisation of intangibles	14	558	601
(Profit) from sale of non-listed equity investment		(311)	–
Share based payments		1,210	625
Share of profit from associates	15	(1,011)	(36)
Impairment and amount written off associates	15	408	473
Gains on fair value movements taken to profit and loss		(611)	–
Dividends received from associates	15	275	158
Finance income	8	(45)	(120)
Finance expense	8	160	234
Changes in working capital		24,583	17,558
(Increase) / Decrease in trade and other receivables	18	(1,475)	2,361
Increase in trade and other payables	20	6,053	1,291
Increase in provisions	22	1,140	841
Cash generated from operating activities		30,301	22,051
Interest received	8	47	139
Income taxes paid		(3,433)	(4,372)
Net cash generated from operating activities		26,915	17,818
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(205)	(306)
Purchase of intangibles	14	–	(1)
Proceeds from sale of non-listed equity investment		331	–
Investments in associates	15	(5,010)	(2,345)
Investment in non-listed equity shares	16	(2,500)	–
Net cash used in investing activities		(7,384)	(2,652)
Cash flows from financing activities			
Proceeds from borrowings	8	–	12,000
Repayment of borrowings	8	–	(12,000)
Interest paid	8	(160)	(234)
Principal element of lease payments	13	(349)	(348)
Issue of shares	24	–	4,328
Dividends paid	11	(17,339)	(6,712)
Dividends paid to minority interest		(253)	(86)
Net cash used in financing activities		(18,101)	(3,052)
Net increase in cash and cash equivalents		1,430	12,114
Cash and cash equivalents at the beginning of year		32,981	20,867
Cash and cash equivalents at the end of the year		34,411	32,981

The notes on pages 68 to 109 form part of these financial statements

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented.

The consolidated financial statements are presented in Great British Pounds and all amounts are rounded to the relevant thousands, unless otherwise stated.

These financial statements have been prepared in accordance with UK adopted International Accounting Standards that are applicable to companies that prepare financial statements in accordance with IFRSs.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The financial statements have been prepared on a historical cost basis, except for investments in non-listed equities and derivative financial instruments relating to investments in associates that have been measured at fair value.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report as set out earlier in these financial statements. The financial position of the Group, its cash flows and liquidity position are described in these financial statements.

The Group made an operating profit of £23.3m during 2021 (2020: £15.0m) and had net current assets of £8.3m as at 31 December 2021 (31 December 2020: £14.6m) and equity attributable to owners of the Group of £38.8m (31 December 2020: £35.6m).

Going concern

The Directors have assessed the Enlarged Group's prospects until 31 December 2023, taking into consideration the current operating environment, including the impact of recently increased geopolitical and macroeconomic uncertainty and inflationary pressures on property and lending markets. The Directors' financial modelling considers the Enlarged Group's profit, cash flows, regulatory capital requirements, borrowing covenants and other key financial metrics over the period.

These metrics are subject to sensitivity analysis, which involves flexing a number of key assumptions underlying the projections, including the effect of recently increased geopolitical and macroeconomic uncertainty and inflationary pressures and their impact on the UK property and lending markets and the Group's revenue mix, which the Directors consider to be severe but plausible stress tests on the Enlarged Group's cash position, banking covenants and regulatory capital adequacy. The Group's financial modelling shows that the Enlarged Group should continue to be cash generative, maintain a surplus on its regulatory capital requirements and be able to operate within its current financing arrangements.

Based on the results of the financial modelling, the Directors expect that the Enlarged Group will be able to continue in operation and meet its liabilities as they fall due over the 12 months from the approval of the financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

Changes in accounting policies

New standards, interpretations and amendments effective for the year ended 31 December 2021

New standards, interpretations and amendments applied for the first time

The Group applied a number of standards and interpretations for the first time in 2021 but these did not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New standards with no impact on the Group

- **Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform – Phase 2.** Under the detailed rules of IFRS 9 Financial Instruments, modifying a financial contract can require recognition of a significant gain or loss in the consolidated statement of comprehensive income. However, the amendments introduce a practical expedient if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. The Group does not have any interest rate hedge relationships.

- **Amendments to IFR16 – Covid 19 related rent concessions beyond 30 June 2021.** In March 2021, the IASB amended IFRS 16 Leases, extending the practical expedient to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments originally due on or before 30 June 2022. This amendment is applicable for annual reporting periods beginning on or after 1 April 2021, with early application permitted. The Group did not receive any rent concessions beyond 30 June 2021.

New standards, interpretations and amendments not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

1 Accounting policies (continued)

New standards with no impact on the Group (continued)

Future new standards and interpretations

A number of new standards and amendments to standards and interpretations will be effective for future years and, therefore, have not been applied in preparing these consolidated financial statements. At the date of authorisation of these Financial Statements, the following standards and interpretations were in issue but have not been applied in these Financial Statements as they were not yet effective:

Standard or Interpretation	Periods commencing on or after
Amendments to IFRS 3, IAS 16, IAS 17 and annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 1	1 January 2022
Amendments to IAS 37 Onerous contracts – Cost of fulfilling a contract	1 January 2022
Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use	1 January 2022
Amendments to IFRS 3 – Reference to the conceptual framework	1 January 2022
IFRS 17 – Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023
Amendments to IAS 8 – Definition of accounting estimates	1 January 2023
Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 1 Presentation of financial statements – On classification of liabilities	1 January 2023

Other than to expand certain disclosures within the Financial Statements, the Directors do not expect the adoption of these standards and interpretations listed above to have a material impact on the Financial Statements of the Group in future periods.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting date.

All other assets are classified as non-current.

Assets included in current assets are expected to be realised within twelve months after the reporting date. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables approximates their fair value.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

1 Accounting policies (continued)

Associates

Where the Group has the power to participate in, but not control the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment. More information on the impairment of associates is included in note 2.

Joint ventures

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in the joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items of property, plant and equipment at rates calculated to write off the cost of each asset on a straight line basis over their expected useful lives, as follows:

Freehold land	not depreciated
Freehold buildings	36 years
Fixtures and fittings	5 years
Computer equipment	3 years

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement. The Directors reassess the useful economic life of the assets annually.

Goodwill

Goodwill represents the excess of a cost of a business combination over the Group's interest in the fair value of identifiable assets under IFRS 3 Business Combinations.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Other intangible assets

Intangible assets other than goodwill acquired by the Group comprise licences, the website software, customer contracts and trademarks and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the consolidated statement of comprehensive income within administrative expenses on a straight line basis over the period of the licence agreements or expected useful life of the asset and is charged once the asset is in use. Assets are tested annually for impairment or more frequently if events or circumstances indicate potential impairment.

Amortisation, which is reviewed annually, is provided on intangible assets to write off the cost of each asset on a straight line basis over its expected useful life as follows:

Licences	6 years
Website and Software	3 years
Customer contracts	9 years
Trademarks	10 years

1 Accounting policies (continued)

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are tested annually for impairment or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows, its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss except to the extent that they reverse gains previously recognised in other comprehensive income. An impairment loss for goodwill is not reversed.

Financial assets

In the consolidated statement of financial position, the Group classifies its financial assets into one of the following categories dependent on the purpose for which the financial asset was acquired.

- Fair value through profit or loss
- Amortised cost

Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments which arise principally through the Group's trading activities, and these assets arise principally to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for loans to associates and other parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks with an original maturity of three months or less.

Investments in non-listed equity shares

Investments in non-listed shares are non-derivative financial assets, and are carried at fair value, with gains and losses arising from changes in fair value taken directly to the consolidated statement of comprehensive income.

Derivative financial instruments

Derivative financial instruments comprise option contracts to acquire additional ordinary share capital of associates of the Group. Derivative financial instruments are carried at fair value, with gains and losses arising from changes in fair value taken directly to the consolidated statement of comprehensive income. Fair values of derivatives are determined using valuation techniques, including option pricing models.

Financial liabilities

Trade and other payables are recognised initially at fair value and subsequently carried at amortised cost.

Leases

The Group's leasing activities and how they are accounted for

The Group leases a number of properties from which it operates. Rental contracts are typically made for fixed periods of five to ten years, with break clauses negotiated for some of these.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

1 Accounting policies (continued)

Leases (continued)

The Group adopted the modified transition approach and from 1 January 2019, all leases are accounted for by recognising a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, except for:

- leases of low value assets; and
- leases with a duration of 12 months or less

Payments associated with short-term leases and leases of low value assets will continue to be recognised on a straight line basis as an expense in the consolidated statement of comprehensive income. Low value assets within the Group comprise of IT equipment.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- where it does not have recent third party financing, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group; and
- makes adjustments specific to the lease, e.g. term, country and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group does not revalue its land and buildings that are presented within property, plant and equipment, and has chosen not to do so for the right of use buildings held by the Group.

Variable lease payments

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Three property leases contain variable lease payments linked to current market rental from January 2023, August 2023 and December 2024. A 1% fluctuation in market rent would impact total annual lease payments by approximately £16,000.

Extension and termination options

Termination options are included in a number of the leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

1 Accounting policies (continued)

Leases (continued)

For leases of property, the following factors are normally the most relevant:

- If there are significant penalties to terminate, the Group is typically reasonably certain not to terminate.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain not to terminate.
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in offices have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

As at 31 December 2021, the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising a break clause because it was considered reasonably certain that the Group would not exercise its right to break the lease. Total lease payments of £0.7m are potentially avoidable were the Group to exercise break clauses at the earliest opportunity.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Where goodwill has been allocated to the Group's cash-generating units (CGUs) and part of the operation within the unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the subsequent acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Where a business combination is for less than the entire issued share capital of the acquiree and there is an option for the acquirer to purchase the remainder of the issued share capital of the business and/or for the vendor to sell the rest of the entire issued share capital of the business to the acquirer, then the acquirer will assess whether a non-controlling interest exists and also whether the instrument(s) fall within the scope of IFRS 9 Financial Instruments and is/are measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9.

Options that are not within the scope of IFRS 9 and are linked to service will be accounted for under IAS 19 Employee Benefits and/or IFRS 2 Share Based Payments as appropriate.

Retirement benefits: Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

1 Accounting policies (continued)

Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation (see note 2c).

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

Revenue

The Group recognises revenue from the following main sources:

- ***Mortgage procuration fees*** paid to MAB by lenders via the L&G Mortgage Club
- ***Insurance commissions*** from advised sales of protection and general insurance policies
- ***Client fees*** paid by the underlying customer for the provision of mortgage and protection advice
- ***Other Income*** comprising income from services provided to directly authorised entities, fees in relation to Later Life lending and Wealth and ancillary services such as conveyancing and surveying

Mortgage procuration fees, insurance commissions and client fees are included at the gross amounts receivable by the Group in respect of all services provided. The Group operates a revenue share model with its trading partners and therefore commissions are paid in line with the Group revenue recognition policy and are included in cost of sales.

Mortgage procuration fees, insurance commissions and client fees earned are accounted for when received or guaranteed to be received, as until received it is not possible to be certain that the transaction will be completed. When mortgage procuration fees, insurance commissions and client fees are received this confirms that the performance obligation has been satisfied. In the case of life insurance commissions there is a possibility for a four year period after the inception of the policy that part of the commission earned may have to be repaid if the policy is cancelled during this period. A clawback provision is made for the expected level of commissions repayable. More information on the clawback provision is included in note 2.

Other income is credited to the consolidated statement of comprehensive income when received or guaranteed to be received.

Finance income

Finance income comprises interest receivable on cash at bank and interest recognised on loans to associates and other Appointed Representative firms. Interest income is recognised in the statement of comprehensive income as it accrues.

Foreign exchange

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss other than if it relates to items recognised in other comprehensive income in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted by the consolidated statement of financial position date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognised for all taxable temporary differences, except for when:

- The difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

1 Accounting policies (continued)

Taxation (continued)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company or;
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

Sales taxes

Where sales tax is incurred on expenses and assets, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Segment Reporting

An operating segment is a distinguishable segment of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the entity's chief operating decision maker (CODM). The Board reviews the Group's operations and financial position as a whole and therefore considers that it has only one operating segment, being the provision of financial services operating solely within the UK. The information presented to the CODM directly reflects that presented in the financial statements and they review the performance of the Group by reference to the results of the operating segment against budget.

Operating profit is the profit measure, as disclosed on the face of the consolidated statement of comprehensive income that is reviewed by the CODM.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other 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 or where a non-vesting condition is not satisfied.

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 modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where options are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of the options at the date of the grant over the vesting period.

2 Critical accounting estimates and judgements

The Group makes 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 Directors consider that the estimates and judgements that have the most significant effect on the carrying amounts of assets and liabilities within the financial statements are set out below.

(a) Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Actual outcomes may vary. More information including carrying values is included in note 14.

(b) Impairment of trade and other receivables

Judgement is required when determining if there is any impairment to the trade and other receivable balances, and the Group uses the simplified approach for trade receivables within IFRS 9 using the lifetime expected credit losses. During this process judgements about the probability of the non-payment of the trade receivables are made.

In considering impairment provisions for loans to associates the forward-looking expected credit loss model is used. In determining the lifetime expected credit losses for loans to associates, the Group has had to consider different scenarios for repayments of these loans and have also estimated percentage probabilities assigned to each scenario for each associate where applicable. More information is included in note 18.

(c) Clawback provision

The provision relates to the estimated value of repaying commission received up front on protection policies that may lapse in a period of up to four years following inception. The provision is calculated using a model that has been developed over several years. The model uses a number of factors including the total unearned commission at the point of calculation, the age profile of the commission received, the Group's proportion of any clawback, likely future lapse rates, and the success of the Appointed Representatives in preventing lapses and/or generating new income at the point of a lapse. A 0.5% change (absolute) in lapse rates causes a £0.3m change in the provision. A 2% change (absolute) in the recoveries rate causes a £0.1m change in the provision. More information is included in note 22.

(d) Investments in associates

The Group is required to test, on an annual basis, whether any investments in associates have suffered any impairment.

The Group uses two methods to test for impairment,

- Net Present Value of the next 5 years projected free cash flow and terminal value.
- Valuation of business on a multiple basis.

The use of both methods requires the estimation of future cash flows, future profit before tax and choice of discount rate. Actual outcomes may vary. Where the carrying amount in the consolidated statement of financial position is in excess of the estimated value, the Group will make an impairment charge against the investment value and charge this amount to the consolidated statement of comprehensive income under impairment and amount written off associates.

The Group continues to make investments in associates, with elements of deferred consideration in some cases, as well as enter into commitments or option agreements to increase its stake or fully acquire certain associates. In accounting for these, the Group has had to make certain estimates on the amounts of deferred consideration likely to be payable and also the future performance and value of these businesses in determining the fair value of the options.

(e) Share options, Employer's National Insurance Contributions and Deferred tax

Under the Group's equity-settled share based remuneration schemes (see note 29), estimates are made in assessing the fair value of options granted. The fair value is spread over the vesting period in accordance with IFRS 2. The Group engages an external expert in assessing fair value, both Black-Scholes and Stochastic models are used, and estimates are made as to the Group's expected dividend yield and the expected volatility of the Group's share price.

In addition, the Group estimates the employer's National Insurance Contributions that will fall due on exercise of options, and provides for this over the vesting period. In doing so, estimates as to the share price at vesting and the proportion of options from each grant that will vest are made with reference to the Group's prospects.

Deferred tax assets include temporary timing differences related to the issue and exercise of share options. Recognition of the deferred tax assets assigns an estimate of the proportion of options likely to vest and an estimate of share price at vesting. The carrying amount of deferred tax assets relating to share options as at 31 December 2021 was £1.8m (2020: £0.8m).

3 Revenue

The Group operates in one segment being that of the provision of financial services in the UK. Revenue is derived as follows:

	2021 £'000	2020 £'000
Mortgage procuration fees	85,108	67,232
Protection and general insurance commission	75,280	58,826
Client fees	23,230	18,975
Other income	5,045	3,265
	188,663	148,298

4 Cost of sales

Costs of sales are as follows:

	2021 £'000	2020 £'000
Commissions paid	129,639	101,885
Impairment of trade receivables	(5)	16
Wages and salary costs	8,063	6,565
	137,697	108,466

Wages and salary costs	2021 £'000	2020 £'000
Gross	6,642	5,446
Employer's National Insurance	752	593
Defined contribution pension costs	437	350
Other direct costs	232	176
	8,063	6,565

5 Acquisition costs

On 2 July 2019 Mortgage Advice Bureau (Holdings) plc acquired 80 per cent of the entire issued share capital of First Mortgage Direct Limited ("First Mortgage" or the "Business").

Costs relating to the amortisation of acquired intangibles amounted to £367,000 (2020: £367,000) in the year ended 31 December 2021. The option (comprising the put and the call option) over the remaining 20% of the issued share capital of First Mortgage has been accounted for under IAS 19 Employee Benefits and IFRS 2 Share Based Payments due to its link to the service of First Mortgage's Managing Director. In accordance with IAS 19, £424,606 (2020: £414,674) has been included within administrative expenses under staff costs, and in accordance with IFRS 2, a further £542,844 (2020: £442,428) has been included within administrative expenses under share based payments (see note 29).

6 Profit from operations

Profit from operations is stated after charging the following:

	2021 £'000	2020 £'000
Depreciation of property, plant and equipment	**385**	383
Depreciation of right of use assets	**383**	381
Amortisation of acquired intangibles	**367**	367
Amortisation of other intangibles	**191**	234
Costs related to First Mortgage Option	**967**	857
Impairment of loans to related parties	**16**	1,680
Auditor remuneration:		
Fees payable to the Group's auditor for the audit of the Group's financial statements	**172**	122
Fees payable to the Group's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	**10**	10
Audit related assurance services	**25**	25
Tax advisory services	**–**	3

Profits from associates are disclosed as part of the operating profit as this is the operational nature of the Group.

7 Staff costs

Staff costs, including executive and non-executive Directors' remuneration, are as follows:

	2021 £'000	2020 £'000
Wages and salaries	20,564	16,910
Share based payments (see note 29)	1,932	967
Social security costs	2,242	1,763
Defined contribution pension costs	1,454	1,199
Other employee benefits	542	537
	26,734	21,376

Staff costs are included in the consolidated statement of comprehensive income as follows:

	2021 £'000	2020 £'000
Cost of sales (see note 4)	8,063	6,565
Administrative expenses	18,671	14,811
	26,734	21,376

The average number of people employed by the Group during the year was:

	2021 Number	2020 Number
Executive Directors	3	3
Advisers	103	89
Compliance	76	74
Sales and marketing	92	71
Operations	171	154
Total	445	391

7 Staff costs (continued)

Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. These are the Directors of Mortgage Advice Bureau (Holdings) plc.

	2021 £'000	2020 £'000
Wages and salaries	**2,424**	1,380
Share based payments	**428**	101
Social security costs	**373**	633
Defined contribution pension costs	**9**	6
Other employment benefits	**7**	9
	3,241	2,129

During the year retirement benefits were accruing to 2 Directors (2020: 2) in respect of defined contribution pension schemes.

The total amount payable to the highest paid Director in respect of emoluments was £830,796 (2020: £393,112). The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2020: £nil).

8 Finance income and expense

Finance income	2021 £'000	2020 £'000
Interest income	**23**	105
Interest income accrued on loans to associates	**22**	15
	45	120

Finance expense	2021 £'000	2020 £'000
Interest expense	**102**	171
Interest expense on lease liabilities	**58**	63
	160	234

During the year, interest accrued in previous years of £23,602 was paid (2020: £34,039).

The Group has had an agreement with NatWest in respect of a revolving credit facility for £12m. The Group did not drawn down on this facility in the year and no liabilities are owed as at 31 December 2021. In respect of the Group's revolving credit facility for £12m, the Group has given security to NatWest in the form of fixed and floating charges over the assets of Mortgage Advice Bureau Limited, Mortgage Advice Bureau (Derby) Limited and Mortgage Advice Bureau (Holdings) plc. In connection with the acquisition of Project Finland Topco Limited which indirectly owns 100% of The Fluent Money Group Limited ("Fluent") the Group has entered into new debt facilities with NatWest as set out in note 32.

Loan covenants

Under the terms of the revolving credit facility, the Group is required to comply with the following financial covenants:

- Interest cover shall not be less than 5:1
- Debt to EBITDA ratio shall not exceed 2:1

The Group has complied with these covenants throughout the year.

9 Income tax

	2021 £'000	2020 £'000
Current tax expense		
UK corporation tax charge on profit for the year	**4,196**	2,068
Adjustment to charge in respect of prior periods	**–**	–
Total current tax	**4,196**	2,068
Deferred tax expense		
Origination and reversal of timing differences	**(33)**	(23)
Temporary difference on share based payments	**(342)**	(9)
Adjustment due to change in tax rates	**89**	45
Adjustment to deferred tax charge in respect of prior periods	**–**	–
Total deferred tax (see note 23)	**(286)**	13
Total tax expense	**3,910**	2,081

The reasons for the difference between the actual charge for the year and the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%) applied to profit for the year is as follows:

	2021 £'000	2020 £'000
Profit for the year before tax	**23,182**	14,859
Expected tax charge based on corporation tax rate	**4,405**	2,823
Expenses not deductible for tax purposes amortisation and impairment	**160**	120
Research & Development allowances	**(439)**	(230)
Tax on share options exercised	**(119)**	(760)
Adjustment to deferred tax charge in respect of prior periods	**–**	–
Adjustment to corporation tax charge in respect of prior periods	**–**	–
Adjustment to deferred tax charge due to change in tax rate	**89**	45
Fair value gain on derivative financial instruments	**(62)**	–
Profits from associates	**(192)**	(7)
Amounts written off investments	**78**	90
Capital allowance super deductions	**(9)**	–
Utilisation of brought forward tax losses	**(1)**	–
Total tax expense	**3,910**	2,081

For the year ended 31 December 2021 the deferred tax charge relating to unexercised share options, recognised in equity was £558,869 (2020: -£674,337). An additional £89,639 (2020: £nil) deferred tax charge was recognised in equity as a result of changes to tax rates.

10 Earnings per share

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

Basic earnings per share	2021 £'000	2020 £'000
Profit for the year attributable to the owners of the parent	**18,722**	12,379
Weighted average number of shares in issue	**53,184,872**	52,134,684
Basic earnings per share (in pence per share)	**35.2p**	23.7p

For diluted earnings per share, the weighted average number of ordinary shares in existence is adjusted to include potential ordinary shares arising from share options.

Diluted earnings per share	2021 £'000	2020 £'000
Profit for the year attributable to the owners of the parent	**18,722**	12,379
Weighted average number of shares in issue	**53,552,928**	52,478,416
Diluted earnings per share (in pence per share)	**35.0p**	23.6p

The share data used in the basic and diluted earnings per share computations are as follows:

Weighted average number of ordinary shares	2021	2020
Issued ordinary shares at start of year	**53,153,187**	51,612,207
Effect of shares issued during year	**31,685**	522,477
Basic weighted average number of shares	**53,184,872**	52,134,684
Potential ordinary shares arising from options	**368,056**	343,732
Diluted weighted average number of shares	**53,552,928**	52,478,416

10 Earnings per share (continued)

The reconciliation between the basic and adjusted figures is as follows:

	2021 £'000	2020 £'000	2021 Basic earnings per share pence	2020 Basic earnings per share pence	2021 Diluted earnings per share pence	2020 Diluted earnings per share pence
Profit for the year	18,722	12,379	35.2	23.7	35.0	23.6
Adjustments:						
Amortisation of acquired intangibles	367	367	0.7	0.7	0.7	0.7
Costs relating to the First Mortgage Direct option	967	857	1.8	1.6	1.8	1.6
Gain on derivative financial instruments	(328)	–	(0.6)	–	(0.6)	–
Impairment of loans to related parties	16	1,680	–	3.2	–	3.2
Tax effect of adjustments	(3)	(319)	–	(0.6)	–	(0.6)
Adjusted earnings	19,741	14,964	37.1	28.6	36.9	28.5

The Group uses adjusted results as key performance indicators, as the Directors believe that these provide a more consistent measure of operating performance. Adjusted profit is therefore stated before one-off acquisition costs, ongoing non-cash items relating to the acquisition of First Mortgage Direct Limited, fair value gains on financial instruments relating to options to increase shareholding in Associate businesses and impairment of loans to related parties, net of tax.

11 Dividends

	2021 £'000	2020 £'000
Dividends paid and declared during the year:		
Final dividend for 2020: 19.2p per share (2019: 6.4p)	10,210	3,311
Interim dividend for 2021: 13.4p per share (2020: 6.4p)	7,129	3,401
	17,339	6,712
Equity dividends on ordinary shares:		
Proposed for approval by shareholders at the AGM:		
Final dividend for 2021: 14.7p per share (2020: 19.2p)	7,821	10,205
	7,821	10,205

The record date for the final dividend is 29 April 2022 and the payment date is 30 May 2022. The ex-dividend date will be 28 April 2022. The company statement of changes in equity shows that the Company has positive reserves as at 31 December 2021 of £1,406,000. There are sufficient distributable reserves in subsidiary companies to pass up to Mortgage Advice Bureau (Holdings) plc in order to pay the proposed final dividend. The proposed final dividend for 2021 has not been provided for in these financial statements, as it has not yet been approved for payment by shareholders.

11 Dividends (continued)

The final dividends paid and declared can differ from the proposed total dividends for approval due to (1) additional shares issued after the publication of these accounts in connection with share options exercised and/or the placing of new shares in connection with the acquisition of Fluent but before the record date and (2) the number of unallocated shares within the Group's Share Incentive Plan that do not receive a dividend.

12 Property, plant and equipment

	Freehold land and building £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2021	2,536	1,015	1,247	4,798
Additions	–	35	170	205
As at 31 December 2021	**2,536**	**1,050**	**1,417**	**5,003**
Depreciation				
As at 1 January 2021	292	672	987	1,951
Charge for the year	57	151	177	385
As at 31 December 2021	**349**	**823**	**1,164**	**2,336**
Net Book Value				
As at 31 December 2021	**2,187**	**227**	**253**	**2,667**

	Freehold land and building £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2020	2,536	919	1,037	4,492
Additions	–	96	210	306
As at 31 December 2020	**2,536**	**1,015**	**1,247**	**4,798**
Depreciation				
As at 1 January 2020	234	503	831	1,568
Charge for the year	58	169	156	383
As at 31 December 2020	**292**	**672**	**987**	**1,951**
Net Book Value				
As at 31 December 2020	**2,244**	**343**	**260**	**2,847**

13 Right of use assets

Leases

This note provides information for leases where the Group is a lessee.

The consolidated statement of financial position shows the following amounts on leases:

Right of use assets	Land and Buildings £'000	Total £'000
As at 1 January 2021	2,590	2,590
Additions	250	250
Depreciation	(383)	(383)
As at 31 December 2021	**2,457**	**2,457**

Lease liabilities	Land and Buildings £'000	Total £'000
As at 1 January 2021	2,695	2,695
Additions	250	250
Interest expense	58	58
Lease payments	(407)	(407)
As at 31 December 2021	**2,596**	**2,596**

Right of use assets	Land and Buildings £'000	Total £'000
As at 1 January 2020	2,907	2,907
Additions	64	64
Depreciation	(381)	(381)
As at 31 December 2020	**2,590**	**2,590**

Lease liabilities	Land and Buildings £'000	Total £'000
As at 1 January 2020	2,979	2,979
Additions	64	64
Interest expense	63	63
Lease payments	(411)	(411)
As at 31 December 2020	**2,695**	**2,695**

13 Right of use assets (continued)

The present value of the lease liabilities is as follows:

31 December 2021	Within 1 year	1-2 years	2-5 years	After 5 years	Total
Lease payments (undiscounted)	449	454	1,228	665	2,796
Finance charges	(55)	(46)	(83)	(16)	(200)
Net present values	**394**	**408**	**1,145**	**649**	**2,596**

31 December 2020	Within 1 year	1-2 years	2-5 years	After 5 years	Total
Lease payments (undiscounted)	401	390	1,142	1,006	2,939
Finance charges	(58)	(50)	(101)	(35)	(244)
Net present values	**343**	**340**	**1,041**	**971**	**2,695**

Leases

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2021 £'000	2020 £'000
Depreciation charge of right of use assets	**383**	381
Interest expense	**58**	63
Short term lease expense	**5**	–
Low value lease expense	**2**	3

14 Intangible assets

Goodwill	2021 £'000	2020 £'000
Cost		
As at 1 January	**15,308**	15,308
Additions	**–**	–
As at 31 December	**15,308**	15,308
Accumulated impairment		
As at 1 January and 31 December	**(153)**	(153)
Net book value		
As at 31 December	**15,155**	15,155

The goodwill relates to the acquisition of Talk Limited in 2012, and in particular its main operating subsidiary Mortgage Talk Limited, and the acquisition of First Mortgage Direct Limited ("FMD") in 2019. The goodwill is deemed to have an indefinite useful life. It is currently carried at cost and is reviewed annually for impairment.

Under IAS 36, "Impairment of assets", the Group is required to review and test its goodwill annually or in the event of a significant change in circumstances. The impairment reviews conducted at the end of 2021 concluded that there had been no impairment of goodwill.

The Board considers that it has only one operating segment and following the acquisition of FMD, now has two cash-generating units (CGUs). Goodwill arose on the acquisition of Mortgage Talk Limited and has since been allocated to the CGU of the Group excluding FMD. Impairment testing for this CGU is carried out by determining recoverable amount on the basis of a value in use, which is then compared to the carrying value of the assets of the CGU including goodwill. The value in use that has been determined exceeds the £4.1m (2020: £4.1m) carrying value of this CGU and therefore no impairment of goodwill is required. Management has estimated future cash flows over a five year period and applied a discount rate of 11% and then applied a terminal value calculation, which assumes a growth rate of 5% in future cashflows, in order to estimate the present value of those cash flows in determining the value in use. Management believes that any possible changes to any of the key assumptions applied in determining the value in use would not cause the carrying amount of goodwill to exceed the present value of the estimated future cashflows.

Goodwill arose on the acquisition of FMD and has since been allocated to this CGU of the Group. Impairment testing for this CGU is carried out by determining recoverable amount on the basis of a value in use, which is then compared to the carrying value of the assets of the CGU including goodwill. The value in use that has been determined exceeds the £11.0m (2020: £11.0m) carrying value of this CGU and therefore no impairment of goodwill is required. Management has estimated future cash flows over a five year period and applied a discount rate of 21% and then applied a terminal value calculation, which assumes a growth rate of 5% in future cashflows, in order to estimate the present value of those cash flows in determining the value in use. Management believes that any possible changes to any of the key assumptions applied in determining the value in use would not cause the carrying amount of goodwill to exceed the present value of the estimated future cashflows.

14 Intangible assets (continued)

Other intangible assets	Licences £'000	Website £'000	Software £'000	Customer contracts £'000	Trademarks £'000	Total £'000
Cost						
As at 1 January 2021	108	140	571	1,980	1,470	4,269
Additions	–	–	–	–	–	–
As at 31 December 2021	**108**	**140**	**571**	**1,980**	**1,470**	**4,269**
Accumulated Amortisation						
As at 1 January 2021	108	140	208	330	221	1,007
Charge for the year	–	–	191	220	147	558
As at 31 December 2021	**108**	**140**	**399**	**550**	**368**	**1,565**
Net book value						
As at 31 December 2021	**–**	**–**	**172**	**1,430**	**1,102**	**2,704**

Other intangible assets	Licences £'000	Website £'000	Software £'000	Customer contracts £'000	Trademarks £'000	Total £'000
Cost						
As at 1 January 2020	108	140	570	1,980	1,470	4,268
Additions	–	–	1	–	–	1
As at 31 December 2020	**108**	**140**	**571**	**1,980**	**1,470**	**4,269**
Accumulated Amortisation						
As at 1 January 2020	108	96	18	110	74	406
Charge for the year	-	44	190	220	147	601
As at 31 December 2020	**108**	**140**	**208**	**330**	**221**	**1,007**
Net book value						
As at 31 December 2020	**–**	**–**	**363**	**1,650**	**1,249**	**3,262**

15 Investments in associates and joint venture

The Group holds investments in associates and a joint venture, all of which are accounted for under the equity method, as follows:

Company name	Registered office	Percentage of ordinary shares held	Description
CO2 Commercial Limited	Profile House, Stores Road, Derby DE21 4BD	49	Property surveyors
Lifetime FS Limited	Capital House, Pride Place, Derby DE24 8QR	49	Provision of financial services
Freedom 365 Mortgage Solutions Limited(1)	Gresley House, Ten Pound Walk, Doncaster DN4 5HX	35	Provision of financial services
Sort Group Limited	Burdsall House, London Road, Derby DE24 8UX	43.25	Conveyancing services
Buildstore Limited	Nsb & Rc Lydiard Fields, Great Western Way, Swindon SN5 8UB	25	Provision of financial services
Clear Mortgage Solutions Limited	114 Centrum House, Dundas Street, Edinburgh EH3 5DQ	49	Provision of financial services
Vita Financial Limited	1st Floor Tudor House, 16 Cathedral Road, Cardiff CF11 9LJ	49	Provision of financial services
MAB Broker Services PTY Limited	Level 7, 68 Alfred Street, Milsons Point, NSW 2061	48.05	Provision of financial services
Eagle and Lion Limited(2)	22 West Mall, Clifton, Bristol, BS8 4BQ	49	Provision of financial services
The Mortgage Broker Group Limited	The Granary, Crowhill Farm, Ravensden Road, MK44 2QS	25	Provision of financial services
Meridian Holdings Group Limited	68 Pullman Road, Wigston, Leicester, LE18 2DB	40	Provision of financial services
Evolve FS Ltd	Unit 26-28 Brightwell Barns, Waldringfield Road, Brightwell, Ipswich, Suffolk, IP10 0BJ	49	Provision of financial services
Heron Financial Limited	Moor Park Golf Club, Moor Park, Rickmansworth, Hertfordshire, England, WD3 1QN	49	Insurance agent and broker
M & R FM Ltd(3)	14 Kensington Terrace, Gateshead, NE11 9SL	25	Provision of financial services

The reporting date for the Group's associates, as listed in the table above, other than Clear Mortgage Solutions Limited, is 31 December and their country of incorporation is England and Wales. The reporting date for Clear Mortgage Solutions Limited is 30 December and its country of incorporation is England and Wales. The reporting date for the Group's joint venture, MAB Broker Services PTY Limited, is 30 June and its country of incorporation is Australia.

(1) On 13 January 2021 the Group ceased to have an investment in this entity, having entered into a deed of termination.

(2) On 29 September 2021, Eagle and Lion Limited passed a special resolution to enter into voluntary liquidation.

(3) 25% of the ordinary share capital of M & R FM Ltd is held by First Mortgage Direct Limited.

15 Investments in associates and joint venture (continued)

The investment in associates and the joint venture at the reporting date is as follows:

	2021 £'000	2020 £'000
As at 1 January	**4,883**	3,133
Additions	**7,222**	2,345
Credit/(charge) to the statement of comprehensive income:		
Share of profit	**1,011**	36
Impairment and amount written off	**(408)**	(473)
	603	(437)
Dividends received	**(275)**	(158)
As at 31 December	**12,433**	4,883

The Group is entitled to 49% of the results of CO2 Commercial Limited and Lifetime FS Limited by virtue of its 49% equity stakes. CO2 Commercial Limited is a dormant holding company, and trades through its wholly owned subsidiary, Pinnacle Surveyors (England & Wales) Limited. The Group is entitled to 49% of the results of Clear Mortgage Solutions Limited, Vita Financial Limited, Heron Financial Limited, Evolve FS Ltd and Eagle and Lion Limited by virtue of its 49% equity stakes. The Group is entitled to 48.05% of the results of MAB Broker Services PTY Limited by virtue of its 48.05% equity stake, 43.25% of the results of Sort Group Limited by virtue of its 43.25% equity stake, 40% of the results of Meridian Holdings Group Limited by virtue of its 40% equity stake, and 25% of the results of Buildstore Limited and The Mortgage Broker Group Limited by virtue of its 25% equity stakes.

The carrying value of the Group's joint venture, MAB Broker Services PTY Limited, as at 31 December 2021 is £nil (2020: £nil). In the year ended 30 June 2021, MAB Broker Services PTY Limited reported a profit of AUD0.04m (2020: Loss of AUD0.9m).

First Mortgage Direct Limited is entitled to 25% of the results of M & R FM Ltd by virtue of its 25% equity stake.

Additions during the year include £5.0m of initial cash consideration (2020: £2.3m) and £2.2m of estimated deferred consideration (2020: £nil)

Acquisitions and disposals

2021:
On 12 January 2021, First Mortgage Direct Limited, an 80% owned subsidiary of the Group acquired a 25% stake in M & R FM Ltd, for an initial cash consideration of £663,400, estimated deferred consideration of £0.2m is payable following finalisation of M&R FM Ltd's audit for the year ended 31 December 2021.

On 13 January 2021, the Group ceased to have an investment in Freedom 365 Mortgage Solutions Limited, having entered into a deed of termination.

The Group acquired a further 29% interest in Vita Financial Limited ("Vita") on 28 May 2021 at an initial cash consideration of £159,081, estimated deferred consideration of £0.2m and £0.2m is payable following the finalisation of Vita's audits for the year ended 31 December 2021 and 31 December 2022 respectively.

The Group acquired a 49% stake in Evolve FS Ltd ("Evolve") plus an option over a further 31% of the ordinary share capital of Evolve on 20 July 2021 at an initial cash consideration of £2,316,290, estimated consideration of £0.7m is payable following finalisation of Evolve's audit for the year ended 31 December 2021.

The Group acquired a 49% stake in Heron Financial Limited ("Heron") plus an option over the remaining ordinary share capital of Heron on 30 November 2021 at an initial cash consideration of £1,600,000. Estimated deferred consideration of £0.4m is payable following finalisation of Heron's audit for the year ended 31 December 2021 with further estimated deferred consideration of £0.5m payable following finalisation of Heron's audit for the year ending 31 December 2022.

15 Investments in associates and joint venture (continued)

Acquisitions and disposals (continued)

In accordance with IAS28 the Group impaired further the value of the investment in The Mortgage Broker Group Limited by £400,000 (2020: £472,850) due to its performance. The investment in The Mortgage Broker Group Limited is classified as Level 3 for the purposes of disclosure in the fair value hierarchy. The recoverable amount of the asset is its fair value less costs of disposal and the market approach has been determined as the most appropriate method of estimating the fair value of this investment.

On 30 September 2021, the Group paid a further £271,183 in deferred consideration in respect of its acquisition of a further 24% interest in Clear Mortgage Solutions Limited in December 2020.

On 16 July 2021, as part of a shareholding restructure in Sort Group Limited, in which Sort Group Limited increased its stake in Sort Limited to 100% (previously 75.68%), the Group disposed of its 10.52% shareholding in Sort Limited for £nil cash consideration. The Group now holds 43.25% of Sort Group Limited which is equal to the previous effective interest prior to the shareholding restructure held through separate investments in Sort Group Limited, Sort Limited and Sort Technology Limited. With no change in effective interest, the carrying value of the investment in Sort Limited has been transferred to Sort Group Limited.

2020

The Group acquired a 40% interest in Meridian Holdings Group Limited on 12 October 2020 at a cost of £1,340,000.

The Group acquired a further 24% interest in Clear Mortgage Solutions Limited on 17 December 2020 at an initial consideration of £461,593.

In connection with Australian Finance Group Ltd becoming the Group's new joint venture partner for MAB Broker Services PTY Ltd, the Group increased its investment in MAB Broker Services PTY Limited by 3.05% on 30 October 2020 at a cost of £543,095 (AUD1,000,000).

In accordance with IAS28 the Group reduced the value of the investment in The Mortgage Broker Group Limited by £472,850 due to its performance, reflecting the fair value carrying amount of the investment.

As the associates are private companies, published share prices are not available.

Summarised financial information for associates

The tables below provide summarised financial information for those associates and joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts:

2021	Evolve FS Ltd £'000	Heron Financial Limited £'000	Meridian Holdings Group Limited £'000	Sort Group Limited £'000	Pinnacle Surveyors (England & Wales) Limited £'000
Non-current assets	53	259	1,948	350	26
Cash balances	1,433	351	1,648	1,598	602
Current assets (excluding cash balances)	206	122	1,179	749	1,332
Current liabilities	(747)	(115)	(1,496)	(1,129)	(751)
Non-current liabilities and provisions	–	(268)	(878)	(236)	(300)
Revenue	5,395	2,822	7,957	10,487	5,723
Profit/(loss) before taxation	857	602	535	772	850
Total comprehensive income (PAT)	691	505	433	591	695
Profit attributable to Group	151	–	178	346	341
Dividends received	–	–	–	–	225*

15 Investments in associates and joint venture (continued)

Summarised financial information for associates (continued)

2020

	Buildstore Limited £'000	Clear Mortgage Solutions Limited £'000	Sort Group Limited £'000	Pinnacle Surveyors (England & Wales) Limited £'000
Non-current assets	188	94	386	25
Cash balances	764	1,067	1,409	575
Current assets (excluding cash balances)	612	158	453	1,101
Current liabilities	(856)	(419)	(1,327)	(789)
Non-current liabilities and provisions	(60)	(272)	(171)	(359)
Revenue	3,271	5,280	7,787	3,918
Profit/(loss) before taxation	201	781	790	459
Total comprehensive income (PAT)	163	470	557	375
Profit attributable to Group	34	131	213	184
Dividends received	–	–	–	108*

Individually immaterial associates and joint ventures

In addition to the interests in associates disclosed above, the Group also has interests in a number of individually immaterial associates and a joint venture that are accounted for using the equity method. The aggregate of the summarised financial information for these associates is shown below, along with the summarised financial information for the joint venture. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and the joint venture and not the Group's share of those amounts:

	2021 Associates £'000	2020 Associates £'000	**2021 Joint Venture £'000**	2020 Joint Venture £'000
Non-current assets	**439**	351	**38**	41
Cash balances	**2,832**	2,275	**715**	1,537
Current assets (excluding cash balances)	**1,718**	1,067	**1,934**	502
Current liabilities	**(1,489)**	(1,441)	**(444)**	(338)
Non-current liabilities and provisions	**(1,131)**	(674)	**–**	–
Revenue	**15,147**	11,846	**939**	833
Profit/(loss) before taxation	**711**	1,199	**(887)**	(857)
Total comprehensive income (PAT)	**513**	761	**40**	(857)
Profit attributable to Group	**(5)**	20	**–**	(546)
Dividends received	**50**	50	**–**	–

* These dividends are received from CO2 Commercial Limited, the parent undertaking of Pinnacle Surveyors (England & Wales) Limited. All other information disclosed above relates to Pinnacle Surveyors (England & Wales) Limited.

15 Investments in associates and joint venture (continued)

Individually immaterial associates and joint ventures (continued)

All associates prepare their financial statements in accordance with FRS 102 other than MAB Broker Services PTY Limited who prepare their financial statements in accordance with the Australian Accounting Standards. There would be no material difference to the profit attributable to the Group if the accounts of any of the associates were prepared in accordance with IFRS.

Derivative financial instruments

The fair value of the call option at 31 December 2021 for Evolve is £124,055. The fair value of the call option and put option at 31 December 2021 for Heron is £95,455 and £34,235 respectively. The fair value of the call option and put option at 31 December 2021 for Meridian are £142,895 and £7 respectively

The fair values of the option contracts have been calculated using an option valuation model. The key assumptions used to value the options in the model are the value of shares in the associate, the anticipated growth of the business, the option exercise price, the expected life of the option, the expected share price volatility of similar businesses, forecast dividends and the risk-free interest rate. The gain relating to the derivative financial instruments is included within 'operating profit'. These financial instruments are categorised as Level 3 within the fair value hierarchy.

16 Investments in non-listed equity shares

	2021 £'000	2020 £'000
As at 1 January	75	75
Additions	2,500	–
Revaluation	283	
Disposals	(75)	–
As at 31 December	2,783	75

The investment at the start of the year represented a 2.23% interest in Yourkeys Technology Ltd. This was sold on 23 April 2021 for initial consideration of £329,000 with estimated total proceeds (including deferred consideration) of £386,000.

On 9 April 2021, the Group acquired a 3.17% stake in PD Innovations Limited, trading as the property portal Boomin for a cash consideration of £2,500,000. This investment is classified as Level 3 for the purpose of disclosure in the fair value hierarchy, with any fair value movements taken to the consolidated statement of comprehensive income. The Group has determined that using the market approach is an appropriate method of estimating the fair value of this financial instrument.

At 31 December 2021, the Group had a shareholding of 2.92% in PD Innovations Limited, trading as Boomin, at a value of £2,783,000 with an increase in value of £283,000 recognised in the consolidated statement of comprehensive income during the year. In determining the fair value, the market approach was used with reference to recent transactions. This investment continues to be classified as Level 3 for the purpose of disclosure in the fair value hierarchy.

17 Subsidiaries

The subsidiaries of Mortgage Advice Bureau (Holdings) plc at the reporting date have been included in the consolidated financial statements. The subsidiaries are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
Mortgage Talk Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Provision of financial services
First Mortgage Direct Limited	Scotland	80	Provision of financial services
First Mortgage Limited	Scotland	80	Provision of financial services
Property Law Centre Limited	Scotland	80	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company
Mortgage Advice Bureau Australia (Holdings) PTY Limited	Australia	100	Intermediate holding company
Mortgage Advice Bureau PTY Limited	Australia	100	Holding of intellectual property
Mortgage Advice Bureau (UK) Limited	England and Wales	100	Dormant
Mortgage Advice Bureau (Bristol) Limited	England and Wales	100	Dormant
MAB (Derby) Limited	England and Wales	100	Dormant
L&P 137 Limited	England and Wales	100	Dormant
Mortgage Talk (Partnership) Limited	England and Wales	100	Dormant
Financial Talk Limited	England and Wales	100	Dormant
Survey Talk Limited	England and Wales	100	Dormant
L&P 134 Limited	England and Wales	100	Dormant
Loan Talk Limited	England and Wales	100	Dormant
MAB1 Limited	England and Wales	100	Dormant
MAB Private Finance Limited	England and Wales	100	Dormant
MAB Financial Planning Limited	England and Wales	100	Dormant
First Mortgage Shop Limited	Scotland	80	Dormant
First Mortgages Limited	Scotland	80	Dormant
Fresh Start Finance Limited	Scotland	80	Dormant

17 Subsidiaries (continued)

The registered office for all of the subsidiaries of Mortgage Advice Bureau (Holdings) plc, as listed in the table above, is Capital House, Pride Place, Pride Park, Derby, DE24 8QR, United Kingdom, other than for the two subsidiaries incorporated in Australia for which the registered office is Norton Rose Fulbright, Level 18, 225 George Street, Sydney, NSW 2000, Australia and First Mortgage Direct Limited and its subsidiaries for which the registered office is 30 Walker Street, Edinburgh, EH3 7HR.

Mortgage Advice Bureau Australia (Holdings) PTY Limited has a 100% equity stake in Mortgage Advice Bureau PTY Limited and also a 48.05% equity stake in MAB Broker Services PTY Limited.

Mortgage Advice Bureau (Holdings) plc holds 100% of the ordinary share capital of Mortgage Advice Bureau Limited and Talk Limited.

Mortgage Advice Bureau Limited holds 100% of the ordinary share capital of Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited, MABWM Limited and Mortgage Advice Bureau Australia (Holdings) PTY Limited. On 2 July 2019, Mortgage Advice Bureau Limited acquired 80% of the ordinary share capital of First Mortgage Direct Limited.

First Mortgage Direct Limited holds 100% of the ordinary share capital of First Mortgage Limited, Property Law Centre Limited, First Mortgages Limited, First Mortgage Shop Limited and Fresh Start Finance Limited.

Talk Limited holds 100% of the ordinary share capital of Mortgage Talk Limited, L&P 137 Limited, Mortgage Talk (Partnership) Limited, Financial Talk Limited and Survey Talk Limited.

Mortgage Talk Limited holds 100% of the ordinary share capital of Loan Talk Limited.

L&P 137 Limited holds 100% of the ordinary share capital of L&P 134 Limited.

Two of the Group's subsidiaries, First Mortgage Limited (SC177681) and Property Law Centre Limited (SC348791) are exempt from the audit of individual accounts under section 479A of the Companies Act 2006.

There are no restrictions regarding the utilisation of cash or other resources held by any subsidiary.

18 Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	**1,741**	1,460
Less provision for impairment of trade receivables	**(374)**	(379)
Trade receivables - net	**1,367**	1,081
Receivables from related parties	**–**	12
Other receivables	**448**	468
Loans to related parties	**1,398**	1,919
Less provision for impairment of loans to related parties	**(2)**	(614)
Less amounts written off loans to related parties	**(628)**	(1,069)
Total non derivative financial assets other than cash and cash equivalents classified at amortised costs	**2,583**	1,797
Prepayments and accrued income	**4,856**	4,113
Corporation tax	**–**	499
Total trade and other receivables	**7,439**	6,409
Less: non-current portion - Loans to related parties	**(541)**	(220)
Less: non-current - Trade receivables	**(557)**	(586)
Current portion	**6,341**	5,603

Reconciliation of movement in trade and other receivables to cash flow	2021 £'000	2020 £'000
Movement per trade and other receivables	**1,030**	(1,880)
Corporation tax	**499**	(499)
Accrued interest movement	**16**	18
Accrued interest write off	**(15)**	–
Accrual of deferred consideration for Yourkeys disposal	**(55)**	–
Total movement per cash flow	**1,475**	(2,361)

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

Included within trade receivables are operational business development loans to Appointed Representatives. The non-current trade receivables balance is comprised of loans to Appointed Representatives.

18 Trade and other receivables (continued)

Also included in trade receivables are amounts due from Appointed Representatives relating to commissions that are refundable to the Group when policy lapses or other reclaims exceed new business. As these balances have no credit terms, the Board of Directors consider these to be past due if they are not received within seven days. In the management of these balances, the Directors can recover them from subsequent new business entered into with the Appointed Representative or utilise payables that are owed to the same counterparties and included within payables as the Group has the legally enforceable right of set off in such circumstances. These payables are considered sufficient by the Directors to recover receivable balances should they default, and, accordingly, credit risk in this respect is minimal.

In light of the above, the Directors do not consider that disclosure of an aging analysis of trade and other receivables would provide useful additional information. Further information on the credit quality of financial assets is set out in note 21.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision. As at 31 December 2021 the lifetime expected loss provision for trade receivables is £0.4m (2020: £0.4m). The movement in the impairment allowance for trade receivables has been included in cost of sales in the consolidated statement of comprehensive income.

Impairment provisions for loans to associates are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. In determining the lifetime expected credit losses for loans to associates, the Directors have considered different scenarios for repayments of these loans and have applied percentage probabilities to each scenario for each associate where applicable.

A summary of the movement in the provision for the impairment of receivables is as follows:

	2021 £'000	2020 £'000
As at 1 January	**379**	363
New provisions for impairment losses	**4**	81
Increases in existing provisions for impairment losses	**5**	5
Impairment provisions no longer required	**(14)**	(70)
As at 31 December	**374**	379

A summary of the movement in the provision for the impairment of loans to related parties is as follows:

	2021 £'000	2020 £'000
As at 1 January	**614**	171
Increases in existing provisions for impairment losses	**–**	611
Impairment provisions no longer required	**(612)**	(168)
As at 31 December	**2**	614

18 Trade and other receivables (continued)

During the year, a principal loan balance of £0.6m has been written off in respect of Eagle and Lion Limited which represents the principal loan balance write off and release of £0.6m of expected credit losses already recognised in the prior year. The movement in the impairment allowance for receivables for loans to associates has been included in impairment of loans to related parties in the consolidated statement of comprehensive income. As at 31 December 2021 the lifetime expected loss provision for loans to associates is £0.0m (2020: £0.6m), with 12 month expected credit losses recognised for remaining associates.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above less collateral held as security. Details of security held are given in note 21.

19 Cash and cash equivalents

	2021 £'000	2020 £'000
Unrestricted cash and bank balances	**17,548**	18,550
Bank balances held in relation to retained commissions	**16,863**	14,431
Cash and cash equivalents	**34,411**	32,981

Bank balances held in relation to retained commissions earned on an indemnity basis from protection policies are held to cover potential future lapses in Appointed Representatives commissions. Operationally the Group does not treat these balances as available funds. An equal and opposite liability is shown within Trade and other payables (note 20).

20 Trade and other payables

	2021 £'000	2020 £'000
Appointed Representatives retained commission	**16,863**	14,431
Other trade payables	**6,255**	5,447
Trade payables	**23,118**	19,878
Social security and other taxes	**1,305**	1,289
Other payables	**70**	154
Deferred consideration (see note 15)	**2,212**	–
Accruals	**5,220**	2,341
Total trade and other payables	**31,925**	23,662

Should a protection policy be cancelled within four years of inception, a proportion of the original commission will be clawed back by the insurance provider. The majority of any such repayment is payable by the Appointed Representative. It is the Group's policy to retain a proportion of commission payable to the Appointed Representative to cover such potential future lapses; these sums remain a liability of the Group. This commission is held in a separate ring fenced bank account as described in note 19.

As at 31 December 2021 and 31 December 2020, the carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

Appointed Representatives retained commission is expected to be payable after more than one year. Other trade payables normally fall due within 30 to 60 days.

21 Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

- Trade and other receivables
- Investments in non-listed equity shares
- Derivative financial instruments
- Cash and cash equivalents
- Trade and other payables

A summary of financial instruments held by category is provided below:

Financial assets	2021 £'000	2020 £'000
Cash and cash equivalents	34,411	32,981
Investments in non-listed equity shares (FVTPL)	2,783	75
Trade and other receivables (Amortised cost)	2,583	1,797
Derivative financial instruments (FVTPL)	362	–
Total financial assets	**40,139**	34,853

Financial liabilities	2021 £'000	2020 £'000
Trade and other payables	24,493	21,321
Deferred consideration	2,212	–
Accruals	5,220	2,341
Lease liabilities	2,596	2,695
Derivative financial instruments	34	–
Total financial liabilities	**34,555**	26,357

21 Financial instruments – risk management (continued)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies, and designs and operates processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board sets guidelines to the finance team and monitors adherence to its guidelines on a monthly basis.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk of financial loss to the Group if a trading partner or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from loans to its trading partners. It is Group policy to assess the credit risk of trading partners before advancing loans or other credit facilities. Assessment of credit risk utilises external credit rating agencies. Personal guarantees are generally obtained from the Directors of its trading partners.

Quantitative disclosures of the credit risk exposure in relation to financial assets are set out below. Further disclosures regarding trade and other receivables are given in note 18.

Financial assets - maximum exposure	2021 £'000	2020 £'000
Cash and cash equivalents	**34,411**	32,981
Investments in non-listed equity shares (FVTPL)	**2,783**	75
Trade and other receivables (Amortised cost)	**2,583**	1,797
Derivative financial instruments (FVTPL)	**362**	–
Total financial assets	**40,139**	34,853

The carrying amounts stated above represent the Group's maximum exposure to credit risk for trade and other receivables. An element of this risk is mitigated by collateral held by the Group for amounts due to them.

Trade receivables consist of a large number of unrelated trading partners and therefore credit risk is not concentrated. Due to the large volume of trading partners the Group does not consider that there is any significant credit risk as a result of the impact of external market factors on their trading partners. Additionally, within trade payables are amounts due to the same trading partners that are included in trade receivables; this collateral of £822,382 (2020: £325,538) reduces the credit risk.

The Group's credit risk on cash and cash equivalents is limited because the Group places funds on deposit with National Westminster Bank Plc and Bank of Scotland Plc which are A/A+ and A+ rated respectively.

Interest rate risks

The Group's interest rate risk arises from cash on deposit. The Group aims to maximise its return on cash on deposit whilst ensuring that cash is available to meet liabilities as they fall due. Current market deposit interest rates are minimal and therefore any fall in these rates is unlikely to have a significant impact on the results of the Group.

21 Financial instruments – risk management (continued)

Foreign exchange risk

As the Group does not operate outside of the United Kingdom and has only one investment outside the UK, it is not exposed to any material foreign exchange risk.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group's trade and other payables are repayable within one year from the reporting date and the contractual undiscounted cash flow analysis for the Group's trade and other payables is the same as their carrying value. The contractual maturities of financial liabilities are as follows:

31 December 2021	**Within 1 year**	**1 - 2 years**	**2 -5 years**	**After 5 years**	**Total**
Trade and other payables	7,630	–	–	–	7,630
Deferred consideration	1,483	729	–	–	2,212
Accruals	3,942	183	1,095	–	5,220
Lease liabilities	449	454	1,228	665	2,796
Derivative financial instruments	–	34	–	–	34
Total	**13,504**	**1,400**	**2,323**	**665**	**17,892**

31 December 2020	Within 1 year	1 - 2 years	2 -5 years	After 5 years	Total
Trade and other payables	6,890	–	–	–	6,890
Accruals	1,620	67	654	–	2,341
Lease liabilities	401	390	1,142	1,006	2,939
Total	8,911	457	1,796	1,006	12,170

The appointed representatives retained commissions balance of £16.9m has been excluded from the maturity analysis due to there being an equal cash balance held within cash and cash equivalents. There is therefore no liquidity risk relating to this balance.

The Board receives annual 12 month cash flow projections based on working capital modelling as well as information regarding cash balances monthly. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. Additionally, the Group has financial resource requirements set by its regulator, the Financial Conduct Authority. The Board has set a policy to ensure that adequate capital is maintained to ensure that these externally set financial resource requirements are exceeded at all times. Quarterly reports are made to the Financial Conduct Authority and submission is authorised by the Chief Financial Officer, at which time capital adequacy is re-assessed.

21 Financial instruments – risk management (continued)

Capital management

The Group monitors its capital which consists of all components of equity (i.e. share capital, share premium, capital redemption reserve, share option reserve and retained earnings).

The Group's objectives when maintaining capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- To ensure that capital is maintained at all times to ensure that financial resource requirements set by its regulator, the Financial Conduct Authority, are exceeded at all times
- To ensure the Group has the cash available to develop the services provided by the Group to provide an adequate return to shareholders.

22 Provisions

Clawback provision	2021 £'000	2020 £'000
As at 1 January	4,576	3,735
Charged to the consolidated statement of comprehensive income	1,140	841
As at 31 December	**5,716**	4,576

The provision relates to refund liabilities for the estimated cost of repaying commission income received upfront on protection policies that may lapse in the four years following issue. Under the Group's revenue contracts with protection providers, if the policy is cancelled by the customer within a four year period after the inception of the policy then a proportion of the commission received upfront has to be repaid to the protection provider. Provisions are held in the financial statements of four of the Group's subsidiaries: Mortgage Advice Bureau Limited, Mortgage Advice Bureau (Derby) Limited, First Mortgage Direct Limited and First Mortgage Limited. The exact timing of any future repayments (termed 'clawbacks') within the four year period is uncertain and the provision was based on the Directors' best estimate, using industry data where available, of the probability of clawbacks to be made.

23 Deferred tax

Deferred tax is calculated in full on temporary differences using tax rates of 19% and 25% depending on when the temporary differences are expected to unwind (2020: 19%).

The movement in deferred tax is shown below:

	2021 £'000	2020 £'000
Net deferred tax asset - opening balance	179	866
Recognised in the consolidated statement of comprehensive income	286	(13)
Deferred tax movement recognised in equity	649	(674)
Net deferred tax asset - closing balance	**1,114**	179

23 Deferred tax (continued)

The deferred tax balance is made up as follows:

	2021 £'000	2020 £'000
Accelerated capital allowances	(686)	(643)
Other timing differences	108	91
Share-based payment	1,692	731
Net deferred tax asset	**1,114**	179

Reflected in the consolidated statement of financial position as follows:	2021 £'000	2020 £'000
Deferred tax liability	**(757)**	(643)
Deferred tax asset	**1,871**	822
Net deferred tax asset net	**1,114**	179

Deferred tax liabilities have arisen due to capital allowances which have been received ahead of the depreciation charged in the accounts and due to derivative financial assets.

A change to the corporation tax rate was substantively enacted on 24 May 2021 to increase to 25% with effect from 1 April 2023. The impact of this in the year has been to increase the tax charge by £88,750.

24 Share capital

Issued and fully paid	2021 £'000	2020 £'000
Ordinary shares of 0.1p each	**53**	53
Total share capital	**53**	53

During the year 51,433 ordinary shares of 0.1p each were issued following partial exercise of options issued in April 2018 at no premium. As at 31 December 2021, there were 53,204,620 ordinary shares of 0.1p in issue (2020: 53,153,187). See also note 29.

25 Reserves

The Group's policy is to maintain an appropriate capital base and comply with its externally imposed capital requirements whilst providing maximum shareholder value.

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

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	The capital redemption reserve represents the cancellation of part of the original share capital premium of the company at par value of any shares repurchased.
Share option reserve	The fair value of equity instruments granted by the Company in respect of share based payment transactions and deferred tax recognised in equity.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

There is no restriction on the distribution of retained earnings.

26 Retirement benefits

The Group operates defined contribution pension schemes for the benefit of its employees and also makes contributions to a self-invested personal pension ("SIPP"). The assets of the schemes and the SIPP are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the SIPP and amounted to £1,454,025 (2020: £1,199,044). There were contributions payable to the SIPP as at 31 December 2021 of £130,792 (2020: £36,128).

27 Related party transactions

The following details provide the total amount of transactions that have been entered into with related parties during the twelve months ended 31 December 2021 and 2020, as well as balances with related parties as at 31 December 2021 and 31 December 2020.

During the period the Group paid commission of £906,073 (2020: £960,289) to Buildstore Limited, an associated company. There was a balance of £10,443 (2020: £21,213) of retained commission to cover future lapses. As at 31 December 2021, there was no loan outstanding from Buildstore Limited (2020: £17,757).

During the period the Group received introducer commission from Sort Limited, a subsidiary of an associated company of £1,391,232 (2020: £988,674). As at 31 December 2021, there was a net loan of £218,369 outstanding with Sort Group Limited (2020: £218,369).

During the period the Group paid commission of £5,001,507 (2020: £4,960,645) to Clear Mortgage Solutions Limited, an associated company. There was a balance of £542,290 (2020: £414,563) of retained commission to cover future lapses.

During the period up to and including 13th January 2021 when the Group ceased to have an investment in Freedom 365 Mortgage Solutions Limited, the Group paid commissions of £2,069 (2020: £297,545) to Freedom 365 Mortgage Solutions Limited. There was a balance of £78,402 (2020: £78,402) of retained commission to cover future lapses. At the point of termination on 13th January 2021, there was no loan outstanding from Freedom 365 Mortgage Solutions Limited (2020: £nil).

During the period the Group paid commission of £1,830,584 (2020: £1,315,108) to Vita Financial Limited, an associated company. There was a balance of £253,948 (2020: £159,113) of retained commission to cover future lapses.

During the period the Group paid commission of £nil (2020: £222,730) to Eagle & Lion Limited, an associated company. There was a balance of £nil (2020: £nil) of retained commission to cover future lapses. As at 31 December 2021, there was no loan outstanding from Eagle & Lion Limited (2020: £611,385).

During the period the Group paid commission of £1,634,833 (2020: £1,572,282) to The Mortgage Broker Group Limited, an associated company. There was a balance of £66,785 (2020: £66,781) of retained commission to cover future lapses.

During the period the Group paid commission of £3,990,911 (2020: £954,995l) to Meridian Holdings Group Limited, an associated company. There was a balance of £545,605 (2020: £545,578) of retained commission to cover future lapses. As at 31 December 2021, there was a loan outstanding from Meridian Holdings Group Limited of £550,069 (2020: £nil).

During the period the Group paid commission of £1,352,455 (2020: £nil) to M&R FM Ltd, an associated company. There was a balance of £34,598 (2020: £nil) of retained commission to cover future lapses.

During the year the Group received dividends from associated companies as follow:

	2021 £'000	2020 £'000
CO2 Commercial Limited	**225**	108
Lifetime FS Limited	**50**	50
Total dividends received	**275**	158

28 Ultimate controlling party

There is no ultimate controlling party.

29 Share based payments

Mortgage Advice Bureau Executive Share Option Plan

The Group operates two equity-settled share based remuneration schemes for Executive Directors and certain senior management, one being an approved scheme, the other unapproved, but with similar terms. Half of the options are subject to a total shareholder return (TSR) performance condition and the remaining half are subject to an earnings per share (EPS) performance condition. The outstanding options in the unapproved scheme vest as follows:

For options granted during 2018 and outstanding as at 1 January 2021:
- 100% based on performance to 31 March 2021, exercisable between 11 April 2021 and 9 April 2026.

For options granted during 2019 and outstanding as at 1 January 2021:
- 100% based on performance to 31 March 2022, exercisable between 1 July 2022 and 1 July 2027.

For options granted during 2020 and outstanding as at 1 January 2021:
- 100% based on performance to 31 March 2023, exercisable between 22 April 2023 and 21 July 2028.

For options granted during the year:
- 100% based on performance to 31 March 2024, exercisable between 1 April 2024 and 31 March 2029.

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year for the Mortgage Advice Bureau Executive Share Option Plan:

	2021 WAEP £	2021 Number	2020 WAEP £	2020 Number
Outstanding as at 1 January	0.001	504,462	2.74	1,707,868
Granted during the year	0.001	115,502	0.001	203,668
Exercised	0.001	(51,433)	3.30	(1,310,220)
Lapsed *	–	(108,151)	–	(96,854)
Outstanding as at 31 December	0.001	460,380	0.001	504,462

* Due to not fully vesting, retirement or leaving the Group.

As at 31 December 2021, 460,380 options over ordinary shares of 0.1 pence each in the Company were exercisable with a weighted average exercise price of £0.001.

On 1 April 2021, 115,502 options over ordinary shares of 0.1 pence each in the Company were granted to the Executive Directors and senior executives of MAB under the equity-settled Mortgage Advice Bureau Executive Share Option Plan (the "Options") with a weighted average fair value of £8.14 per option. Exercise of the Options is subject to the service conditions and achievement of performance conditions based on total shareholder return and earnings per share criteria. Subject to achievement of the performance conditions, the Options will be exercisable 3 years from the date of grant. The exercise price for the Options is 0.1 pence, being the nominal cost of the Ordinary Shares.

Options exercised in April 2021 resulted in 21,802 ordinary shares being issued at an exercise price of 0.1p per share. The price of the ordinary shares at the time of exercise was £12.40 per share.

Options exercised in June 2021 resulted in 29,631 ordinary shares being issued at an exercise price of 0.1p per share. The price of the ordinary shares at the time of exercise was £12.05 per share.

For the share options outstanding under the Mortgage Advice Bureau Executive Share Option Plan as at 31 December 2021, the weighted average remaining contractual life is 1.2 years (2020: 1.5 years).

29 Share based payments (continued)

Mortgage Advice Bureau Executive Share Option Plan (continued)

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration scheme operated by the Group.

	2021	2020
Equity-settled		
Option pricing model – EPS	Black-Scholes	Black-Scholes
Option pricing model – TSR	Stochastic	Stochastic
Exercise price	£0.001	£0.001
Expected volatility	39.41%	39.53%
Expected dividend yield	2.23%	3.98%
Risk free interest rate	0.18%	0.00%

Expected volatility is a measure of an amount by which the share price is expected to fluctuate during a period. Dividends paid on shares reduce the fair value of an award as a participant does not receive the dividend income on these shares. For the share options granted during the year the historic dividend yield has been used, calculated as dividends announced in the 12 months prior to grant (excluding special dividends) calculated as a percentage of the share price on the date of grant to give a dividend yield of 2.23%.

The Options offer participants the opportunity to benefit from increasing per share value without risking the current per share price. The risk-free rate used is the rate of interest obtainable from UK government securities as at the date of grant over the expected terms.

The options granted this year have vesting periods of 3 years from the date of grant and the calculation of the share based payment is based on these vesting periods.

MAB AR Option Plan

The Group operates an equity-settled share plan, the AR Option Plan, to reward selected ARs of the Group. The AR Option Plan provides for options which have a nominal exercise price of 0.01 pence per share (or, for any individual AR, not less than £1 on each occasion of exercise) to acquire Ordinary Shares subject to performance conditions. Certain criteria must be met in order for ARs to be eligible, including using the Mortgage Advice Bureau brand and being party to an AR Agreement which provides for an initial contract term of at least five years at the date of grant. The AR Options will normally become exercisable following the fifth anniversary of grant subject to the satisfaction of performance conditions based on financial and other targets, including quality of consumer outcomes, compliance standards and continued use of the Mortgage Advice Bureau brand.

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year for the MAB AR Option Plan:

	2021 WAEP	2021 Number	2020 WAEP	2020 Number
Outstanding as at 1 January	–	–	0.01p	255,000
Granted during the year	–	–	–	–
Exercised during the year	–	–	0.01p	(230,760)
Lapsed during the year	–	–	0.01p	(24,240)
Outstanding as at 31 December	–	–	–	–

29 Share based payments (continued)

Share-based remuneration expense

The share-based remuneration expense of £1,932,375 (2020: £967,438) includes the charge for the equity-settled schemes of £667,261 (2020: £182,979) and related employer's National Insurance Contributions of £392,664 (2020: £185,815). In 2020, the charge for the equity-settled scheme included gross charges of £610,413 and the reversal of £427,434 of charges for the non-vesting proportions of the 2017 and 2018 grants of options subject to EPS performance criteria (with 2018 options vesting affected by the pandemic being the majority of this) and the non-vesting proportion of AR options. Also included are the matching element of the Group's Share Incentive Plan for all employees of £107,039 (2020: £85,465), costs for free shares awarded to employees of £222,567 (2020: £70,750) and £542,844 (2020: £442,428) in respect of the option relating to First Mortgage Direct Limited. IFRS 2 charges relating to the non-vesting of proportions of the 2017 and 2018 grants of options subject to EPS performance criteria have been reversed during the year.

Options exercised during the period resulted in a transfer from the Share option reserve to Retained earnings of £143,000 (2020: £943,000) reflected in the consolidated statement of changes in equity.

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous year.

30 Non-controlling interests ("NCI")

Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in First Mortgage Direct Limited, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See note 1 for the Group's accounting policies for business combinations.

Set out below is summarised financial information for each subsidiary that has a non-controlling interest that is material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet	First Mortgage Direct Limited 2021 £'000	First Mortgage Direct Limited 2020 £'000
Current assets	11,198	9,193
Current liabilities	(2,428)	(1,625)
Current net assets	8,770	7,568
Non-current assets	3,447	2,870
Non-current liabilities	(4,093)	(3,802)
Non-current net liabilities	(646)	(932)
Net assets	8,124	6,636
Accumulated NCI	2,205	1,908

30 Non-controlling interests ("NCI") (continued)

Summarised statement of comprehensive income	£'000	£'000
Revenue	16,587	13,257
Profit for the period and total comprehensive income	2,752	1,996
Profit allocated to NCI	550	399
Dividends paid to NCI	253	86

Summarised cash flows	£'000's	£'000's
Cash flows from operating activities	6,200	2,490
Cash flows from investing activities	(730)	(80)
Cash flows from financing activities	(1,659)	(432)
Net increase in cash & cash equivalents	3,811	1,978

31 Contingent liabilities

The Group had no contingent liabilities as at 31 December 2021 or 31 December 2020.

32 Events after the reporting date

On 28 March 2022 Mortgage Advice Bureau (Holdings) plc announced that it had agreed to acquire 75.4% of Project Finland Topco Limited, which indirectly owns 100% of The Fluent Money Group Limited ("Fluent" or the "Business") from its current shareholders including Beech Tree Private Equity and founders for an enterprise value of £95 million on a debt free, cash free basis (the "Acquisition"). Fluent is a technology enabled telephony mortgage broking platform that has developed a leading end to end digital customer journey with approximately 420 employees including c.125 advisers across Mortgages (first charge mortgages), Secured Personal Loans (second charge mortgages), Later Life lending and Bridging Finance. The Acquisition will be funded from the Company's existing cash resources, new debt facilities up to £35m and the proceeds of a proposed placing of new ordinary shares in the Company, raising up to £40 million.

The founder shareholders will retain a 24.6% ownership stake at completion. Total consideration at completion will comprise c.£73 million paid in cash, subject to adjustment to reflect the daily cash generation of Fluent if completion takes place before or after 30 June 2022. MAB will have the right to acquire the outstanding 24.6% after six years at a valuation subject to certain performance criteria under a mutual put/call arrangement. Total consideration for the put/call arrangement will be capped at £120 million and MAB can, at its discretion, satisfy up to 50% of the consideration through the issue of new ordinary shares in MAB.

MAB and Fluent will be able to leverage their respective unique selling points and leading technology capabilities to be the leading player in the rapidly expanding national customer lead source market.

MAB also entered into an agreement on 28 March 2022 with NatWest, in respect of a new term loan for £20m and a new revolving credit facility for £15m, in order to part fund the cash consideration payable in relation to the Acquisition. It is MAB's intention to repay the drawn down proportion of this debt facility as soon as practicable. MAB's practice over recent years has been to pay out approximately 75% of its adjusted profit after tax and minority interests as dividends and MAB intends to keep that level of pay out.

The terrible atrocities currently unfolding in Ukraine increase the economic uncertainty, and the longer-term financial consequences are unknown. Energy prices are already impacted, as are businesses with trade both to and from Russia. MAB has no interests which are directly impacted by the conflict.

There were no other material events after the reporting period, which have a bearing on the understanding of these consolidated financial statements.

33 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the consolidated statement of cash flows comprises:

	2021 £'000	2020 £'000
Cash at bank available on demand	**17,548**	18,550
Bank balances held in relation to retained commissions	**16,863**	14,431
Total cash and cash equivalents	**34,411**	32,981

Financing activities for the purposes of the consolidated statement of cash flows comprises:

	2021 £'000	2020 £'000
Lease liabilities	**2,596**	2,695
Loans and borrowings	**–**	–
Total financing activities	**2,596**	2,695

A reconciliation of lease liabilities has been presented separately in note 13. In 2020, to give the Group additional flexibility to react quickly and capitalise on potential opportunities, the Group drew down its Revolving Credit Facility in full in March 2020. This was fully repaid in 2020 including accrued interest of £0.2m. No drawdown of the facility was made in 2021.

Company statement of financial position

as at 31 December 2021

Registered number 04131569

The following parent entity financial statements are prepared under FRS 102 and relate to the Company and not to the Group. The statement of accounting policies which have been applied to these accounts can be found on page 112.

The Company is a non-trading holding company. As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year of £17,339,000 (2020: £6,712,000).

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments	3	**4,297**	3,747
Current assets			
Debtors	4	**6,960**	6,960
Net assets		**11,257**	10,707
Capital and reserves			
Called up share capital	5	**53**	53
Share premium account	6	**9,778**	9,778
Capital redemption reserve	6	**20**	20
Retained earnings	6	**1,406**	856
		11,257	10,707

The notes on pages 112 to 115 form part of these financial statements.

The financial statements were approved by the board of Directors on 28 March 2022.

P Brodnicki
Director

L Tilley
Director

Company statement of changes in equity
for the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total Equity £'000
Balance as at 1 January 2020	52	5,451	20	414	5,937
Profit for the year	–	–	–	6,712	6,712
Total comprehensive income	–	–	–	6,712	6,712
Transactions with owners					
Issue of shares	1	4,327	–	–	4,328
Share based payments	–	–	–	442	442
Dividends paid	–	–	–	(6,712)	(6,712)
Transactions with owners	1	4,327	–	(6,270)	(1,942)
Balance as at 31 December 2020 and 1 January 2021	**53**	**9,778**	**20**	**856**	**10,707**
Profit for the year	–	–	–	17,339	17,339
Total comprehensive income	–	–	–	17,339	17,339
Transactions with owners					
Issue of shares	–	–	–	–	–
Share based payments	–	–	–	550	550
Dividends paid	–	–	–	(17,339)	(17,339)
Transactions with owners	–	–	–	(16,789)	(16,789)
As at 31 December 2021	**53**	**9,778**	**20**	**1,406**	**11,257**

1 Accounting policies

Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006 and have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The FRS 102 reduced disclosure framework has been applied and the Company meets the definition of a qualifying entity. The principal accounting policies are summarised below. They have all been consistently applied to all years presented.

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. Given the nature of the Company's business there are no critical accounting estimates or areas of judgement required in the preparation of the financial statements.

Cash flow statement

The cash flows of the Company are included in the consolidated cash flow statement of Mortgage Advice Bureau (Holdings) plc which is included in this annual report. Consequently, the Company is exempt under the terms of FRS 102 from publishing a cash flow statement.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months from the approval of the financial statements. Further detail is included in the Group's going concern section. For this reason, they continue to adopt the going concern basis in the accounts.

Investments

Investments in subsidiaries are held at historical cost less provision for impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where the Company will settle a share based payment transaction in respect of future consideration payable by a subsidiary for the purchase of a minority stake relating to an acquisition the cost of the share based payment is capitalised.

Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from proceeds.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders.

Financial Instruments

The Company makes little use of financial instruments other than intercompany balances and so its exposure to credit risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position, and profit of the Company. The Directors consider that there is no credit risk on intercompany balances.

2 Profit for the year

During the year its only income was dividends receivable from its subsidiaries. Its only expenditure is in respect of dividends payable. The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements for the Group. Remuneration for the audit of the Company financial statements is borne by a subsidiary entity.

3 Investments

	Subsidiary undertakings £'000
Cost	
As at 1 January 2021	**3,747**
Additions	**550**
As at 31 December 2021	**4,297**
Net book value	
As at 31 December 2021	**4,297**
As at 31 December 2020	3,747

The additions in the year represent the amounts capitalised in respect of future consideration payable by a subsidiary for the purchase of a minority stake relating to an acquisition.

The subsidiaries of Mortgage Advice Bureau (Holdings) plc at each reporting date are as follows:

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
Mortgage Advice Bureau Limited	England and Wales	100	Provision of financial services
Mortgage Advice Bureau (Derby) Limited	England and Wales	100	Provision of financial services
Capital Protect Limited	England and Wales	100	Provision of financial services
Mortgage Talk Limited	England and Wales	100	Provision of financial services
MABWM Limited	England and Wales	100	Provision of financial services
First Mortgage Direct Limited	Scotland	80	Provision of financial services
First Mortgage Limited	Scotland	80	Provision of financial services
Property Law Centre Limited	Scotland	80	Provision of financial services
Talk Limited	England and Wales	100	Intermediate holding company
Mortgage Advice Bureau Australia (Holdings) PTY Limited Intermediate holding company		Australia	100
Mortgage Advice Bureau PTY Limited	Australia	100	Holding of intellectual property
Mortgage Advice Bureau (UK) Limited	England and Wales	100	Dormant
Mortgage Advice Bureau (Bristol) Limited	England and Wales	100	Dormant

3 Investments (continued)

Company name	Country of Incorporation	Percentage of ordinary shares held	Nature of business
MAB (Derby) Limited	England and Wales	100	Dormant
L&P 137 Limited	England and Wales	100	Dormant
Mortgage Talk (Partnership) Limited	England and Wales	100	Dormant
Financial Talk Limited	England and Wales	100	Dormant
Survey Talk Limited	England and Wales	100	Dormant
L&P 134 Limited	England and Wales	100	Dormant
Loan Talk Limited	England and Wales	100	Dormant
MAB1 Limited	England and Wales	100	Dormant
MAB Private Finance Limited	England and Wales	100	Dormant
MAB Financial Planning Limited	England and Wales	100	Dormant
First Mortgage Shop Limited	Scotland	80	Dormant
First Mortgages Limited	Scotland	80	Dormant
Fresh Start Finance Limited	Scotland	80	Dormant

The registered office for all of the subsidiaries of Mortgage Advice Bureau (Holdings) plc, as listed in the table above, is Capital House, Pride Place, Pride Park, Derby, DE24 8QR, United Kingdom, other than for the two subsidiaries incorporated in Australia for which the registered office is Norton Rose Fulbright, Level 18, 225 George Street, Sydney, NSW 2000, Australia and First Mortgage Direct Limited and its subsidiaries for which the registered office is 30 Walker Street, Edinburgh, EH3 7HR.

Mortgage Advice Bureau Australia (Holdings) PTY Limited has a 100% equity stake in Mortgage Advice Bureau PTY Limited and also a 48.05% equity stake in MAB Broker Services PTY Limited.

Mortgage Advice Bureau (Holdings) plc holds 100% of the ordinary share capital of Mortgage Advice Bureau Limited and Talk Limited.

Mortgage Advice Bureau Limited holds 100% of the ordinary share capital of Mortgage Advice Bureau (Derby) Limited, Capital Protect Limited, MABWM Limited and Mortgage Advice Bureau Australia (Holdings) PTY Limited. On 2 July 2019, Mortgage Advice Bureau Limited acquired 80% of the ordinary share capital of First Mortgage Direct Limited.

First Mortgage Direct Limited holds 100% of the ordinary share capital of First Mortgage Limited, Property Law Centre Limited, First Mortgages Limited, First Mortgage Shop Limited and Fresh Start Finance Limited.

Talk Limited holds 100% of the ordinary share capital of Mortgage Talk Limited, L&P 137 Limited, Mortgage Talk (Partnership) Limited, Financial Talk Limited and Survey Talk Limited.

Mortgage Talk Limited holds 100% of the ordinary share capital of Loan Talk Limited.

L&P 137 Limited holds 100% of the ordinary share capital of L&P 134 Limited.

There are no restrictions regarding the utilisation of cash or other resources held by any subsidiary.

Mortgage Advice Bureau

4 Debtors – amounts falling due within one year

	2021 £'000	2020 £'000
Amounts due from Group undertakings	6,960	6,960

Amounts due from Group undertakings are unsecured, interest free and have no fixed repayment term.

5 Share capital

Issued and fully paid

	2021 £'000	2020 £'000
Ordinary shares of 0.1p each	53	53
Total share capital	**53**	53

During the year 51,433 ordinary shares of 0.1p each were issued following partial exercise options issued in April 2018 at no premium. As at 31 December 2021, there were 53,204,620 ordinary shares of 0.1p each in issue (2020: 53,153,187). See also note 29 to the financial statements for the Group.

6 Reserves

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

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	The capital redemption reserve represents the cancellation of part of the original share capital premium of the Company at par value of any shares repurchased.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

There is no restriction on the distribution of retained earnings.

7 Financial instruments and risk

The only financial asset of the company is an amount due from other Group undertakings and therefore the Company is exposed to minimal financial risks. Details of the Group's management of the financial risks to which it is exposed are set out in note 21 to the financial statements for the Group.

8 Related party transactions

The Company has taken advantage of the exemption in s33.1A of FRS102, not to disclose transactions with group companies which are 100% owned.

Appointed Representative, AR, or AR firm	An intermediary firm or person who is party to an agreement with a FCA regulated firm permitting them to carry out certain regulated activities
AR Agreement	Agreement governing the terms of the commercial relationship between MAB and an AR firm, and setting out how income from products sold by Advisers of the AR is split between MAB and the AR
Adviser	A person employed or engaged by an AR firm, carrying out mortgage and/or general or protection insurance advisory services to customers
Base Rate	The Bank of England base rate is the interest rate that the Bank of England charges banks for secured overnight lending. It is the UK Government's key interest rate for enacting its monetary policy
Clawbacks	The right of insurers to reclaim some or all of the commission paid to an intermediary in the event premiums are not paid by the policy holder in the period during which the policy holder pays monthly premiums, typically 48 months for protection products for MAB
Client fee	A fee paid by the consumer to the intermediary who has arranged the consumer's mortgage with a lender
Corporate Social Responsibility	A type of business self-regulation that aims to contribute to societal goals by engaging in or supporting ethically-oriented practices (e.g. fundraising for charity)
Directly Authorised	An entity that is directly authorised by the FCA to carry out regulated activities
Execution only	Refers to a customer entering into a regulated mortgage contract without being given advice, or where the advice given by a firm has been rejected. This is effectively a self-service process
FCA	Financial Conduct Authority
FSCS	The Financial Services Compensation Scheme is the UK's statutory deposit insurance and investors compensation scheme for customers of authorised financial services firms
FTB	First Time Buyer
GDPR	The General Data Protection Regulation, a regulation in EU law on data protection and privacy
General insurance	Buildings and contents insurance and certain other non-life insurance products but excluding protection
Gross mortgage lending	New mortgage lending and product transfers
Help-to-Buy	UK Government incentives that aim to help first time buyers and those looking to move homes purchase a residential property. Help-to-Buy schemes include Equity Loans and Shared Ownership schemes
Intermediary, intermediary firm, or mortgage intermediary	A firm or individual who arranges mortgages with lenders on behalf of customers, (as opposed to a lender that the customer approaches directly). An intermediary is either directly authorised by the FCA or is an appointed representative of a directly authorised firm
IMLA	The Intermediary Mortgage Lenders Association is a trade association that represents the views and interests of UK mortgage lenders who are involved in the generation of mortgage business via professional financial intermediaries
Insurance or insurance products	Includes protection and general insurance

IR35	The UK's anti-avoidance tax legislation designed to tax disguised employment at a rate similar to employment
Later Life Lending	Refers to mortgage products aimed at those approaching or already in retirement, who are looking to release some of the equity in their home for a variety of reasons
Lifetime Mortgage	A type of Later Life Lending whereby no capital or interest repayments are made. Compounded interest is added to the capital throughout the term of the loan, which is then repaid by selling the property when the borrower dies or moves out
Mortgage Advice and Selling Standards	Policy statement issued by the FCA in February 2020 which sets out a package of remedies aiming to help consumers make better informed choices with regard to mortgages
Mortgages Market Study	Market study conducted by the FCA in 2019 as a precursor to the Mortgage Advice and Selling Standards policy statement
Mortgage panel or lender panel	A panel of mortgage lenders used by intermediaries
New build	Encompasses properties built by developers, custom build, self-build and affordable housing
New mortgage lending	Lending resulting from a mortgage completion in connection with a house purchase or a re-mortgage with a different lender to the customer's existing lender
Procuration fee, or Mortgage procuration fee	A fee paid by a lender to the intermediary who has arranged a mortgage with the lender
Product transfer	The process of switching an existing mortgage product to a new one with the same lender
Protection insurance	Life insurance (including critical illness), family income protection and certain other insurance products (but excluding general insurance)
Service centres or telephone centres	MAB's regional telephone service centres operated by certain AR firms. The services provided by these centres include reviews of mortgage and related insurance products on an on-going basis with replacement or new products offered to customers, as appropriate
SM&CR	The Senior Manager and Certification Regime, a regime that aims to raise standards of governance, increase individual accountability and help restore confidence in the financial services sector

Notes

Perivan 263156

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