MORNINGSTAR WEALTH ADMINISTRATION LIMITED

Company Registration No. 06016828 (England and Wales)

Financial Services Register No 463566

Financial Report

For the period ended 31 December 2022

Company Information

Directors	Mark Sanderson Christopher Divito
Secretary	Alexander Liptrot
Company number	06016828
Financial services register number	463566
Registered office	1, 55-71 Oliver’s Yard City Road London England EC1Y 1HQ
Auditor	BDO LLP 55 Baker Street, London W1U 7EU

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Morningstar Wealth Administration Limited
Company Registration No. 06016828

Strategic Report

The directors present the report on Morningstar Wealth Administration Limited, the Company, for the period ended 31 December 2022. The period was extended to 18 months from 1st July 2021 to 31st December 2022 during the period to align with the Morningstar group following the change in ownership on 30th June 2022.

Review of the Business

As shown in the statement of profit and loss, the Company's profit for the period after taxation is £1,144,122 (2021: £1,305,664). During the period, the Company elected to extend its accounting period to 18 months from 1 July 2021 to 31 December 2022, to align with the remainder of the Morningstar group. The Company also re-branded from the previous branding of 'Praemium', to become known as the Morningstar Wealth Platform group, as a result of the sale of the business to Morningstar, Inc.

The statement of financial position shows that the Company's financial position at the year-end consists of net assets of £5,060,621 (2021: £5,421,499) including cash at bank and in hand of £1,288,322 (2021: £1,117,634).

During the year, the Company continued to engage in its principal activities, the results of which are disclosed in the attached financial statements. In particular, we continue to build funds under management for our Separately Managed Account ("SMA") platform, and to attract new investors in to the Morningstar SIPPs and Morningstar iSIPPs.

During the year we continued development on our platform and worked on increasing awareness of our proposition throughout the market. We were also the recipient of several awards, demonstrating the increased awareness and value of our offering. We also invested significantly into recruitment of staff to maintain the platform servicing the Company's clients, as well as fully establishing the branch in Dubai which provides services to the Company and other entities within the group.

Future Activities

We are continuing to develop our relationships with leading investment managers and continue to increase brand awareness through the UK financial adviser market.

Key Performance Indicators

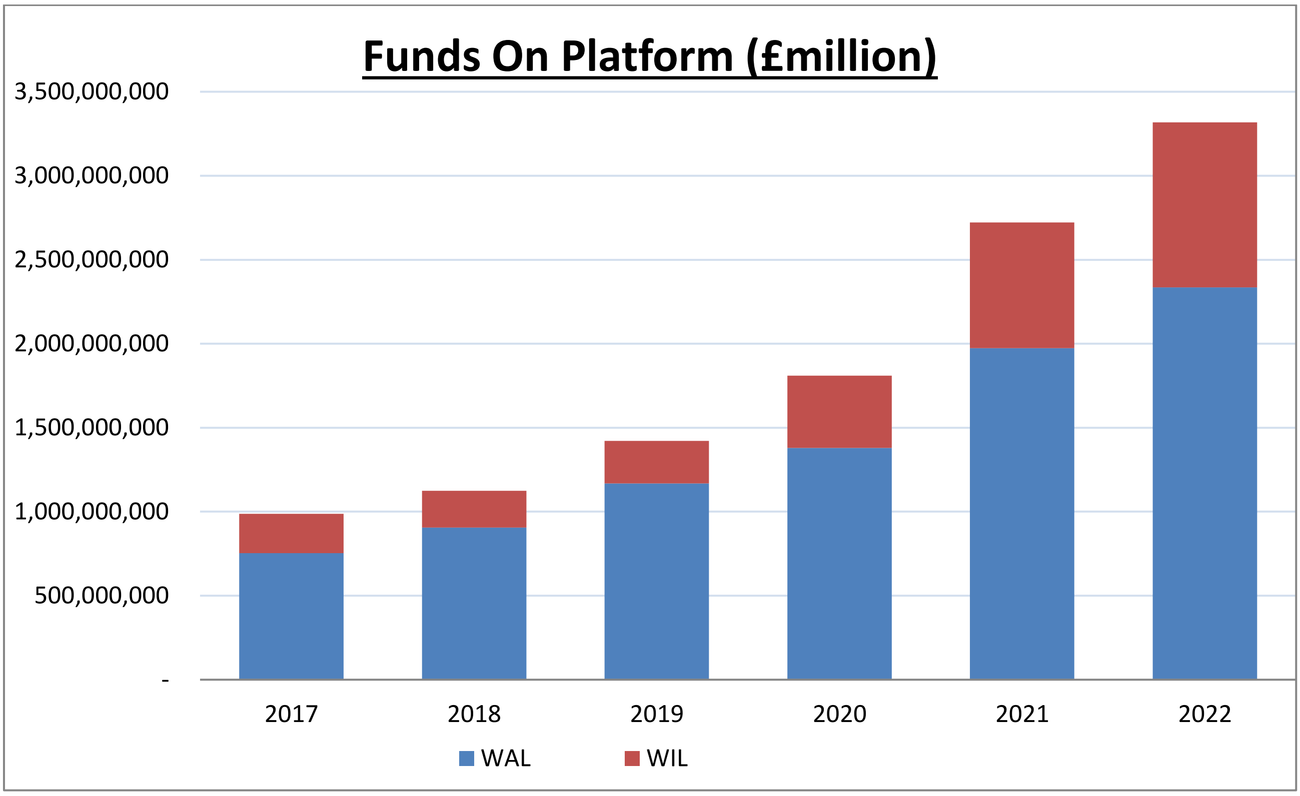
	18 Months to 31 December 2022	FY2021	FY2020	CHANGE	CHANGE
	£,000	£,000	£,000	£,000	%
Revenue	6,402	2,633	2,137	3,769	143
Expenses	(5,262)	(1,327)	(1,080)	(3,934)	296
PBT	**1,140**	**1,306**	**1,056**	**(166)**	**(13)**

The table above shows revenues and costs growing at an approximately equal rate, despite 12 months of the Dubai branch being operational with its increased cost base, due to its contributions to the marketing and distribution efforts of the Morningstar Wealth Platform group. Costs have also increased as a result of significant recruitment efforts being undertaken on the staff maintaining the platform which services the Company's clients, as a result of the acquisition by Morningstar and the subsequent loss of the Armenian and Chinese development hubs.

This demonstrates the scalability of the proposition of the Company, considering the margins have been maintained at a steady rate despite the factors above.

Strategic Report (continued)

- Increase in Platform Funds Under Administration (FUA) of 22% from 30 June 2021 to 31 December 2022.



The table above reflects the FUA of both the onshore and offshore platforms, offshore managed by Morningstar Wealth International Limited. As multiple activities are shared between the entities, viewing both holistically demonstrates a clearer image of overall performance of the platform proposition.

Financial Risk

The Company is exposed to risks that arise from the use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and performs its obligations through the Risk and Regulatory Change Committee that is charged with risk oversight, management and internal control. The objective of the Risk and Regulatory Change Committee is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Liquidity and cash flow risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company monitors this risk by reviewing projected cash flow requirements and ensuring that the group maintains sufficient working capital to ensure that requirements are met on a day to day basis. The Company's trade receivable risk arises from the group trade receivable with Morningstar Wealth (UK) Limited which in turn is reliant on Morningstar, Inc., the ultimate parent company in the United States.

Market risk arises from the Company's use of financial instruments, including interest bearing deposits. The Company manages this risk by reviewing its arrangements with depositors to ensure it attains the best available rate. The Company has limited exposure to foreign exchange risks, being incurred solely through its operations in Dubai which are denominated in AED. Competitive risk is a continuing risk to the group, which could result in it losing business to its competitors. The Company manages this risk through continuous development of its innovative services and products in line with market and regulatory requirements.

Strategic Report (continued)

s172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

- The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and participation by Board members at management meetings.
- The Company contributed towards several charitable donations during the year, as well as participating more directly with staff volunteering to assist with the facilitation of the event.
- In pursuit of greater engagement with its employees, the Company performed an annual survey of staff satisfaction and other metrics and used that data to propose changes to the working environment.
- To ensure we work responsibly with our stakeholders, including our suppliers and customers, the Board regularly reviews its suite of internal policies, including conflicts of interest and whistleblowing.
- The Board ensures that all staff complete a suite of mandatory annual training, including anti-bribery and whistleblowing modules.

The key Board decisions made in the year are set out below:

Significant Events/Decisions	**Key s172 Matter(s) Affected**	**Actions and Impact**
Sale of group including the Company to Morningstar, Inc.	Employees, Customers, Suppliers	Regular communications held with staff via townhalls, to ensure staff remained comfortable Customers informed of upcoming sale and rebranding, as well as assurances provided that the impact to services would be minimalised Suppliers informed of the change and re-papered where necessary
Closure of the London office and subsequent move to Morningstar London office	Employees, Suppliers	Staff informed in advance of changes and consulted regarding new location and work patterns Suppliers informed of change of address and agreements terminated where no longer necessary
Establishment of Dubai branch	Employees, Suppliers	Employees re-papered and transferred from Smart Investment Management Limited Suppliers informed of the new branch and details, contracts migrated to new branch

The Strategic Report was approved on behalf of the board

DocuSigned by:
Mark Sanderson
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Mark Sanderson
Director
26 April 2023

Directors' Report

The directors present their report and the financial statements for the period ended 31 December 2022. The period was extended to 18 months from 1st July 2021 to 31st December 2022 during the period to align with the Morningstar group following the change in ownership on 30th June 2022.

Directors

The names of the directors in office at any time during or since the end of the financial year are:

Jonathan Farmer (resigned 31 March 2023)
Mark Sanderson
Christopher Divito

Director's Responsibility Statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

BDO LLP was appointed as auditor to the Company during the year and have indicated their willingness to continue in office.

Operating Results

The operating profit of the Company for the period after providing for income tax amounted £1,144,122 (2021: £1,305,664).

Review of Operations

Please refer to the Strategic Report on page 2.

Significant Changes in State of Affairs

On 30 June 2022, the Company was part of a sale from Praemium Limited to Morningstar, Inc. From this date, the parent of the Company, Morningstar Wealth Portfolio Services Limited, were under 100% ownership by Morningstar Investment Management LLC, a subsidiary of Morningstar, Inc. As part of this change in ownership, the Company was renamed to Morningstar Wealth Administration Limited.

Principal Activities

Morningstar Wealth Administration Limited is authorised by the Financial Conduct Authority. It administers the Discretionary Platform Service (DPS). DPS provides advisers and wealth managers with an online platform on which they can provide end-to-end discretionary investment management solutions for their clients, including the SIPP offering. Through these services, investors gain access to low cost transparent investment portfolios offering them a more enriched investment experience than they otherwise would receive. The Company also provides sales and customer support to other entities within the Morningstar group through its Dubai branch.

Directors' Report (continued)

Employees

Details of the number of employees and related costs can be found in Note 4 to the financial statements.

Going Concern

The financial statements of the Company have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company relies on the support of Morningstar, Inc., the ultimate parent company incorporated in the United States, for its working capital requirements and in order to meet its obligations as they fall due. The directors have received written confirmation from the parent confirming that it will continue to provide support to the Company for existing and future debts and ongoing working capital requirements to 30 June 2024, which will enable the Group to continue operating at current and planned levels of activity.

As part of an annual stress-testing exercise, the Company performs an analysis of the impact on the business of a wind-up event. The assumptions made in that scenario are considered to be worst-case, with a combination of a devastating market downturn, significant client withdrawals, no further investment from clients, and the removal of support of the parent. Under that model, the cash flow and profit of the consolidated Morningstar Wealth Platform Group, being comprised of the Company's immediate parent Morningstar Wealth Portfolio Services Limited, along with all of the parent's direct and indirect subsidiaries, is estimated for the 18-month period required for an orderly wind-up. Following this analysis, the Company ensures that the liquid capital held within the Company is greater than that required under a worst-case scenario. This will enable the entity to continue trading for eighteen months from the date of a wind-up trigger. The only scenario that the Company is envisioned to be able to encounter to engender this situation is that of withdrawal of the support of the parent, which, as discussed above, has been confirmed not to occur before 30 June 2024.

Throughout the Covid-19 pandemic and Ukraine war, the International Group's business model showed resilience and, though revenue was negatively impacted by the ensuing market downturns, the impact has not been of a material nature.

Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements, and thus the financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

Subsequent Events

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments

The Company will continue to expand its operations and increase its revenue base by continuing to market the platform and PRA offering. The Company will continue to rely on ongoing support from Morningstar, Inc. through the intercompany loan to finance ongoing operations. Affirmation has been received from Morningstar, Inc. that the loan will not be demanded to be repaid before 30 June 2024.

Dividends Paid or Recommended

A dividend of £1,505,000 was paid during the year. This dividend was required in order to reinforce the capital position of the immediate parent of the Company, to comply with the newly introduced MIFIDPRU FCA sourcebook. No dividends are currently recommended for payment.

Directors' Meetings

During the year there were eight Directors' Meetings held, all of which were quorate.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the end of the financial year.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Directors' Report (continued)

Indemnification of Officers

Praemium Limited, the previous parent company for the group, executed a deed of access, indemnity and insurance in favour of each director for entities within the group, including Morningstar Wealth Administration Limited.

Under the deeds, Praemium Limited indemnified the directors in respect of liabilities incurred in connection with holding office, to the extent permitted. Morningstar Wealth Administration Limited was also required to provide the directors with access to its Board papers.

Under its Constitution, Praemium Limited must have, subject to certain exceptions, indemnified each of its directors within the group to the extent permitted by law against liability that did not arise out of a lack of good faith.

Morningstar, Inc., the current parent company for the group, must, under its bylaws have, subject to certain exceptions, indemnified each of its directors within the group to the extent permitted by law against liability that did not arise out of a lack of good faith.

Statement of Disclosure to the Auditor

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed in accordance with a resolution of the board of directors:

DocuSigned by:
Mark Sanderson
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Mark Sanderson
Director
26 April 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORNINGSTAR WEALTH ADMINISTRATION LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Morningstar Wealth Administration Ltd ("the Company") for the 18 month period ended 31 December 2022 which comprise the Statement of Profit & Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Financial 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

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 has been prepared in accordance with applicable legal requirements.

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include but are not limited to compliance with the Companies Act 2006, UK GAAP and tax legislation. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (United Kingdom Generally Accepted Accounting Practice and the Companies act 2006);
- we enquired of management and those charged with governance to identify how the Company is complying with those legal and regulatory frameworks and whether there were any known instances of noncompliance, or any actual, suspected or alleged fraud. We corroborated our enquiries through review of board minutes as well as review of relevant regulatory compliance information and correspondence.
- we assessed the risk of susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and determined the principle risks related to revenue recognition by testing nonstandard revenue journals.
- we considered the Company's environment that has been established to prevent, detect and deter fraud in particular in relation to the appropriateness of revenue recognition.

- we identified and tested a sample of journal entries, in particular any journal entries posted to revenue, those with unusual account combinations and journals posted by unexpected users.
- we implemented an element of unpredictability into our testing, and
- we challenged assumptions and judgements made by management in their significant accounting estimates and judgements in the assessment of ECL on trade debtors and subsidiary investment impairment.

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

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

Use of our report

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

DocuSigned by:

Chris Meyrick

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Chris Meyrick (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
26 April 2023

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

Statement of Profit & Loss and Comprehensive Income
for the period ended 31 December 2022

	Notes	**1 Jul 21 – 31 Dec 22 £**	1 Jul 20 – 30 Jun 21 £
TURNOVER	3	**6,402,494**	2,633,045
Operating expenses	4	**(5,262,749)**	(1,327,381)
OPERATING PROFIT		**1,139,745**	1,305,664
Revaluation of investments	7	**4,377**	-
OPERATING PROFIT		**1,144,122**	1,305,664
Taxation on profit on ordinary activities	6	**-**	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**1,144,122**	1,305,664
Other comprehensive income:		**-**	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		**1,144,122**	1,305,664

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Morningstar Wealth Administration Limited
Company Registration No. 06016828

Statement of Financial Position
as at 31 December 2022

	Notes	31 Dec 2022 £	30 Jun 2021 £
FIXED ASSETS			
Investments	7	**-**	21,314
Investments in subsidiaries	8	**1,554,500**	1,554,500
Tangible assets	9	**71,250**	15,523
		1,625,750	1,591,337
CURRENT ASSETS			
Debtors and prepayments	10	**3,097,286**	3,289,340
Cash at bank and in hand	11	**1,288,322**	1,117,634
		4,385,608	4,406,974
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	**(950,737)**	(576,812)*
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,060,621**	5,421,499
NET ASSETS		**5,060,621**	5,421,499
CAPITAL AND RESERVES			
Called up share capital	13	**2,150,000**	2,150,000
Revaluation Reserve	14	**-**	6,833
Retained Earnings		**2,910,621**	3,264,666
SHAREHOLDER FUNDS		**5,060,621**	5,421,499

*This figure varies to PY by £3,500, as the intercompany liabilities owed to subsidiaries for unpaid share capital was not previously recognised.

The financial statements were approved by the board of directors and authorised for issue on 26 April 2023.

DocuSigned by:
Mark Sanderson
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Mark Sanderson
Director

The accompanying notes on pages 13 to 27 form part of these financial statements.

Morningstar Wealth Administration Limited
Company Registration No. 06016828

Statement of Changes in Equity
for the period ended 31 December 2022

	Issued Capital	Revaluation Reserve	Retained Earnings	Total
	£	£	£	£
Opening equity 1 July 2021	**2,150,000**	**6,833**	**3,264,666**	**5,421,499**
Total comprehensive income recognised directly in equity	-	-	1,144,122	1,144,122
Reclass from Revaluation Reserve to Retained Earnings	-	(6,833)	6,833	-
Dividends paid	-	-	(1,505,000)	(1,505,000)
Balance as at 31 December 2022	**2,150,000**	**-**	**2,910,621**	**5,060,621**

	Issued Capital	Revaluation Reserve	Retained Earnings	Total
	£	£	£	£
Opening equity 1 July 2020	**2,150,000**	**6,833**	**1,959,002**	**4,115,835**
Total comprehensive income recognised directly in equity	-	-	1,305,664	1,305,664
Balance as at 30 June 2021	**2,150,000**	**6,833**	**3,264,666**	**5,421,499**

The accompanying notes on pages 13 to 27 form part of these financial statements.

Notes to the Financial Statements
For the period ended 31 December 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General Information

The financial statements of Morningstar Wealth Administration Limited for the period ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 26 April 2023. Morningstar Wealth Administration Limited (the Company) is a private company limited by shares incorporated and domiciled in England and is a wholly owned subsidiary of Morningstar Wealth Portfolio Services Limited.

The Company is authorised by the Financial Conduct Authority. It administers the Discretionary Platform Service (DPS).

(i) New standards and interpretations not yet adopted

There are no accounting standards or interpretations published which are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company.

(b) Basis of Preparation

The financial statements have been prepared in accordance with FRS 101 Reduced Disclosures Framework, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. The financial statements are prepared under the historical cost convention.

Under FRS 101 (Revised) Reduced Disclosures the Company has taken advantage of the following exemptions:

- Preparing a cash flow statement;
- Related party disclosures; and
- Business combinations; and
- Preparation of consolidated financial statements

Going Concern

The financial statements of the Company have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company relies on the support of Morningstar, Inc., the ultimate parent company incorporated in the United States, for its working capital requirements and in order to meet its obligations as they fall due. The directors have received written confirmation from the parent confirming that it will continue to provide support to the Company for existing and future debts and ongoing working capital requirements to 30 June 2024, which will enable the Group to continue operating at current and planned levels of activity.

As part of an annual stress-testing exercise, the Company performs an analysis of the impact on the business of a wind-up event. The assumptions made in that scenario are considered to be worst-case, with a combination of a devastating market downturn, significant client withdrawals, no further investment from clients, and the removal of support of the parent. Under that model, the cash flow and profit of the consolidated Morningstar Wealth Platform Group, being comprised of the Company's immediate parent Morningstar Wealth Portfolio Services Limited, along with all of the parent's direct and indirect subsidiaries, is estimated for the 18-month period required for an orderly wind-up. Following this analysis, the Company ensures that the liquid capital held within the Company is greater than that required under a worst-case scenario. This will enable the entity to continue trading for eighteen months from the date of a wind-up trigger. The only scenario that the Company is envisioned to be able to encounter to engender this situation is that of withdrawal of the support of the parent, which, as discussed above, has been confirmed not to occur before 30 June 2024.

Throughout the Covid-19 pandemic and Ukraine war, the International Group's business model showed resilience and, though revenue was negatively impacted by the ensuing market downturns, the impact has not been of a material nature.

Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements, and thus the financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial Instruments

Financial instruments are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets

(a) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and is subject to an insignificant risk of changes in value. Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(b) Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis and debts which are known to be uncollectible are written off. Trade receivables are generally due for settlement within 30 days. To assess for impairment of trade receivables and contract assets under IFRS 15, the Company applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(c) Fair value

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the balance sheet and notes to the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and can be based on both readily available market prices or the best determination of a market price available to management at that time.

The Company measures its investments in a property fund according to IFRS 13, described in more detail in Note 2 below.

(d) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other that 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

(ii) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below. The Company's financial liabilities include trade and other payables.

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the Statement of Profit & Loss and Comprehensive Income line item "Changes in the fair value of other financial assets".

Trade payables are initially measured at fair value and are subsequently measured at amortised cost. These amounts are unsecured and are usually paid within 45 days of recognition.

(e) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Income tax

Current taxation is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted. Deferred tax is measured on a non-discounted basis at the average tax rates expected to apply in the periods which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when performance obligations have been satisfied, and for the Company, this is when the services have been transferred to the customer and the customer has control of these. The Company's activities are described in detail below. When revenue is received but services not rendered at balance date the receipt is recorded in the statement of financial position as unearned income.

Interest revenue is recognised on a proportional basis using the effective interest rate in relation to the outstanding financial asset.

Dividends are recognised as revenue when the right to receive payment is established.

All revenue is stated net of the amount of value added tax (VAT), returns, trade allowances and other duties and taxes paid.

The Company provides platform administration services for investments held the Morningstar custodial platform. Revenue is determined monthly in arrears based on the value of investor portfolios and the revenue is recognised in the accounting period in which the services are rendered. This method depicts the transfer of services to the customer because the entire benefit has been transferred to the customer in the accounting period. For some customers, revenue is based on opening value for a quarter in advance. For these customers, the value of the invoice is recorded equally over the quarter.

The Company, as part of the platform administration offering, also conducts trading on clients' behalf, and charges brokerage revenue based on those activities. This revenue is charged at the point of transaction.

The Company also, through its branch in Dubai, offers support services to other entities within the Morningstar Wealth Platform group and charges those entities quarterly in arrears for those services. This is done by conducting an annual assessment of each staff member's time and allocating that time, and the associated expense, across the group as needed.

An assessment of the Company's revenue streams was made and it was determined that the Company did not operate as an Agent at any point in the financial year.

(i) Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except:

1. where the amount of the VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
2. for receivables and payables which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(j) Cash flow statement

In accordance with Financial Reporting Standard 101 the Company is exempt from preparing a cash flow statement.

Notes to the Financial Statements (continued)
For the period ended 31 December 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Wholly owned Subsidiaries

Wholly owned subsidiaries are accounted for on a historical cost basis and are not revalued. The Company is not required to prepare a consolidated financial statement with its wholly owned subsidiaries as the ultimate parent Morningstar, Inc., a company incorporated in the United States, has the consolidated financial statements available on its website www.morningstar.com.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. For assets where such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit & Loss and Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the revaluation reserve relates to that asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

(m) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company, via its branch in Dubai, also conducts transactions in AED, but converts each balance and transaction to GBP as it is recorded. As such, the financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases

The Company's treatment of leases, accounted for under IFRS 16, is detailed below.

The purpose of the accounting standard IFRS 16 Leases is to remove the distinction between 'Operating Leases' and 'Finance Leases'. This requires all lease obligations, barring leases of a duration of 12 months or less, to be reflected on the balance sheets of companies, rather than them being declared solely in the notes to the financial statements. The impact of that on the Company is felt through its effect on the treatment of rental leases entered into by the Company below.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease terms, with the discount rate determined by reference to the incremental borrowing rate, described below.

Existing property leases for the Company:

Premises	**Commencement Date**	**Termination Date**	**Annual Rent**	**Annual Rent (GBP Paid)**
Level 3, Gate Village 8, DIFC, Dubai United Arab Emirates	15/10/2021	14/10/2023	AED 315,325.50	£73,909.14

The above lease was inherited from the previous parent, Praemium Limited, and the lease accounting treatment is derived from their initial treatment of the lease. Management has assessed that they are comfortable that the accounting treatment appears correct and appropriate, and in line with correct lease accounting. The Company entered into no new leases during the period.

Incremental Borrowing Rate ('IBR')

Management has assessed the rate used for the Company and believe that it accurately reflects the relative circumstances of the lease, and the financial circumstances of the Company in relation to the presence of the old parent, Praemium Limited, as guarantor.

Transfer of Lease

On 1 May 2022, the accounting for the above lease was transferred from Praemium Limited to the Company. The Right-Of-Use Asset was recorded with a cost equivalent to the carrying value at 30 April 2022, the lease liability was transferred at the value at 30 April 2022, and the difference between the two values was charged through the intercompany with Praemium Limited.

Lease Subsequent Measurement

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorted than the lease term.

NOTE 2: FINANCIAL RISK MANAGEMENT

The Company is exposed to risks that arise from the use of its financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade receivables;
- Cash at bank and on deposit;
- Trade and other payables; and
- Intercompany receivables.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and performs its obligations through the Risk and Regulatory Change Committee that is charged with risk oversight, management and internal control. The objective of the Risk and Regulatory Change Committee is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

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

Credit risk

Credit risk arises from the Company's trade receivables, other receivables, receivables from subsidiaries and cash at bank. The maximum amount of credit risk is the statement of financial position carrying values.

Trade receivables

Trade receivables comprise amounts due from counterparties that have settled in full in every instance previously, and the Company has no current reason to believe these circumstances will change. The assessment made under IFRS 9, given the historic rate of recoverability being 100%, was that no provision was required.

Intercompany receivables

Intercompany receivables comprise amounts due from other entities within the Morningstar Wealth Platform group. These receivables have not been assessed as requiring any provision, as the letter of support referred to in the going concern section in Note 1 of these financial statements specifically contains a guarantee to those receivables.

Liquidity risk

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

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least three months.

At balance date, these reports indicate that the Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. There have been no changes from previous periods.

As at 31 December 2022, financial liabilities have contractual maturities, which are summarised below:

Notes to the Financial Statements (continued)
For the period ended 31 December 2022

NOTE 2: FINANCIAL RISK MANAGEMENT (Continued)

2022	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 year	Later than 5 years
	£	£	£	£
Trade Payables	145,451	-	-	-
Accrued expenses	186,557	-	-	-
Other payables	565,902	-	-	-
Lease liabilities	35,186	16,858	-	-
Total	**933,096**	**16,858**	**-**	**-**

2021	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 year	Later than 5 years
	£	£	£	£
Trade Payables	93,546	-	-	-
Accrued expenses	81,520	-	-	-
Other payables	398,411	-	-	-
Lease liabilities	-	-	-	-
Total	**573,477**	**-**	**-**	**-**

The contractual amounts of financial liabilities in the tables above are equal to the undiscounted cash flows associated with them. Differences from the statement of financial position amounts reflect the exclusion of statutory charges from the definition of financial liabilities. The discounted lease payables are found on Note 12.

Market risk

Market risk arises from the Company's use of financial instruments. It is the risk that the fair value or future cash flows of the financial instruments will fluctuate as a result of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Company does not currently invest any of its cash balances in interest bearing accounts and therefore does not have any exposure to interest rate risk.

Currency risk

The Company holds only a limited amount of AED for the operations of the Dubai branch, and uses those funds to settle commitments in AED. The Company does have ongoing obligations in AED, such as the lease payments described in Note 1, which would be vulnerable to changes in exchange rates. The Company notes however, that these obligations as at 31 December 2022 represent only a small fraction of the Company's revenue. As such, the Company considers the exposure to currency risk to be limited.

Other price risk

The Company not exposed to other price risk.

Other price risk sensitivity analysis

The use of a reasonable alternative assumption to calculate the market price would have no material effect on the value of the available-for-sale assets, the statement of financial position or the profit and loss statement.

Notes to the Financial Statements (continued)
For the period ended 31 December 2022

NOTE 2: FINANCIAL RISK MANAGEMENT (Continued)

Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy:

- Level 1 - the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - a valuation technique is applied using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices); or
- Level 3 - a valuation technique is applied using inputs that are not based on observable market data (unobservable inputs).

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2021 and 30 June 2020.

2022	Level 1	Level 2	Level 3	Total
	£	£	£	£
Available-for-sale assets:				
- Units in Property Fund	-	-	-	-
Total	**-**	**-**	**-**	**-**

2021	Level 1	Level 2	Level 3	Total
	£	£	£	£
Available-for-sale assets:				
- Units in Property Fund	-	-	21,314	21,314
Total	**-**	**-**	**21,314**	**21,314**

Reconciliation of Level 3 assets:

	Period to 31 Dec 2022	**2021**
	£	**£**
Opening balance:	**21,314**	**21,314**
Fair value movement to the profit and loss account	**4,377**	**-**
Disposal	**(25,691)**	**-**
Closing balance	**-**	**21,314**

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

NOTE 3: TURNOVER

	Period to 31 Dec 2022	2021
	£	£
Turnover from:		
Sales of services	**4,989,417**	2,609,047
Client recoveries	**150,264**	23,888
Interest	**1,526**	110
Intercompany Recharges	**1,261,289**	-
	6,402,494	2,633,045

Sales of services represents operator fees for custody and execution services provided in support of the discretionary service, as well as brokerage charged directly to clients. Client recoveries represents brokerage fees paid for by clients, as well as transaction costs incurred.

Revenue is determined monthly in arrears based on the value of investor portfolios and the revenue is recognised in the accounting period in which the services are rendered. This method depicts the transfer of services to the customer because the entire benefit has been transferred to the customer in the accounting period. All are stated net of VAT and accounted for on an accrual's basis.

Revenue has also began to be recorded in the period as a result of the recharging of support activities undertaken by the Company's Dubai branch. These recharges are calculated quarterly in arrears based on a proportion of staff time allocatable throughout the Morningstar Wealth Platform group.

NOTE 4: OPERATING EXPENSES

	Period to 31 Dec 2022	2021
	£	£
Administration recharge	**1,739,393**	503,872
Interest and bank expenses	**847,846**	439,230
Legal and professional, including Auditor's remuneration	**353,852**	161,746
Remuneration of the auditor of the Company for:		
Audit Services		
• Audit and review of financial reports	**67,582**	28,665
• CASS Audit	**61,500**	25,625
Other Services		
• Taxation services	**10,477**	4,203
Total Auditors' remuneration	**139,559**	58,493

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

The average monthly number of persons (including executive Directors) employed by the Company during the year was:

	2022	2021
	No.	No.
By activity:		
Management and administration	**17**	0

NOTE 5: DIRECTOR EMOLUMENTS

	Period to 31 Dec 2022	2021
	£	£
Emoluments		
Aggregate emoluments	**478,060**	0
Total emoluments of the highest paid director (including amounts receivable under long term incentive schemes)	**443,060**	0
Pension Contributions		
Aggregate contributions made by the Company during the year to directors' defined contribution pension schemes	**15,356**	0
Contributions made by the Company during the year to defined contribution pension schemes in respect of the highest paid director	**15,356**	0

Morningstar Wealth Administration Limited
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Notes to the Financial Statements (continued)
For the year ended 31 December 2022

NOTE 6: TAXATION

	2022	2021
	£	£
Analysis of tax charge for the period		
Current tax		
UK corporation tax at 19.00% (PY: 19.00%)	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Tax on profit on ordinary activities	**nil**	nil
Provision for deferred tax		
Movement in provision:		
Provision at start of period	-	-
Deferred tax charged in the statement of comprehensive income for the period	-	-
Provision at end of period	**nil**	nil
Reconciliation of tax charge		
Profit on ordinary activities before tax	**1,144,122**	1,305,664
Tax on profit on ordinary activities at standard CT rate of 19.00% (PY: 19.00%)	**217,383**	248,076
Effects of:		
Fixed asset differences	**(910)**	-
Expenses not deductible for taxation purposes	**139**	350
Income not taxable for tax purposes	**(832)**	-
Chargeable gains/(losses)	**1,488**	-
Group relief surrendered/(claimed)	**(214,910)**	(248,426)
Deferred tax not recognised	**(2,358)**	-
Tax charge/(credit) for the period	**nil**	nil

No deferred tax asset is recognised due to uncertainty over the availability of future taxable profits because they may be offset by losses elsewhere in the UK Morningstar Wealth Platform Group.

NOTE 7: FINANCIAL ASSETS

	Period to 31 Dec 2022	2021
	£	£
Financial assets at fair value through profit and loss:		
Opening balance at 1 July – units in Property Fund	**21,314**	21,314
Gains on investment	**4,377**	0
Disposal	**(25,691)**	0
	-	21,314

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

NOTE 8: INVESTMENTS IN SUBSIDIARIES

	Period to 31 Dec 2022	2021
	£	£
Shares in Smartfund Nominees Ltd	**1,000**	1,000
Shares in Smart Investment Management Limited	**250,000**	250,000
Shares in Morningstar Wealth Retirement Services Limited	**700,200**	700,200
Investment in Morningstar Wealth Retirement Services Limited	**599,800**	599,800
Shares in W M Pension Trustee Services Limited	**500**	500
Shares in Morningstar Wealth Trustee Limited	**1,000**	1,000
Shares in Morningstar Wealth Retirement Trustees Limited	**1,000**	1,000
Shares in Morningstar Wealth EMA Trustees Limited	**1,000**	1,000
	1,554,500	1,554,500*

*This figure varies to PY by £3,500, as the intercompany liabilities owed to subsidiaries for unpaid share capital was not previously recognised.

On 1 November 2016, Morningstar Wealth Administration Limited acquired 100% of Wensley Mackay Limited (now Morningstar Wealth Retirement Services Limited), a privately-owned pension administration company based in the United Kingdom. The primary reason for the acquisition was strategic; to accelerate the development and launch of our own pension offering in the UK through the obtainment of Wensley Mackay's regulatory licenses and permissions. The purchase consideration was £600,000.

Shares in subsidiaries are recorded using the historical cost method. There are 954,700 (2021: 954,700) fully paid ordinary shares each with a par value of £1. The subsidiaries are domiciled in the United Kingdom.

The recoverable amounts of the investment in subsidiaries have been calculated based on the Cash Generating Unit's value in use. It was determined by discounting the future cash flows expected to be generated. The calculation of the value in use was based on the following key assumptions:

Cash flow assumptions

- Management has estimated, based on past experience and expectations of future changes in the market, the revenue growth, net margin and the level of working capital required to support future operations;
- Cash flows are projected based on past experience, actual operating results and a 5-year projection from 2022 (2021: 5-year projections); and
- The forecast period is based on the entity's long-term perspective with respect to the operation of Morningstar Wealth Retirement Services Limited and reflects the significant growth in projected cash flows following the successful launch of the PRA SIPP product.

Growth and Discount Rates

	Period to 31 Dec 2022	2021
Projected terminal growth rate	2%	2%
Term used to forecast cash flows (in years)	5	5
Discount rate calculated using capital asset pricing model (CAPM)	10.02%	7.10%

The company has considered the impact on the above key assumptions used and has conducted sensitivity analysis on the impairment test of the CGU's carrying value.

There was no impairment to the carrying value of the investment in subsidiaries in the period and management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

NOTE 9: TANGIBLE ASSETS

	Furniture, Fixtures and Fittings	Computer Equipment	Right of Use Assets	Total
	£	£	£	£
Cost:				
As at 1 July 2021	-	-	17,806	**17,806**
Additions	2,589	24,521	90,318	**117,428**
Disposals	-	-	(1,609)	**(1,609)**
As at 31 December 2022	2,589	24,521	106,515	**133,625**

	Furniture, Fixtures and Fittings	Computer Equipment	Right of Use Assets	Total
	£	£	£	£
Accumulated depreciation:				
As at 1 July 2021	-	-	2,283	**2,283**
Charge for the year	1,029	3,543	57,129	**61,701**
Disposals	-	-	(1,609)	**(1,609)**
As at 31 December 2022	1,029	3,543	57,803	**62,375**
Net book value at 31 December 2022	1,560	20,978	48,712	**71,250**
Net book value at 30 June 2021	-	-	15,523	**15,523**

NOTE 10: DEBTORS AND PREPAYMENTS

	Period to 31 Dec 2022	2021
	£	£
Due within one year:		
Trade receivables	**8,057**	32,236
Prepayments and accrued revenue	**482,432**	261,202
Other debtors	**74,257**	99,764
Receivable from related entity	**2,532,540**	2,896,138
	3,097,286	3,289,340

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable in the financial statements. The Group does not hold any collateral as security over any receivable balance. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables by assessing both historical loss rates and also current and forward-looking expectations. Historically, the Company has fully collected its receivables and, given that current receivables can be collected at source from the underlying assets of the debtor and in the current period, no impairment has been made.

The balances receivable from related entities are due and payable immediately and incur no interest. They are considered current assets as they are immediately available to be called on, but the Company does not currently have the intention to do so.

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

NOTE 11: CASH AT BANK AND IN HAND

	Period to 31 Dec 2022	2021
	£	£
Bank balances	**1,288,322**	1,117,634

NOTE 12: CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Period to 31 Dec 2022	2021
	£	£
Current liabilities		
Trade payables	**145,451**	93,546
Accrued expenses	**186,557**	81,520
Deferred revenue	**2,366**	3,335
Taxation	**546**	692
Payable to related entity	**541,779**	326,588
Other creditors	**23,577**	71,131
Lease liability	**50,461**	-
	950,737	576,812

NOTE 13: CALLED UP SHARE CAPITAL

	Period to 31 Dec 2022	2021
	£	£
Authorised		
2,150,000 ordinary shares of £1 each	**2,150,000**	2,150,000
Allotted and fully paid		
2,150,000 ordinary shares of £1 each	**2,150,000**	2,150,000

In managing its capital, Morningstar Wealth Administration Limited's primary objective is to ensure its continued ability to provide an adequate return for its equity shareholders through capital growth. In making decisions to adjust its capital structure, for instance by issuing new shares, Morningstar Wealth Administration Limited considers not only its short-term position but also its long range operational and strategic objectives as well as the need to be compliant with externally imposed capital requirements set out by the Financial Conduct Authority. As at year end the Company was compliant with these requirements.

Ordinary shares participate in dividends and the proceeds on winding up the Company in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote.

Notes to the Financial Statements (continued)
For the year ended 31 December 2022

NOTE 14: REVALUATION RESERVE

	Period to 31 Dec 2022	2021
	£	£
Opening balance:	**6,833**	6,833
Revaluation of units in property fund	**-**	-
Reclassification to Retained Earnings	**(6,833)**	
Closing balance	**-**	6,833

NOTE 15: RELATED PARTY TRANSACTIONS

Since the Company is a wholly owned subsidiary, advantage has been taken of the exemption granted by FRS 101 (Revised) Reduced Disclosures from the disclosure of transactions with other members of the group, which are wholly owned by the parent company Morningstar Wealth Portfolio Services Limited.

NOTE 16: EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 17: CONTROL

The immediate holding company is Morningstar Wealth Portfolio Services Limited, a Company incorporated in the United Kingdom. The ultimate controlling party is Morningstar, Inc., which is resident in the United States and listed on the NASDAQ, and whose accounts are publicly available on its website www.Morningstar.com.

Morningstar, Inc. is headquartered at 22 West Washington Street, Chicago, IL 60602, United States.