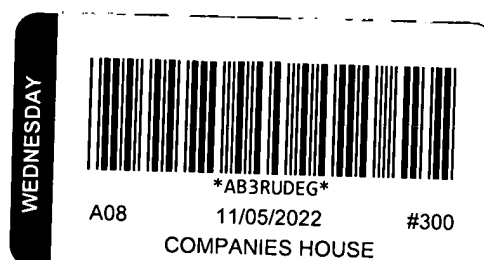




SANLAM FINANCIAL SERVICES UK LIMITED

Annual Report and Accounts
for the year ended 31 December 2021



Sanlam Financial Services UK Limited

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Sanlam Financial Services UK Limited

Company Information

Directors

J C Polin
N A Parry
N J Fraser
DJ Mason
I Plenderleith

Statutory Auditor

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Bankers

Barclays Bank plc
Leicester
LE87 2BB

Registered Office

One Temple Quay
1 Temple Back East
Bristol
BS1 6DZ

Registered Number

02354894

Sanlam Financial Services UK Limited

Strategic Report

Principal activity, review of the business and future developments

The principal activity of Sanlam Financial Services Limited (the Company) is the provision of administration and client money handling services to Sanlam Life & Pensions UK Limited ("SLP"), as well as other companies within the Sanlam UK group of companies (the "Group"), and to act as the scheme administrator of the Sanlam Personal Retirement Scheme, a personal retirement scheme established under a trust deed dated 8 June 1988 (as subsequently amended) by SLP, with Sanlam Trustee Services UK Limited acting as the trustee of the scheme.

This activity formed part of a group strategic business plan to facilitate growth as a result of changing regulatory requirements and to better co-ordinate the activities of the Group.

The sale of the Company to Chesnara (along with its parent Sanlam Life and Pensions UK Limited) was announced on 13th September 2021 with regulatory approval and completion expected by the end of April 2022. Chesnara are a well-run, strongly capitalised UK leader in administering life and pensions policies. Chesnara, which is listed on the London Stock Exchange, was established in 2004 and manages £8.5 billion for almost one million customers in the UK and across Europe and we are confident that the Company's clients and staff will continue to be well looked after following completion.

Political and charitable donations

The Company made no political or charitable donations during the year (2020: £nil).

Principal risks and uncertainties

The main risk that the Company is exposed to is the operational risk that it fails to meet its contractual and regulatory obligations as prescribed by the Financial Conduct Authority (FCA).

Review of business

The loss for the year after tax amounted to £194,006 (2020: loss of £483,145).

Turnover has increased slightly during the year £1,005,063 (2020: £965,884). Income is earned on all policies (existing or new) throughout the year whilst they remain in force.

The Administrative Expenses have decreased to £1,199,788 (2020: £1,454,344) as a result of lower recharges from SLP.

The loss for the year shows improvement over prior year which was driven by lower operating expenses with revenue relatively flat.

Sanlam Financial Services UK Limited

Strategic Report (continued)

Covid-19

The Company adapted swiftly to the Covid-19 global pandemic, allowing staff to operate robustly through several lockdowns and other social restrictions enabling the Company to continue to provide a service to customers and communities in this period of uncertainty.

As social and economic restrictions have been and continue to be lifted it is the view of the Directors that Covid-19 will have limited impacts on the continuing operations and results of Company, however the Directors will continue to monitor the impact of Covid- 19 on the Company to ensure that any potential future risks can be responded to as they arise.

Ukraine

In February 2022 the sovereign state of Ukraine was invaded by Russia. The situation continues to evolve and the global response is developing in terms of sanctions applied to Russia. We have updated our internal policies which will limit the provision of services and investments in Donetsk or Luhansk regions of Ukraine/Crimea together with no new investment or divestment in companies listed in Russia, Belarus or Ukraine.

By Order of the Board



N A Parry
Director

26 April 2022

Sanlam Financial Services UK Limited

Directors' Report

The directors present their Annual Report together with audited Financial Statements for the year ended 31 December 2021.

Directors, directors' interests and directors' qualifying third party indemnity provisions

The current directors of the Company, who have served throughout the year are as follows:

J C Polin
N A Parry
N J Fraser
DJ Mason
I Plenderleith

None of the directors have any interests in the shares of the Company.

In accordance with the requirements of section 234 of the Companies Act 2006, qualifying third party indemnity provisions were in force throughout the year for the benefit of the directors of Sanlam UK Limited and its associated companies. Such qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report.

A review of the business is included within the Strategic Report.

Risk Management

As noted in the Strategic Report, the main risk that the Company is exposed to is the operational risk that it fails to meet its contractual and regulatory obligations as prescribed by the FCA. The Company manages its risks through a process and control framework supplemented by proactive compliance and risk monitoring.

Share capital and reserves

Details of the share capital of the Company are included within Note 8.

Going Concern

The Directors are responsible for making a formal assessment as to whether the 'going concern' basis is appropriate for preparing these financial statements. This assessment considers the Company's access to financial resources sufficient for it to meet its obligations over the 12 months from the date of approval of these financial statements. The going concern basis presumes that the company will continue to be able to meet its obligations to policyholders and other creditors as they fall due. To do this, the company must have sufficient assets, not only to meet the payments and commitments associated with its business, but also to withstand the impact of other events that might reasonably be expected to happen.

Sanlam Financial Services UK Limited

Directors' Report (continued)

Going Concern (continued)

The Directors have examined the Company's business activities, along with its financial position, capital structure, risk management approach and factors likely to affect its future performance. After making enquiries, the Directors are satisfied that the Company has access to adequate resources to continue in business for a period of 12 months from the date of approval of the financial statements.

The Directors have also considered specific Covid-19 stress scenarios at the overall UK Group level. Under these stress scenarios the Company's capital was projected to remain above regulatory requirements and sufficient liquidity exists to meet liabilities as they fall due. Operationally the Company has adapted to employee remote working in response to the pandemic and there has been no adverse material impacts to customer outcomes.

Accordingly, the Directors consider they have given due consideration to all the potential risks and possible actions available. The Directors concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to the auditor

Each director who held office at the date of approval of this report confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

Appointment of auditor

KPMG LLP ("KPMG") is the appointed independent auditor of the Company. The appointment of the auditors for 2022 will depend upon Chesnara as the new owners of the Company to decide once the sale completes.

By Order of the Board



N A Parry
Director

26 April 2022

Sanlam Financial Services UK Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Accounts, including the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 judgments 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SANLAM FINANCIAL SERVICES UK LIMITED

Opinion

We have audited the financial statements of Sanlam Financial Services UK Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss account, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is limited judgement in the determination of the revenue recognition point.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted outside of normal working time.

Sanlam Financial Services UK Limited

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory correspondence, and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: data protection laws and FCA regulatory requirements recognising the financial and regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial

statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

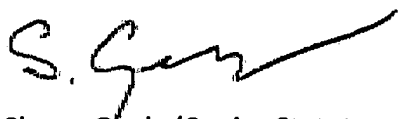
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Shaun Gealy (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff, CF10 4AX

26 April 2022

Sanlam Financial Services UK Limited

Profit and Loss account for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	2	1,005,063	965,884
Administrative Expenses	3	<u>(1,199,788)</u>	<u>(1,454,344)</u>
OPERATING LOSS		(194,725)	(488,460)
Interest receivable and similar income	4	<u>719</u>	<u>5,315</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(194,006)	(483,145)
Tax on ordinary activities	5	-	-
LOSS THE FINANCIAL YEAR AFTER TAXATION / TOTAL COMPREHENSIVE LOSS		<u>(194,006)</u>	<u>(483,145)</u>

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

There are no recognised gains and losses other than those passing through the Profit and Loss account.

The accompanying notes form an integral part of these financial statements.

Sanlam Financial Services UK Limited

Balance Sheet as at 31 December 2021

		2021 £	2020 £
CURRENT ASSETS			
Debtors	6	194,210	667,260
Cash at bank		<u>1,672,534</u>	<u>156,495</u>
		<u>1,866,744</u>	<u>823,755</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	7	<u>573,060</u>	<u>86,065</u>
		<u>573,060</u>	<u>86,065</u>
NET ASSETS		<u>1,293,684</u>	<u>737,690</u>
CAPITAL AND RESERVES			
Issued capital and share premium	8	7,910,002	7,160,002
Profit and Loss Account		<u>(6,616,318)</u>	<u>(6,422,312)</u>
SHAREHOLDERS' FUNDS		<u>1,293,684</u>	<u>737,690</u>

Approved by the Board

26 April 2022



N A Parry
Director

The accompanying notes form an integral part of these financial statements.

Registered Company Number: 2354894

Sanlam Financial Services UK Limited

Statement of Changes in Equity for the year ended 31 December 2021

	Share Capital	Share Premium	Profit and loss account	Total shareholders' funds
	£	£	£	£
Balance as at 31 December 2019	340,002	6,820,000	(5,939,167)	1,220,835
Loss for the year after taxation	-	-	(483,145)	(483,145)
Balance as at 31 December 2020	340,002	6,820,000	(6,422,312)	737,690
Capital injection	15,000	735,000	-	750,000
Loss for the year after taxation	-	-	(194,006)	(194,006)
Balance as at 31 December 2021	355,002	7,555,000	(6,616,318)	1,293,684

Notes to the financial statements

1. Accounting policies

These Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland) .

The going concern basis of preparation is an area of judgement and will be affected by general economic conditions including the ongoing Covid-19 pandemic.

The Company has responded well to the impacts from Covid-19 on operations, customers, colleagues and communities. The Directors continue to monitor Covid-19 related factors, including employee and supplier-related issues but these are not deemed as having a material impact on going concern.

The Company has the support and access to financial resources of its ultimate UK parent, Sanlam Life and Pensions UK Limited. This ready access to financial resources, is sufficient for the Company to meet its obligations for a period of 12 months from the date of approval of the financial statements.

In order to support this position the Sanlam UK Group has produced capital forecasts that have been sensitised to reflect plausible downside scenarios and management action that include among other factors the impact of the Covid-19 pandemic and its impact on the global economy, which have been reviewed by its Board. Although the strategic plan reflects the best estimate of the future prospects of the Group, the potential impact on the Group of a number of scenarios over and above those included in the plan have been developed by quantifying their financial impact and overlaying this on the detailed capital forecasts. These scenarios, which are based on aspects of principal risks represent 'severe but plausible' circumstances. The results of this reverse stress testing showed that, due to the stability of the core business, the Group would be able to withstand the impact of these scenarios occurring over the period of the financial forecasts by making adjustments to its operating plans within the normal course of business.

Having considered these matters and after making appropriate enquiries, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for a period of 12 months from date of approval of the financial statements. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements. The directors have also concluded that there are no material uncertainties to the Company's ability to adopt the going concern basis of accounting.

Sanlam Financial Services UK Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

A letter of support has been provided by Sanlam Life & Pensions UK Limited highlighting that it will continue to support the business for twelve months from the date on which the accounts are signed. The Directors have also considered the ongoing uncertainties associated with the Covid-19 pandemic and are satisfied that the continued support of Sanlam Life & Pensions UK Limited gives the Directors a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the Board considers it has given due consideration to all the potential risks and possible actions available to it and has concluded that it remains appropriate to prepare these financial statements on a going concern basis.

Functional and presentational currency

The Company's functional currency and presentational currency is the Pound Sterling (GBP) reflecting the fact that substantially all transactions are paid in GBP and the Company's place of business is the United Kingdom.

Turnover

Turnover represents administration fees and other charges earned on trust-based self-invested personal pension products as well as administration fees on Portal GIA, ISA and Trustee SIPP products. All turnover arises wholly in the United Kingdom.

Turnover is principally based on an agreed percentage of assets being administered over a period of administration. It represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes, accounted for on an accruals basis.

Administrative expenses

Administrative expenses principally represents amounts invoiced from group undertakings in respect of staff resources and general overheads utilised to provide administrative services to the Sanlam Personal Retirement Scheme and other group undertakings. Amounts invoiced are based on a pre-determined re-charge of allocated resources and overheads based on number of policies and new business volumes written.

Interest receivable and similar income

Interest receivable represents interest on funding activities and is accrued on a daily basis at rates agreed by the relevant parties from time to time and is accounted for on an accruals basis.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Interest payable and similar charges

Interest is payable on any amounts outstanding in respect of financing arrangements between fellow group undertakings at rates agreed by the relevant parties from time to time and is accounted for on an accruals basis.

Balance due from group companies

Balance due from group companies represents amounts owed by other companies in the Sanlam UK group.

Prepayments

Prepayments represent payments made where the expenditure will be charged to future accounting periods.

Accrued Income

Accrued income represents income which has been recognised in the accounting period where the payment has not yet been received.

Amounts due from policyholders

When client assets have not been realised within ten working days of the client's surrender or withdrawal request the Company loans money to the client until the assets have been sold. The loan goes directly to the client from the Company expense account and does not impact on client money. Any amounts due from policyholders are repaid as the assets are realised and within a month.

Cash at bank

Cash at bank includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Sanlam Financial Services UK Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities including loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Balance due to group companies

Balance due to group companies represent amounts owed to other companies in the Sanlam UK group.

Accruals

Accruals represent expenditure which has been recognised in the accounting period due to receipt of goods or services but where payment had not yet been made.

Employee information

The directors are employed and paid by the Company's parent undertaking (SLP) or SLP's parent undertaking Sanlam UK Limited (SUK).

The Company has no employees. The costs of any staff are borne by SLP. SLP levies management fees on the Company based upon number of policies and new volumes of business processed. Further detail is given in Note 3 to the Financial Statements.

Client Money

The Company was subject to the FCA's Client Money Rules during the year. Amounts held for clients are accounted for through separate bank accounts which do not form part of these financial statements.

The Company continues to employ Hubwise Securities Limited to manage the Assets under Administration and client money services.

Cash flow statement

The Company has taken advantage of the exemption given by FRS 102 1.12 (b) to subsidiary undertakings, where the Company is a member of a group where the parent prepares publicly available consolidated financial statements. A cash flow statement is prepared by the ultimate parent company that includes the cash flows of the Company. Details of the ultimate parent company are given in note 10 to the financial statements.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Deferred taxation

In accordance with FRS 102 Section 29 Income Tax, deferred tax is recognised on a full provision basis.

Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affected the reported amount of assets and liabilities as well as the disclosure of contingent assets and liabilities at the period end date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements

The directors do not believe the Company has any critical accounting judgements in producing these financial statements.

Sanlam Financial Services UK Limited

Notes to the financial statements (continued)

2. Turnover

	2021	2020
Fee income	£	£
Portal / SIPP Administration charges	<u>1,005,063</u>	<u>965,884</u>

3. Administrative expenses

The principal administrative expense relates to amounts invoiced by group undertakings in respect of staff resources and general overheads.

	2021	2020
	£	£
Fees from group undertakings*	1,043,310	1,335,715
Auditor's remuneration	23,124	19,735
Audit related assurance services	56,509	24,600
Other administrative expenses	76,845	74,294
	<u>1,199,788</u>	<u>1,454,344</u>

* This includes staff overhead costs of £708,736 (2020: £1,049,268) which are borne by SLP and recharged to Sanlam Financial Services UK Limited.

<u>Directors' remuneration</u>	2021	2020
	£	£
Salary	8,661	9,391
Directors' emoluments	320	-
Bonuses	322	476
Pension Contributions	-	-
Compensation payments for loss of office	3,179	1,887
Long Term Incentive Scheme	15	37
Other benefits		
	<u>12,497</u>	<u>11,791</u>

The directors of the company are also directors of SUK and fellow associates. The directors received total remuneration for the year of £1,415,406 (2020: £1,179,142), all of which was paid either by SUK or SLP. The above tabular disclosure is an allocation of these total costs to reflect the element attributable to the qualifying services provided by the directors of the company.

Included in director's remuneration is £nil (2020 £nil) accrued in respect of share-based payments. No directors received options during the year. The amount in respect of the highest paid director emoluments is £5,986 (2020: £3,343). No directors exercised options during 2021 (2020: no directors).

Sanlam Financial Services UK Limited

Notes to the financial statements (continued)

4. Interest receivable and similar income

	2021	2020
	£	£
Interest received from cash on deposit	<u>719</u>	<u>5,315</u>

5. Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on losses for the year	-	-
Adjustment in respect of prior periods	-	-
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

Reconciliation of tax charge

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2021	2020
	£	£
Loss on ordinary activities before tax	(194,006)	(483,145)
Loss multiplied by the standard rate of tax in the UK of 19% (2020:19%)	(36,861)	(91,798)
Effects of:		
Deferred tax not recognised	36,861	91,798
Tax charge/(credit) for the year	<u>-</u>	<u>-</u>

Tax rate changes

On 03 March 2021, the Chancellor announced that the main rate of UK corporation tax would rise from 19% to 25% from 01 April 2023. This change was substantively enacted on 24 May 2021 and therefore deferred tax balances are reflective of this rate to the extent that they will realise post April 2023.

Notes to the financial statements (continued)

5. Taxation (continued)

Deferred Tax

The company has not recognised a deferred tax asset at the balance sheet date as it is not considered probable that future taxable profit will be available against which carried forward losses can reverse. Specifically, a deferred tax asset has not been recognised in respect of the following items:

	2021	2020
	£	£
Tax losses carried forward	<u>(7,179,270)</u>	<u>(6,985,264)</u>

6. Debtors

	2021	2020
	£	£
Balance due from group companies	-	599,267
Prepayments	15,254	2,453
Accrued Income	120,579	38,253
Amounts due from policyholders	-	6,094
Internal Portal debtors	58,377	21,193
	<u>194,210</u>	<u>667,260</u>

7. Creditors

	2021	2020
	£	£
Balance due to group companies	518,306	-
Accruals	44,815	76,013
VAT accrual	9,939	10,052
	<u>573,060</u>	<u>86,065</u>

Sanlam Financial Services UK Limited

Notes to the financial statements (continued)

8. Share capital

	2021 £	2020 £
Authorised		
Ordinary shares of £1 each	365,000	350,000
	<u>365,000</u>	<u>350,000</u>
Issued		
Ordinary shares of £1 each	355,002	340,002
Share Premium	7,555,000	6,820,000
	<u>7,910,002</u>	<u>7,160,002</u>

9. Related party disclosure

The Company has taken advantage of the exemption within FRS 102, paragraph 33.1a, relating to subsidiary undertakings which are 100% owned by the Group and whose financial statements are publicly available. Therefore, no transactions with fellow subsidiary undertakings, or with the Ultimate Parent Company, Sanlam Limited, have been disclosed.

The Company has related party balances with other entities in the Sanlam group in the normal course of business. These balances are all made on normal commercial terms.

The following table provides the total amount of balances outstanding with related parties for the relevant financial year.

	2021 £	2020 £
Due(to)/ from at period end:		
Immediate parent	(518,306)	599,267

10. Parent undertaking

The ultimate parent undertaking, Sanlam Limited, is incorporated in South Africa and is the parent of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member.

Copies of its group financial statements are available on request from Sanlam Limited, 2 Strand Road, Bellville, South Africa (PO Box 1, Sanlamhof, 7532, South Africa). They are also available online at www.sanlam.co.za

The immediate parent undertaking is Sanlam Life & Pensions UK Limited.