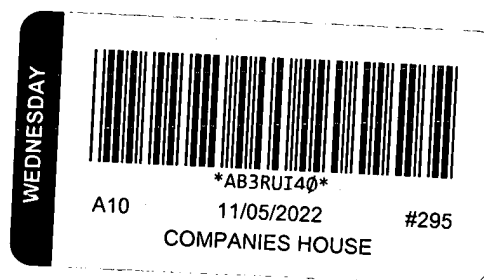


RLUM Limited

Annual report and financial statements

for the year ended 31 December 2021

Registered Number 2369965



RLUM Limited

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RLUM Limited

Company information

Directors

Phillip Beamish

John Brett

Jon Glen

Martin Lewis

Nora O'Mahony (resigned 31 July 2021)

Gary Warman

Jill Jackson (appointed 1 April 2022)

Company Secretary

Royal London Management Services Limited

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

7 More London Riverside

London

SE1 2RT

Registered Office

55 Gracechurch Street

London

EC3V 0RL

Registered in England and Wales

Private limited company – limited by shares

Registered Number

2369965

RLUM Limited

Strategic report for the year ended 31 December 2021

The directors present their strategic report for RLUM Limited (RLUM, or the Company) for the year ended 31 December 2021.

Review of the business

The Company is a unit trust manager.

Total comprehensive income for the year was £15,117,000 (2020: £10,437,000). The increase in total comprehensive income in 2021 is due to higher management fee income, driven by an increase in net inflows to the sustainable funds, partially offset by higher management fees and annual performance fee expenses. A dividend of £15,000,000 has been paid during the year (2020: £40,000,000) and, accordingly, £117,000 was transferred to reserves (2020: £29,563,000 transferred from reserves).

The net assets of the company were £34,519,000 (2020: £34,402,000).

At 31 December 2021, total funds under management were £14,648 million (2020: £10,272 million).

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are integrated with those facing the wider Royal London Group (the Group) and are not managed separately. The Company operates within the risk management policies and procedures maintained by its ultimate parent undertaking, The Royal London Mutual Insurance Society Limited (RLMIS), which are discussed within the risk management note in the Group's annual report and accounts.

Statement of directors' statutory duties in accordance with s172(1) Companies Act 2006

Under section 172(1) of the Companies Act 2006, the directors of a company have a duty to act in a way which promotes the success of a company for the benefit of the members as a whole. The board of directors of RLUM are committed to maintaining the Group's culture and achieving its purpose which ultimately leads to increasing value for RLUM's ultimate parent undertaking, RLMIS. During the year the directors have given due regard to the promotion of the success of the Company through suitable corporate governance procedures, which are also closely aligned to those of the Group, as disclosed below.

o *Long-term decision making and relationship with customers*

The strategic direction of the Company is considered as part of the business planning processes of the wider Group. The board meets on a quarterly basis to review financial and operational performance of the Company. RLUM manages a range of unit trusts (funds) for both retail and wholesale clients. Although RLUM is closed to new retail clients, a key focus has been the promotion of top-ups to existing retail customers, and the promotion of the five sustainable funds to existing and new wholesale clients. In recent years this promotion to existing and new wholesale clients has contributed to the significant increase in funds under management and which in turn has allowed the Company to generate profits and pay dividends to its ultimate parent undertaking, RLMIS.

On an annual basis the board undertakes an assessment of value for each class of units in the funds it manages, as required by Collective Investment Schemes (COLL) 6.6.20R (Assessment Value). As a minimum, this assessment of value will include a consideration of the quality of service provided to clients, the performance of the funds, the costs attributable to the funds and whether it is appropriate for clients to hold units in classes subject to higher charges than those applying to other classes of the same fund with substantially similar rights. The outcome of the review was published on 31 July 2021 with the following findings:

- Performance of the funds was rated green with the exception of the RL US Growth Trust fund which was rated red with the following actions:
 - An enhanced monitoring watch-list has been set up and the Company is working closely with its fund manager, Royal London Asset Management (RLAM), to determine how performance of the fund can be improved.
 - The Company is receiving quarterly performance reports from RLAM on the actions taken and its impact on performance.
- Service for the funds was rated green with no further actions recommended.
- Costs for the funds was rated green with no further actions recommended.

RLUM Limited

Strategic report for the year ended 31 December 2021 (continued)

Statement of directors' statutory duties in accordance with s172(1) Companies Act 2006 (continued)

o *Interests of the Company's employees*

As a subsidiary of a larger Group, the Company does not have any employees. All staff engaged in the Company's business are employed by the Company's ultimate parent undertaking, RLMIS. Employees are vital to the success of RLUM and RLMIS and further information regarding the Group's approach to its workforce and current year initiatives are disclosed in the Group's annual report and accounts.

o *Environmental and community impact*

RLUM has retained an investment adviser, RLAM, to undertake the service of portfolio management for all the funds, through an Investment Management Agreement. RLAM is committed to being a responsible investor, and the RLUM funds are managed in line with this approach. In addition to this, RLUM offers a range of five sustainable funds. Sustainable investing is a modern and inclusive method of embedding values in investing. The conceptual difference compared to responsible investing is that the screening is positive – rather than 'screening out', we 'screen in'. It is about doing good, rather than avoiding bad. The investment process for the sustainable funds integrates Environmental, Social and Governance (ESG) factors, seeking to make pragmatic investments that will have a positive impact on society.

o *Reputation for high standards of business conduct*

RLUM is authorised and regulated by the Financial Conduct Authority (FCA). The Company is required to report to the FCA at various intervals on its capital adequacy position, financial performance, product sales data and complaints levels. The board meets on a quarterly basis to review financial and operational performance and approve decisions in line with the strategy of the Company whilst always taking into consideration how this will affect its customers. During the year the Company complied with the requirements of the FCA's Asset Management Market Study in respect of assessing fund charges in the context of the overall service delivered (see 'Long-term decision making and relationship with customers' on page 2).

Key performance indicators

During the financial year, the Company managed its performance through key performance indicators (KPIs) which reflect a balance between its customers, people, processes and financial strength.

The specific KPIs for the Company include:

Financial strength	Funds under management £14,648 million (2020: £10,272 million); fee income £82,761,000 (2020: £59,210,000); profit before taxation £18,656,000 (2020: £12,879,000); capital resources £34,519,000 (2020: £34,402,000).
	The Company maintained sufficient capital resources to meet its regulatory capital requirements at all times throughout the year.

Approved by the board and signed on its behalf by



Martin Lewis
Director
21 April 2022

RLUM Limited

Directors' report for the year ended 31 December 2021

The directors present their annual report and audited financial statements for the financial year ended 31 December 2021.

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

Phillip Beamish

John Brett

Jon Glen

Martin Lewis

Nora O'Mahony (resigned 31 July 2021)

Gary Warman

Jill Jackson (appointed 1 April 2022)

Directors' indemnities

The directors have the benefit of a qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006). This provision was in force throughout the financial year and as at the date of approval of the financial statements. The Company's ultimate parent undertaking, RLMIS, also maintains Directors' and Officers' liability insurance in respect of the Company and its directors.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Future outlook

The business is expected to perform to a similar level in 2022.

Dividend

The directors proposed and paid a dividend of £15,000,000 during the year (2020: £40,000,000).

Financial instruments

The Company holds financial instruments which are all held in quoted collective investment schemes and measured at fair value (see note 7). As a result, the Company has some exposure to market risk which is identified and managed as part of RLMIS' market risk management process. The Company, however, is deemed to have limited exposure to market risk arising from its box management activity, being the management of the stock of units held by the Company in order to be able to maintain short-term operational activity. This exposure to market risk is considered to be limited by the relatively low level of units held by the Company for box management activity.

RLUM Limited

Directors' report for the year ended 31 December 2021 (continued)

Independent auditors

PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

Disclosure of information to auditors

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

Approved by the board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Martin Lewis', with a stylized flourish at the end.

Martin Lewis

Director

21 April 2022

RLUM Limited

Independent auditors' report to the members of RLUM Limited

Report on the audit of the financial statements

Opinion

In our opinion, RLUM Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the 'Annual Report'), which comprise: the Balance sheet as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

RLUM Limited

Independent auditors' report to the members of RLUM Limited (continued)

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to unethical and prohibited business practices, including breaches of UK and European regulatory principles such as those governed by the Financial Conduct Authority (FCA) and relevant tax laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate performance. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation and testing of management's internal controls designed to prevent and detect irregularities, in particular their controls around disclosure of related parties and associated transactions;
- Reviewing relevant meeting minutes including those of the Board;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

RLUM Limited

Independent auditors' report to the members of RLUM Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Lee Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 April 2022

RLUM Limited

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	2	82,761	59,210
Gross profit		82,761	59,210
Administrative expenses	3	(64,124)	(46,499)
Other interest receivable and similar income	4	19	168
Profit before taxation		18,656	12,879
Taxation on profit	5	(3,539)	(2,442)
Profit for the financial year		15,117	10,437
Total comprehensive income for the financial year		15,117	10,437

The notes on pages 12 to 18 form an integral part of these financial statements.

RLUM Limited

Balance sheet as at 31 December 2021

	Note	2021 £000	2020 £000
Current assets			
Debtors	6	50,371	76,972
Other investments	7	73	74
Cash at bank and in hand		69,748	30,580
		120,192	107,626
Creditors: amounts falling due within one year	8	(82,230)	(69,431)
Net current assets		37,962	38,195
Total assets less current liabilities		37,962	38,195
Creditors: amounts falling due after more than one year	9	(349)	(377)
Provisions for liabilities	10	(3,094)	(3,416)
Net assets		34,519	34,402
Capital and reserves			
Called up share capital	11	5,000	5,000
Profit and loss account		29,519	29,402
Total shareholders' funds		34,519	34,402

The financial statements on pages 9 to 18 were approved by the board of directors on 21 April 2022 and signed on its behalf by:



Martin Lewis
Director
RLUM Limited
Registered Number: 2369965

The notes on pages 12 to 18 form an integral part of these financial statements.

RLUM Limited

Statement of changes in equity for the year ended 31 December 2021

	Note	Called up share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2020		5,000	58,965	63,965
Profit for the financial year		-	10,437	10,437
Dividends paid	12	-	(40,000)	(40,000)
At 31 December 2020		5,000	29,402	34,402
Profit for the financial year		-	15,117	15,117
Dividends paid	12	-	(15,000)	(15,000)
At 31 December 2021		5,000	29,519	34,519

The notes on pages 12 to 18 form an integral part of these financial statements.

RLUM Limited

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies

(i) General information

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 55 Gracechurch Street, London, EC3V 0RL.

(ii) Basis of preparation

The financial statements of the Company ('the financial statements') have been prepared in accordance with UK accounting standard, Financial Reporting Standard (FRS) 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'. The financial statements are also prepared in compliance with the Companies Act 2006 and under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the inclusion of certain assets and liabilities at fair value as permitted or required by FRS 102. As permitted by FRS 102, the Company has chosen to account for the classification and measurement of financial instruments under IFRS 9. The presentation currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company is a qualifying entity for the purposes of FRS 102 and has taken advantage of the following disclosure exemptions in accordance with FRS 102:

- Financial instruments disclosures and disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities. Disclosures in accordance with these requirements are included in the consolidated accounts of the Company's ultimate parent undertaking, RLMIS.
- A cash flow statement and related disclosures.
- Key management compensation.

Also, in accordance with FRS 102, the Company does not provide related party transactions between members of the Group provided that any subsidiary that is party to the transaction is wholly-owned by the Group and it does not provide segmental information as it does not have and is not in the process of issuing debt or equity instruments that are traded in a public market.

The principal accounting policies, which have been applied consistently to all periods in these financial statements, are set out below.

(iii) Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future and at least 12 months from the date of signing these financial statements. Furthermore, management is not aware of any material uncertainties, which may cast significant doubt upon the Company's ability to continue as a going concern.

The directors continue to review the exposure of the balance sheet to economic shocks and will take action to protect the capital position as appropriate, which remains resilient to the market volatility. Accordingly, the directors have prepared the financial statements on a going concern basis.

RLUM Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

(iv) Turnover

Turnover arises wholly within the UK and relates to fund management fees and commission on the sale of units. Revenue from management fees is recognised in the statement of comprehensive income when the associated services are provided. Turnover which relates to commission for the provision of services in future periods is deferred and recognised over the average contract life, 13.40 years (2020: 11.40 years). The effect of the change in average life estimate is recognised in the statement of comprehensive income. Revenue from management fees is recognised in the statement of comprehensive income when the associated services are provided.

(v) Other interest receivable and similar income

Interest income is recognised on an accruals basis. Income from distributions receivable on the stock of units held by the Company to maintain short-term operational activity (the manager's box) is recognised in the statement of comprehensive income when the right to receive payment is established.

(vi) Taxation

Income tax on the profit for the financial year comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly as other comprehensive income, in which case it is recognised directly in other comprehensive income. Current tax is the expected tax payable on the taxable profit for the financial year, based on tax laws and tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided, with no discounting, based on timing differences that arise from the inclusion of income and expenses in tax assessments in different periods from those in which they are recognised in the financial statements. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(vii) Other investments

Other investments represent stocks of units held by the Company to maintain its short-term operational activity. These are valued at fair value through profit or loss as they are acquired or incurred principally for the purpose of selling or repurchasing in the near term. The units are traded in active markets and the fair value is the bid price quoted on the last day of the accounting period on which the investments could be redeemed.

These units are recognised/derecognised by the Company on the date it commits to purchase/sell the investments.

(viii) Cash at bank and in hand

Cash at bank and in hand comprises cash balances and deposits with a maturity date of three months or less from the acquisition date, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ix) Debtors and creditors

Debtors and creditors are initially recognised at fair value and are subsequently measured at amortised cost. The Company's debtors are held in order to collect contractual cash flows and are solely payments of principal and interest on the principal amount outstanding.

RLUM Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

1 Accounting policies (continued)

(x) Impairment

The carrying amounts of financial assets (other than those measured at fair value) are reviewed at each balance sheet date for any indication of impairment or whenever events or circumstances indicate that their carrying amount may not be recoverable.

For financial assets (other than those measured at fair value) an impairment loss is recognised if the present value of the estimated future cash flows arising from the asset is lower than the asset's carrying value. Impairment losses are recognised in the statement of comprehensive income.

For financial assets (other than those measured at fair value) an impairment loss is reversed if there is a decrease in the impairment that can be related objectively to an event occurring after the impairment was recognised. An impairment loss is reversed only to the extent that after the reversal, the asset's carrying amount is no greater than the amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(xi) Provisions

A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. No provision is established where a reliable estimate of the obligation cannot be made.

(xii) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information on significant areas of critical judgement in applying accounting policies are described within the significant accounting policies above. The most significant area of uncertainty relates to provisions and the assessment of the estimation of the liability for mis-selling complaints. The provision estimate is particularly sensitive to the cost of redress and complaint volumes. If the cost of redress or complaint volumes were to increase or decrease by 10% the provision liability would increase or decrease by approximately £300,000.

RLUM Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Turnover

	2021 £000	2020 £000
Sales of units	(17)	(69)
Management fees	82,732	59,211
Change in deferred income	46	68
	82,761	59,210

The gross sales during the year were £4,840,556,000 (2020: £5,356,336,000).

3 Administrative expenses

Administrative expenses of £64,124,000 (2020: £46,499,000) include charges for the remuneration of the auditors and the provision of management services made under a management services agreement by Royal London Management Services Limited (RLMS) and for the provision of investment management services by Royal London Asset Management Limited. The Company has no employees (2020: none).

Directors' remuneration

The directors received no remuneration in respect of their services to the Company (2020: £nil). The non-executive directors are employees of RLMIS. The Company is recharged the cost of their fees by RLMS, £33,000 (2020: £46,000).

Auditors' remuneration

The remuneration of the auditors, PricewaterhouseCoopers LLP for the year was £19,000 (2020: £16,000), in respect of the audit of the Company's annual financial statements. Any fees payable to PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the Company are not disclosed as the consolidated accounts of the parent company are required to disclose non-audit fees on a consolidated basis.

4 Other interest receivable and similar income

	2021 £000	2020 £000
Interest income from cash at bank and in hand	3	127
Distributions received	1	1
Fair value gain on stock of units	15	40
	19	168

RLUM Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

5 Tax on profit

(i) Tax charge included in profit or loss

	2021 £000	2020 £000
UK corporation tax charge at 19% (2020: 19%) on the profit for the year	3,539	2,442

(ii) Factors affecting the tax charge

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2020: 19%) applied to the profit before taxation. The differences are explained below:

	2021 £000	2020 £000
Profit before taxation	18,656	12,879
Profit multiplied by the standard rate of UK corporation tax at 19% (2019: 19%)	3,545	2,447
Effects of:		
- Transfer pricing adjustments	(6)	(5)
Tax charge for the year	3,539	2,442

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%, rather than remaining at 19% as previously enacted. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

6 Debtors

	2021 £000	2020 £000
Trade debtors	45,772	74,299
Other debtors	4,599	2,673
	50,371	76,972

All receivables are due within one year.

7 Other investments

	2021 £000	2020 £000
Stock of units	73	74

RLUM Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	35,009	49,361
Amounts owed to Group undertakings	46,842	19,295
Other creditors including taxation and social security	-	6
Accruals	327	699
Deferred income (see note 9)	52	70
	82,230	69,431

The amounts owed to Group undertakings are repayable on demand, do not bear any interest and are unsecured.

9 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Deferred income	349	377

In addition to the above deferred income due to be recognised after more than one year, an amount of deferred income of £52,000 (2020: £70,000) will be recognised in the statement of comprehensive income within one year and is therefore included within Creditors: amounts falling due within one year (see note 8). The total movement in deferred income for the Company is represented as follows:

	2021 £000	2020 £000
At 1 January	447	515
Effect of change in average contract life	22	19
	469	534
Recognised during the financial year	(68)	(87)
At 31 December	401	447

10 Provisions for liabilities

	Total £000
At 1 January 2021	3,416
Utilised in the year	(322)
At 31 December 2021	3,094

Provisions for liabilities relate to mis-selling complaints. The provision is based on an estimate of future complaints volumes over time. Further information is provided in the accounting policies note above.

11 Called up share capital

	2021 £000	2020 £000
Issued and fully paid		
5,000,000 (2020: 5,000,000) ordinary shares of £1 each	5,000	5,000

RLUM Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

12 Dividends

	2021	2020
	£000	£000
Interim dividend paid: £3.00 (2020: £8.00) per ordinary share	15,000	40,000

13 Client money

In accordance with client money rules, £3,856,000 (2020: £4,574,000) was held in designated client bank accounts as at the 31 December and is not recorded on the balance sheet.

14 Related party disclosures

During the year, the Company managed 5 (2020: 5) unit trusts which are classified as associates or subsidiaries of its ultimate parent undertaking. Investment management fees of £24,181,000 (2020: £24,889,000) were received from these unit trusts during the year. The amounts receivable from the unit trusts at 31 December 2021 were £2,737,000 (31 December 2020: £2,943,000).

In its capacity as Manager of the unit trusts, the Company creates and redeems units within the unit trusts as part of its day-to-day business. These transactions are not included in the statement of comprehensive income since they are client monies and relate to client investments in the unit trusts and do not represent income to the Company.

15 Ultimate parent undertaking and controlling party

Royal London (UK) Holdings Limited, a company registered in England and Wales, is the immediate parent undertaking. RLMIS, a company registered in England and Wales, is the ultimate parent undertaking and controlling party.

RLMIS is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of RLMIS' financial statements are available from the company's registered office.