

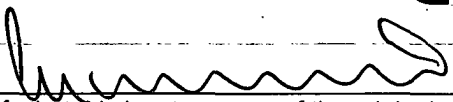
# Nedgroup Investment Advisors (UK) Limited

## Directors' report and financial statements

For the year ended 31 December 2020

Company Registration No 02627187



  
I certify that this is a true copy of the original

Simon J Spenser FCCA MloD (Dip)  
Company Secretary  
Certified Accountant  
Nedgroup Investments, Douglas, Isle of Man, IM1 1EU  
+44 (0)1624 645155

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# Nedgroup Investment Advisors (UK) Limited

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# Nedgroup Investment Advisors (UK) Limited

## Company information

**Directors:**

N Andrew	
A G K Hamilton	a (resigned 31 March 2021)
S Hynes	a (appointed 9 February 2021)
A V Lodge	b
A Yeadon	(resigned 31 March 2021)

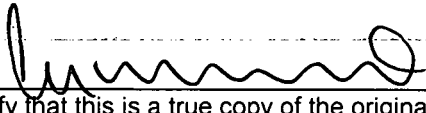
**Key:**

a	Member of Audit Committee
b	Chairman of the Board

**Secretary:** S J Spenser

**Registered office:** 7th Floor  
12 Arthur Street  
London  
EC4R 9AB

**Auditors:** Deloitte LLP  
The Old Courthouse  
Athol Street  
Douglas  
Isle of Man  
IM99 1XJ

  
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Simon J Spenser FCCA MloD (Dip)  
Company Secretary  
Certified Accountant  
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# Nedgroup Investment Advisors (UK) Limited

## Strategic Report for the year ended 31 December 2020

The Directors present their strategic report for the year ended 31 December 2020.

### Review of the business

The Company's principal activity is the provision of investment advisory services to a fellow subsidiary company. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

In 2020, the Company achieved a 5% increase in revenue from US\$2,243,637 to US\$2,363,427 due to an increase in the average underlying assets on which advisory services are provided. Net profit before tax increased by 42% to US\$1,192,768 due to a decline in operating expenses. The Statement of Financial Position shows that the Net Assets of the Company have increased by 34% to US\$2,635,196 due to the retained profits for the year. The Directors are satisfied with the results for the year.

The year end value of the assets on which the Company provides advisory services decreased slightly from \$1.14bn to \$1.13bn.

The Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The principal risks and uncertainties facing the Company are detailed below. There have been no significant events since the balance sheet date.

### Principal risks and uncertainties

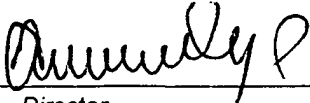
The Board of Directors has overall responsibility for the establishment and oversight of a risk management framework and the Group has an established and comprehensive policy for the control of risks associated with its business activities. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. A thorough risk assessment process of the principal and emerging risks is undertaken on a triennial basis.

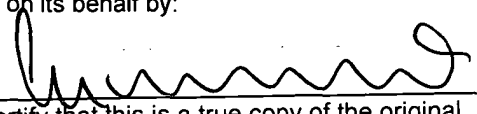
The business of providing investment advisory services is regulated by the Financial Conduct Authority. In any regulated activity there is a risk of acting in contravention of the regulations, resulting in fines. The Company operates a strict compliance regime. To mitigate risk the Company has appointed an external company to provide regulatory compliance services. The Company is also subject to periodic internal audit review.

The Brexit Trade and Customs Agreement is expected to have a minimal impact on the Company. The appointed Investment Manager to the Funds to which the Company provides advice is based in the Isle of Man, which is already deemed to be a third country jurisdiction as it is not part of the EU. The Funds, and the underlying investments are registered with the FCA under the Temporary Permissions Regime. Brexit and its impact will continue to be monitored by the Company.

The long term economic impact of Covid 19 on the world economies is unknown. The various governments stimulus packages and roll out of the vaccination programmes will be key to the recovery of the developed world economies in 2021. Covid 19 has not had a significant financial impact on the Company to date. Operationally the Company has successfully transformed to a remote working environment which can continue without impact on the services offered.

Approved by the Board on 31 March 2021 and signed on its behalf by:

  
Director

  
I certify that this is a true copy of the original

Simon J Spenser FCCA MIoD (Dip)  
Company Secretary  
Certified Accountant  
Nedgroup Investments, Douglas, Isle of Man, IM1 1EU  
+44 (0)1624 645155

17/5/21

# Nedgroup Investment Advisors (UK) Limited

## Directors' report

The Directors present their annual report and the audited financial statements of Nedgroup Investment Advisors (UK) Limited ("the Company") for the year ended 31 December 2020.

### Principal activity

The Company is incorporated in the United Kingdom and has its registered office in London. The Company is regulated by the Financial Conduct Authority. The principal activity of the Company in the year under review was the provision of investment advisory services.

The Directors expect to continue developing and generating revenues from its activities in the forthcoming year. The United Kingdom left the European Union on 31 January 2020 and the COVID-19 pandemic is ongoing. Whilst operations have been impacted, requiring all staff to work from home, there has been no material financial impact on the Company. The Directors will continue to monitor any future developments and consider the impact it could potentially have on the company and its operations.

### Business review

The Company made a profit before taxation of US\$1,192,768 (2019: profit US\$837,288) and a profit after taxation of US\$964,959 (2019: profit US\$673,828).

### Dividends

A dividend of US\$1,000,000 was paid in the year, declared in 2019 (2019: Paid nil; declared US\$1,000,000).

### Directors

The Directors who served during the year and to date were:

N Andrew  
A G K Hamilton (resigned 31 March 2021)  
S Hynes (appointed 9 February 2021)  
A V Lodge  
A Yeadon (resigned 31 March 2021)

### Directors' interests

The Directors held no shares in the Company during the year or to date (2019: nil).

### Directors' indemnities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. The Articles of Association of the Company indemnifies each of the Directors of the Company. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2020 financial year and remain in force for all current and past Directors of the Company.

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# Nedgroup Investment Advisors (UK) Limited

## Directors' report (continued)

### Going concern

The Directors are of the opinion that the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. The Company is not dependent on external finance and projected cash flows indicate adequate financial resources to meet liabilities as they fall due.

In the Directors assessment of adopting the going concern basis of accounting, the Board took into account both current performance and the Company's outlook, which considered the potential

- the impacts on profit due to potential reductions in revenues derived from assets on which it provides advisory services;
- the sufficiency of the Company's capital base throughout the going concern period;
- the adequacy of the Company's liquidity;
- the status of the parent Nedbank group and the financial and operational linkages that exist with the Company; and
- the operational resilience of the Company's priority business functions, dependencies on suppliers, and the ability to provide continuity of service to its customers.

Based on the current financial forecasts and stress test analysis, the Company's capital, funding, and operational capabilities support the Board's assessment that they have a reasonable expectation that the Company will continue in operational existence for the foreseeable future.

### Employees

The Company had 5 employees during the year (2019:5 employees).

### Political Contributions

The Company made no political donations or incurred any disclosable political expenditure during the year (2019: nil).

### Post balance sheet events

Details of important events affecting the Company which have taken place since the end of the financial year are given in note 12 to the financial statements.

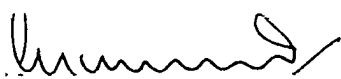
### Disclosure of information to auditors

The Directors who held office 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 each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

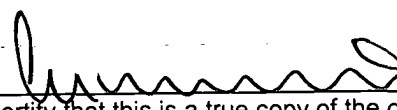
### Registered Office

The Company's registered office is:  
7th Floor  
12 Arthur Street  
London  
EC4R 9AB

By order of the Board



S J Spenser  
Secretary

  
I certify that this is a true copy of the original

Simon J Spenser FCCA MloD (Dip)  
Company Secretary  
Certified Accountant  
Nedgroup Investments, Douglas, Isle of Man, IM1 1EU  
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# Nedgroup Investment Advisors (UK) Limited

## Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "*Reduced Disclosure Framework*".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of 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 estimates that are reasonable and prudent;
- state whether 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 appropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

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# Independent Auditor's Report to the member of Nedgroup Investment Advisors (UK) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion the financial statements of Nedgroup Investment Advisors (UK) Limited (the 'company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "*Reduced Disclosure Framework*", and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- The statement of profit and loss and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 12.

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 of 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 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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## Independent Auditor's Report to the member of Nedgroup Investment Advisors (UK) Limited (continued)

### Other information (continued)

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 respect in this regard.

### Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered 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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence and regulatory solvency requirements.

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## Independent Auditor's Report to the member of Nedgroup Investment Advisors (UK) Limited (continued)

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the Financial Conduct Authority.

### ***Report on other legal and regulatory requirements***

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not
- 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 respect of these matters.

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## Independent Auditor's Report to the member of Nedgroup Investment Advisors (UK) Limited (continued)

### 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.



**Matthew Bainbridge FCA (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP, Statutory Auditor  
Douglas  
Isle of Man

15 April 2021

I certify that this is a true copy of the original

Simon J Spenser FCCA MloD (Dip)  
Company Secretary  
Certified Accountant  
Nedgroup Investments, Douglas, Isle of Man, IM1 1EU  
+44 (0)1624 645155

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# Nedgroup Investment Advisors (UK) Limited

## Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 US\$	2019 US\$
Turnover	2	2,363,427	2,243,637
Administrative expenses		(1,187,755)	(1,464,870)
Operating profit	3	<u>1,175,672</u>	<u>778,767</u>
Interest receivable		23,940	49,147
Foreign exchange gains/(losses)		(6,844)	9,374
Profit on ordinary activities before taxation		<u>1,192,768</u>	<u>837,288</u>
Taxation	5	(227,809)	(163,460)
Profit for the financial year		<u><u>964,959</u></u>	<u><u>673,828</u></u>
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		<u><u>964,959</u></u>	<u><u>673,828</u></u>

The Directors consider that all results derive from continuing activities.

The notes on pages 13 to 19 form part of these financial statements.

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# Nedgroup Investment Advisors (UK) Limited

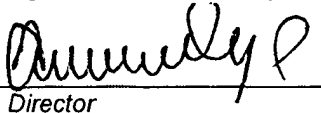
## Balance sheet

as at 31 December 2020

	Notes	2020 US\$	2020 US\$	2019 US\$	2019 US\$
<b>Non-current assets</b>					
Tangible fixed assets	6	1,235		523	
Deferred tax asset	5	11,073		32,730	
<b>Total non-current assets</b>			<b>12,308</b>		<b>33,253</b>
<b>Current assets</b>					
Amounts due from fellow subsidiaries	7	191,227		183,062	
Debtors and prepayments		33,901		20,657	
Cash at bank		3,440,589		3,532,420	
		<b>3,665,717</b>		<b>3,736,139</b>	
<b>Liabilities falling due within one year</b>					
Creditors and accruals		(631,994)		(714,527)	
Dividend payable		-		(1,000,000)	
Current tax liabilities	5	(110,835)		(84,628)	
		<b>(742,829)</b>		<b>(1,799,155)</b>	
<b>Net current assets</b>			<b>2,922,888</b>		<b>1,936,984</b>
<b>Net assets</b>			<b>2,935,196</b>		<b>1,970,237</b>
<b>Capital and reserves</b>					
Ordinary share capital	8	1,000,000		1,000,000	
Capital redemption reserve	9	434,028		434,028	
Profit and loss account		1,501,168		536,209	
<b>Equity shareholder's funds</b>		<b>2,935,196</b>		<b>1,970,237</b>	

The notes on pages 13 to 19 form part of these financial statements.

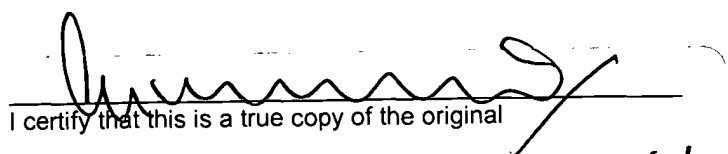
These financial statements were approved by the Board of Directors on 31 March 2021 and were signed on their behalf by:

  
Director

ANDREW V. LODGE

  
Director

SIMON A. HYNES.

  
I certify that this is a true copy of the original

Simon J Spenser FCCA MlOD (Dip)  
Company Secretary  
Certified Accountant  
Nedgroup Investments, Douglas, Isle of Man, IM1 1EU  
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17/5/21

## Nedgroup Investment Advisors (UK) Limited

### Statement of changes in Equity For the year ended 31 December 2020

Notes	Share capital US\$	Capital Redemption Reserve US\$	Profit and Loss Account US\$	Total Equity US\$
Balance at 1 January 2019	1,000,000	434,028	862,381	2,296,409
Profit for the financial year	-	-	673,828	673,828
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>673,828</b>	<b>673,828</b>
<i>Transactions with owner, recorded directly in equity</i>				
Dividends payable	-	-	(1,000,000)	(1,000,000)
<b>Total contributions by and distributions to owner</b>	-	-	<b>(1,000,000)</b>	<b>(1,000,000)</b>
<b>Balance at 31 December 2019</b>	<b>1,000,000</b>	<b>434,028</b>	<b>536,209</b>	<b>1,970,237</b>
Profit for the financial year	-	-	964,959	964,959
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	<b>964,959</b>	<b>964,959</b>
<i>Transactions with owner, recorded directly in equity</i>				
Dividends payable	-	-	-	-
<b>Total contributions by and distributions to owner</b>	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>1,000,000</b>	<b>434,028</b>	<b>1,501,168</b>	<b>2,935,196</b>

The notes on pages 13 to 19 form part of these financial statements.

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# Nedgroup Investment Advisors (UK) Limited

## Notes

(forming part of the financial statements for the year ended 31 December 2020)

### 1 Accounting policies

These financial statements were prepared in accordance with UK Accounting Standards including Financial Reporting Standard 101 "*Reduced Disclosure Framework*" ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Nedbank Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Nedbank Group Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from [www.nedbank.co.za](http://www.nedbank.co.za).

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for Share Capital and Tangible Fixed Assets;
- Disclosures in respect of transactions with wholly owned subsidiaries within the Nedbank Group Limited group;
- The effects of new but not yet effective IFRSs; and
- Presenting a third balance sheet when restating comparative information.

As the consolidated financial statements of Nedbank Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments;
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- The disclosures in relation to fair value measurement required by IFRS13 *Fair Value Measurement* (as the Company is not a Financial Institution as defined by FRS 101).

The accounting policies set out on the next page have been applied consistently to all periods presented in these financial statements.

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# Nedgroup Investment Advisors (UK) Limited

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2020)

### 1 Accounting policies (continued)

#### a) *Measurement convention*

The financial statements are prepared under the historical cost convention.

#### b) *Tangible Fixed Assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of assets on a straight line basis over their estimated useful lives as follows:

Computer & office equipment	4 years
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#### c) *Foreign currencies*

The financial statements are presented in United States Dollars which is also the Company's functional currency.

Transactions in foreign currencies are translated into United States Dollars at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are recognised in the profit and loss account.

The exchange rate at the balance sheet date was GBP:USD 1.36584 (2019: GBP:USD 1.31585).

#### d) *Taxation*

Taxation includes current and deferred taxation is recognised in the profit and loss account.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all material timing differences between the treatment of certain items for tax and accounting purposes which have arisen but not reversed by the statement of financial position date. A deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

#### e) *Pensions*

The Company operates a defined contribution scheme whereby the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligation for contributions are recognised in the profit and loss account in the period during which the services are rendered by employees.

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# Nedgroup Investment Advisors (UK) Limited

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2020)

### 1 Accounting policies (continued)

#### f) *Share based payments*

Nedbank Group Limited operates a Voluntary Bonus Phantom Share Option Scheme, the details of which are included within the financial statements of Nedbank Group Limited which are publicly available. The bonuses, which are cash settled and valued in line with reference to the listed share price of Nedbank Group Limited, are recognised in the statement of profit and loss on an accruals basis.

Nedbank Group Limited awards units to employees of the Company under the Conditional Share Plan, the details of which are included within the financial statements of Nedbank Group Limited. The units, which are cash settled upon certain conditions being met and valued in line with reference to the listed share price of Nedbank Group Limited, are recognised in the statement of profit and loss on an accruals basis.

#### g) *Financial Instruments*

##### *Classification*

Financial assets that are classified as Loans and Receivables include Trade and Other Receivables and Cash and Cash equivalents.

Financial Liabilities classified at amortised cost include Creditors and Other Accruals.

##### *Recognition and Measurement*

###### Cash and Cash Equivalents:

Cash and Cash Equivalents comprise cash balances and call deposits with maturities of three months or less from the origination date.

###### Trade Debtors and Prepayments

Trade Debtors and Prepayments originated by the Company are initially recognised at fair value and subsequently stated at amortised cost less impairments losses. The carrying value of debtors and prepayments approximate their fair value.

All debtors and prepayments fall due within one year.

###### Creditors and accruals

Creditors and accruals are initially recognised at fair value less directly attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method. The carrying value of creditors and accruals approximates their fair values.

##### *Impairment*

###### Financial assets (including trade debtors)

The Company recognises a loss allowance for expected credit losses against trade debtors. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

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# Nedgroup Investment Advisors (UK) Limited

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2020)

### 1 Accounting policies (continued)

#### h) Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies described here, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The share price at which the Company values the Company's share based payments is a critical accounting judgement. Due to the significant uncertainty regarding expected share price at the time of vesting the share based payments are valued using the share price in place at the balance sheet date.

There are no sources of estimation uncertainty.

### 2 Turnover

The Company derives its revenue from contracts with clients for the transfer of services over time.

Turnover is derived from investment advisory fees and is accounted for on an accruals basis. Investment advisory fees are earned solely from a fellow subsidiary, Nedgroup Investments (IOM) Limited. Investment Advisory fees are charged at the higher of arm's length basis or total company expenses plus 10%. During the current year investment advisory fees were earned on an arm's length basis (2019: arm's length basis).

### 3 Operating profit

Operating profit has been arrived at after charging the following items:

	2020 US\$	2019 US\$
Payments provided to auditors		
- Audit Services	23,467	22,318
Salaries and other employment costs	795,086	1,131,366
Depreciation	403	996

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# Nedgroup Investment Advisors (UK) Limited

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2020)

### 4 Directors and employees

During the year the Directors received emoluments of US\$387,000 from the Company (2019: US\$492,000). The highest paid Director received US\$387,000 (2019: US\$492,000).

The average number of employees during the year was 5 (2019:5).

### 5 Taxation

#### a) Analysis of charge in the year

	2020 US\$	2019 US\$
<b>Current tax expense</b>		
Corporation tax at 19% (2019:19%) based on profits for the year	207,282	151,660
Under /(over) provision from previous years	(1,130)	5,042
Total current tax	<u>206,152</u>	<u>156,702</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	21,657	6,758
Taxation charge	<u>227,809</u>	<u>163,460</u>

#### b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the rate of corporation tax. The differences are explained below:

	2020 US\$	2019 US\$
Profit on ordinary activities before tax	<u>1,192,768</u>	<u>837,288</u>
Profit at standard rate of Corporation Tax at 19% (2019: 19%)	226,626	159,085
Effects of:		
Under /(over) provision in respect of prior periods	(1,130)	5,042
Depreciation in excess of capital allowances	2,313	(1,305)
Timing differences in respect of share based payments	-	638
Tax charge per the accounts	<u>227,809</u>	<u>163,460</u>

#### c) Tax creditor

	2020 US\$	2019 US\$
Taxation due in less than one year	<u>(110,835)</u>	<u>(84,628)</u>

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# Nedgroup Investment Advisors (UK) Limited

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2020)

### 5 Taxation (continued)

d) Deferred tax asset	2020 US\$	2019 US\$
Balance at 1 January	32,730	39,488
Movement during the year	(21,657)	(6,758)
Balance at 31 December	<u>11,073</u>	<u>32,730</u>

The deferred tax asset relates to the amount charged to the profit and loss account in respect of share based payments which is not yet deductible for tax purposes.

### 6 Tangible fixed assets

	Computer & Office equipment US\$
<b>Cost</b>	
As at 1 January 2020	28,663
Additions	1,115
Disposals	-
<b>As at 31 December 2020</b>	<u><b>29,778</b></u>
<b>Depreciation</b>	
As at 1 January 2020	28,140
On disposals	-
Foreign currency difference	-
Charge for year	403
<b>As at 31 December 2020</b>	<u><b>28,543</b></u>
<b>Net book value</b>	
<b>As at 31 December 2020</b>	<u><b>1,235</b></u>
As at 31 December 2019	<u>523</u>
Cost of assets fully depreciated at 31 December 2020	<u>25,845</u>

### 7 Amounts due from fellow subsidiaries

Amounts due from fellow subsidiaries are unsecured, interest free and repayable on demand.

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# Nedgroup Investment Advisors (UK) Limited

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2020)

### 8 Share capital

	2020 US\$	2019 US\$
<i>Authorised</i>		
Equity:		
100,000,000 ordinary shares of US\$0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Non-equity:</i>		
50,000,000 redeemable preference shares of US\$0.01 each	<u>500,000</u>	<u>500,000</u>
<i>Issued and fully paid</i>		
Equity:		
100,000,000 ordinary shares of US\$0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,000,000</u>	<u>1,000,000</u>

There were no preference shares in issue as at 31 December 2020 (2019: nil).

The ordinary shares have 1 vote per share, are entitled to dividends when declared by the Directors and, on winding up of the Company, are entitled to any balances remaining after repayments to redeemable preference shareholders.

### 9 Capital Redemption Reserve

The Capital Redemption Reserve relates to the value of redeemable preference shares redeemed during 2005.

### 10 Employee benefits

#### a) Share based payments

##### *Voluntary Bonus Phantom Share Option Scheme*

An amount of US\$787 (2019:US\$41,659) is included in Sundry Creditors and Accruals representing the fair value of the amount payable to employees. In 2020 US\$48,515 was released from (2019: US\$19,043 was charged to) the profit and loss account.

#### a) Defined contribution scheme

The Company operates a defined contribution scheme. The total expense relating to this scheme in the current year was US\$34,956 (2019:US\$33,367).

### 11 Parent and ultimate holding company

The Company's immediate parent company is Nedgroup International Holdings Limited, a company incorporated in the Isle of Man. The ultimate holding company is Nedbank Group Limited, a company incorporated in South Africa.

### 12 Subsequent events

On 31 March 2021 the Directors declared a dividend of US\$1,500,000.

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