

SAND AIRE LIMITED

(Registered No: 03066958)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2020

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SAND AIRE LIMITED

Report and financial statements for the year ended 31 December 2020

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Directors

M Daly *Chairman*
C A Anderson
M V Baker
H L Fitzgerald

Secretary

Schroder Corporate Services Limited

Registered office

1 London Wall Place
London
EC2Y 5AU

Company number

03066958

Auditors

BDO LLP
55 Baker Street
Marylebone
London
W1U 7EU

SAND AIRE LIMITED

Strategic report for the year ended 31 December 2020

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

Business overview

The Company provides a wide range of services to wealthy families and individuals, which comprises family office services, investment management, private equity, real estate and corporate finance.

The Company currently acts for circa 20 international families and foundations and provides services to clients based in a number of different jurisdictions including UK, Jersey, Guernsey, Lichtenstein, Belgium, Luxembourg, Czech Republic, Singapore and Cayman Islands. The Company manages various structures and investment vehicles for its clients including, but not limited to, Trusts, Endowments, Foundations, OEICs/SICAFs, companies and personal portfolios.

The Company, which invests on behalf of clients across all asset classes, has a strategic asset allocation and multi-manager approach and remains deeply committed to providing unbiased expert advice and independence in investment.

On 18 December 2020 the Company was acquired by Schroder & Co. Limited and the Company's trade will be transferred to Schroder & Co. Limited during 2021. The acquisition adds to Schroder & Co. Limited's UK franchise with family offices and families of significant wealth and provides the ability to further develop the Wealth Management segment globally. Following the successful transfer, the Company will cease trading and be placed into voluntary liquidation. As required by UK accounting standards, the directors have prepared the financial statements on the basis that the Company is no longer a going concern. Provision has been made in the accounts to write down assets that no longer give any economic value. This includes the write down of fixed assets and prepayments and the provision for costs associated with onerous contracts that have been terminated.

The Board of Directors is responsible for the overall stewardship of the Company.

Performance

Following the acquisition of the Company by Schroder & Co. Limited all staff were either transferred to Schroder & Co. Limited or made redundant.

The Company issued 2,904,653 ordinary shares for £2,904,653 to strengthen the capital of the business.

Key performance indicators

The Directors consider the key performance indicators to be profitability and the value of funds under management. The Directors do not consider there are any non-financial KPIs.

	2020	2019	Change
	£'000	£'000	%
Operating loss	(5,029)	(2,367)	-112.5
Funds Managed and Advised	2,403,197	2,346,016	2.4

Risks and uncertainties

Risk	Impact on Company	Assessment of change in risk year-on-year	Mitigation of risk
Loss of large client	Loss of revenue and hence lower profitability.	Client retention remains good with relatively few losses in 2020.	Client relationships are closely monitored on a regular basis to ensure that clients are satisfied with the services provided.

SAND AIRE LIMITED

Strategic report for the year ended 31 December 2020 (continued)

Risks and uncertainties (continued)

Risk	Impact on Company	Assessment of change in risk year-on-year	Mitigation of risk
Long term market downturn and volatility	Reduced revenue and hence lower profitability.	Global markets continued to be volatile over the course of 2020.	The investment process facilitates a swift reaction to market movements and a reallocation across the asset classes as necessary.
Increase in costs	Reduction in profitability.	BAU ("business as usual") costs were closely managed and kept in line with expectations during 2020.	Monthly management accounts are prepared and compared against detailed forecasts and reviewed by the management and the Board on a regular basis.

Coronavirus (COVID-19)

The Covid-19 pandemic had an effect on nearly every aspect of our lives, impacting investor sentiment and leading to market volatility. The response of the Company demonstrated the resilience of its employees, the strength of the infrastructure supporting its business processes and its business model. There was no significant impact on business operations despite all staff working remotely with both revenues and funds under management rising from their 2019 levels.

Directors' duties – compliance with section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

To discharge their section 172 duties the Directors had regard to the factors set out above in making the principal decisions taken by the Company.

The current Board were appointed on 18 December 2020. Their key decision was to approve the issue of additional 2,904,653 ordinary shares of £1 each to Schroder & Co. Limited following their injection of £2,904,653. The Board considered the interests of a number of stakeholders including the regulator when making this decision as the funds enabled the Company to meet its regulatory capital requirements.

Following its acquisition by Schroder & Co. Limited on 18 December 2020, future engagement with stakeholders will take place using Group resources in line with agreed delegations. For details of the engagement that takes place with the Company's stakeholders at Group level, please refer to the Schroders plc annual report and accounts for the year ended 31 December 2020 ('the Schroders Report').

SAND AIRE LIMITED

Strategic report for the year ended 31 December 2020 (continued)

Brexit

The UK left the European Union (EU) on 31 January 2020 and entered a 'transition period' while the UK Government negotiated its future relationship with the EU. On 24 December 2020, both parties announced that they had reached agreement on a free trade agreement, the UK-EU Trade and Cooperation Agreement, with its terms taking effect immediately after the transition period concluded on 31 December 2020. As widely anticipated, the trade agreement does not make provision for financial services firms in the UK to continue to access the EU single market and, as a result, those firms lost their passporting rights.

The Schroders Group ("The Group") was well positioned for such a no deal scenario for financial services. The Group's diversified business model and significant presence in the EU means that it is well placed to respond to any challenges arising without making significant changes to its operating models. The Group continues to closely monitor future negotiations and regulatory developments with respect of financial services including any frameworks for regulatory cooperation between the UK and the EU that might affect its business or clients. The Company is well placed to weather these challenges and adapt to ongoing changes in the political, economic and regulatory environment.

Financial risk management objectives and policies

Client risk

The Company remains committed to delivering a bespoke service to a relatively small number of compatible clients so that it is able to meet their needs and to share ideas, opportunities and best practices among them. This means that the loss of a client may have a significant impact upon income and hence profits.

Market risk

The key driver of the Company's income is the value of the funds under management. A significant long-term downturn in the market, which reduces this value, may have a significant impact upon income and hence profits.

To address these risks the Company prepares a strategic business and capital plan, a detailed annual budget and reforecasts against which performance is measured and monitored.

Future development

Following the acquisition of the Company the Directors intend to transfer the clients during the course of 2021, following which the Company is likely to be put into voluntary liquidation.

Approved by the Board of Directors and signed on its behalf by:



Elinor Bell, Authorised signatory for
Schroder Corporate Services Limited
Company Secretary
14 April 2021

SAND AIRE LIMITED

Report of the directors for the year ended 31 December 2020

Directors

The Directors of the Company throughout the year were:

M Daly <i>Chairman</i>	(Appointed 18 December 2020)
C A Anderson	(Appointed 18 December 2020)
M V Baker	(Appointed 18 December 2020)
H L Fitzgerald	(Appointed 18 December 2020)
J W Fleming	(Resigned 18 December 2020)
B L Offergelt	(Resigned 18 December 2020)
A E Waldren	(Resigned 18 December 2020)
C L Filsell	(Resigned 12 March 2020)
W J Newbury	(Non-executive Director) (Resigned 18 December 2020)
C J Scott	(Non-executive Director) (Resigned 18 December 2020)
G V B Thompson	(Non-executive Director) (Resigned 18 December 2020)
O D J Sargent	(Non-executive Director) (Resigned 18 December 2020)
M V Houghton-Berry	(Non-executive Director) (Resigned 5 March 2020)

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for the Directors of Sand Aire Limited.

Auditors

All of the Directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Company's auditor is unaware.

Dividends

During the year dividends totalling £Nil were paid (2019: £Nil).

Likely future developments in the business of the company

Information on likely future developments in the business of the Company has been included in the Strategic report on page 3.

Pillar 3 disclosure

The Company's Pillar 3 disclosure can be found on the following website:
<https://sandaire.com/wp-content/uploads/2020/08/Pillar-3-Disclosure-2020.pdf>

Approved by the Board of Directors and signed on its behalf by:



Elinor Bell, Authorised signatory for
Schroder Corporate Services Limited
Company Secretary
14 April 2021

SAND AIRE LIMITED

Statement of directors' responsibilities

Directors' responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- as explained in the Strategic Report and note 1, the Directors intend to liquidate the Company and, in consequence, these Financial Statements have not been prepared on a going concern basis.

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

SAND AIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAND AIRE LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sand Aire Limited ("the Company") for the year ended 31 December 2020 which comprise the Income statement, Balance sheet, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – basis of preparation

We draw attention to note 1 to the financial statements, which explains that the directors intend to liquidate the Company within twelve months of signing the financial statements. Accordingly, the financial statements have been prepared on a basis other than that of going concern, as described in note 1. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report and accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

SAND AIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SAND AIRE LIMITED (CONTINUED)

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, Prudential Regulation Authority ("PRA"), Financial Conduct Authority ("FCA") regulations and tax legislation.

SAND AIRE LIMITED

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF SAND AIRE LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our tests included, but were not limited to:

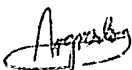
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with the relevant laws and regulations discussed above;
- enquiring of management including the Head of Compliance;
- performing analytical procedures to identify any unusual or unexpected relationships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

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

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

Use of our report

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



Ariel Grosberg (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

15 April 2021

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

SAND AIRE LIMITED

Income statement for the year ended 31 December 2020

		2020	2019
	Notes	£000	restated £000
Turnover	3	8,594	8,174
Fund management costs		(185)	(210)
Administrative expenses		(10,641)	(10,345)
Exceptional loss on restructuring	4	(3,624)	-
Other operating income	5	827	14
Operating loss	6	(5,029)	(2,367)
Net interest receivable and similar income		1	5
Dividend income	7	-	300
Impairment of investments	13	-	(1,553)
Loss on ordinary activities before taxation		(5,028)	(3,615)
Tax on loss on ordinary activities	8	(155)	166
Loss on ordinary activities after taxation		<u>(5,183)</u>	<u>(3,449)</u>

Notes on pages 12 to 22 form part of these financial statements.

The Company has no other comprehensive income and losses other than the loss above.

SAND AIRE LIMITED

Balance sheet as at 31 December 2020

	Notes	2020 £000	2019 restated £000
Fixed Assets			
Intangible assets	11	6,563	6,563
Tangible assets	12	-	177
Investments	13	-	866
		<u>6,563</u>	<u>7,606</u>
Current Assets			
Debtors			
- due within one year	14	3,157	4,556
Cash at bank and in hand		<u>4,093</u>	<u>1,946</u>
		7,250	6,502
Creditors: amounts falling due within one year	15	<u>(2,788)</u>	<u>(1,791)</u>
Net current assets		<u>4,462</u>	<u>4,711</u>
Total assets less current liabilities		11,025	12,317
Provisions for liabilities and charges	16	<u>(992)</u>	<u>(208)</u>
Net Assets		<u>10,033</u>	<u>12,109</u>
Capital and Reserves			
Called up share capital	18	7,773	4,835
Share premium account		19,234	19,065
Capital redemption reserve *		12	12
Profit and loss account		<u>(16,986)</u>	<u>(11,803)</u>
Shareholders' Funds		<u>10,033</u>	<u>12,109</u>

Notes on pages 12 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 14 April 2021.

Helen Fitzgerald

Helen Fitzgerald
Director

Sand Aire Limited registered number 03066958

* The Capital Redemption Reserve arose in 2007 when the Company bought back its own shares. The reserve is non-distributable.

SAND AIRE LIMITED

Statement of changes in equity for the year ended 31 December 2020

	Share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
1 January 2020	4,835	19,065	12	(11,600)	12,312
Prior year adjustment	-	-	-	(203)	(203)
1 January 2020 restated	4,835	19,065	12	(11,803)	12,109
Loss for the year	-	-	-	(5,183)	(5,183)
Share issue	2,938	169	-	-	3,107
31 December 2020	7,773	19,234	12	(16,986)	10,033

	Share capital	Share premium account	Capital redemption reserve	Profit and loss account restated	Total equity
	£'000	£'000	£'000	£'000	£'000
1 January 2019	3,949	16,051	12	(8,354)	11,658
Loss for the year (restated)	-	-	-	(3,449)	(3,449)
Share issue	886	3,014	-	-	3,900
31 December 2019	4,835	19,065	12	(11,803)	12,109

Notes on pages 12 to 22 form part of these financial statements.

SAND AIRE LIMITED

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

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SAND AIRE LIMITED

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

1. Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Sand Aire Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office is 1 London Wall Place, London, EC2Y 5AU.

As described more fully in the Strategic Report on page 1, following the acquisition of the Company by Schroder & Co. Limited, all business activity will transfer to Schroder & Co. Limited in 2021. As a result, the Directors have concluded that it is not appropriate to adopt a going concern basis of preparation in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates.

The following principal accounting policies have been applied:

Company disclosure exemption:

In preparing the financial statements of the Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Company as it is consolidated in the financial statements of its ultimate parent company.

Pensions

The Company operates one defined contribution pension scheme, a group personal pension scheme. The assets of this scheme are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to this scheme and to any other pension plans of employees in respect of the accounting period.

Investments

Shares in group undertakings in the balance sheet are stated at cost less provision for impairment. The Directors review the carrying value of investments at each balance sheet date. Where it is considered that there is a permanent diminution in value, the value of the investment is written down and the impairment charged to the profit and loss account.

Intangible assets

Identifiable and measurable intangible assets acquired as part of the purchase of a business are capitalised. The Directors review the carrying value of intangible at each balance sheet date. Where it is considered that there is a permanent diminution in value, the value of the intangible is written down and the impairment charged to the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset by equal instalments over their estimated useful economic lives as follows:

Computer equipment	3 years
Office furniture and fittings	5 years
Office refurbishment	10 years

Foreign currencies

Transactions involving foreign currencies are translated at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated

SAND AIRE LIMITED

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

1. Accounting policies (continued)

Foreign currencies (continued)

using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Operating leases

Costs of operating leases are charged to the profit and loss account on an accruals basis.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed as and when all conditions for retaining associated tax allowances have been met.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Dividends

Equity dividends are recognised when they become legally payable.

Turnover

Turnover represents management, administration and other family office services' fees, recognised on an accruals basis, and performance fees, recognised when they become payable.

Termination benefits

Employee benefits provided in exchange for the termination of an employee's employment as a result of either (i) an entity's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits are charged to profit or loss in the year in which they become payable. Termination payments made during the year are shown in note 9.

Share based payments

The Long Term Incentive Plan provides the participants with the opportunity to purchase A ordinary shares in the Company. These are issued at the full unrestricted market value but are subject to vesting and other conditions as set out in the Company's Articles.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

Financial assets

The Company classifies its financial assets at initial recognition as loans and receivables. The Company's receivables comprise trade and other receivables and cash and cash equivalents in

SAND AIRE LIMITED

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

1. Accounting policies (continued)

Financial assets (continued)

the balance sheet. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

- (a) Trade and other receivables are recognised and carried at the lower of their transaction price and present value of estimated cash flows. Provision is made when there is objective evidence that the Company will not be able to recover the balances in full.
- (b) Cash and cash equivalents comprise cash at bank with original maturity of three months or less.

Financial liabilities

Financial liabilities are initially recognised at fair value and classified as fair value through the profit and loss or amortised cost. The Company derecognises financial liabilities when its contractual obligations are discharged or cancelled or when they expire.

The Company has not designated any liabilities as fair value through profit and loss and holds no liabilities as held for trading.

Prior period adjustment

A dilapidation liability arises at the end of the lease of the offices in 2021. The expected cost has been treated as a prior year adjustments and adjusted in administrative expenses for 2019.

2. Judgements and key sources of estimation and uncertainty

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In preparing these financial statements, the Directors have made the following judgements and estimations, which have the most significant effect on the amounts recognised in the financial statements:

- Determine whether there are indicators of impairment of the Company's unlisted investments. The Directors use discounted cash flow techniques to determine whether there has been an impairment of the asset.
- Determine the value of any provisions. Where a provision arises, the Directors assess all the relevant facts available to them, which may include input from third parties, to calculate the amount to be provided.
- Review the carrying value of intangible assets. The Directors prepare a discounted cash flow model annually to assess whether any write down in the carrying value of intangible assets is required.
- Useful lives of tangible assets. Tangible assets are depreciated over their expected useful lives.

3. Turnover

Turnover represents the management and other fees receivable by the Company for the management of clients' portfolios and third party funds and provision of other family office services. In addition, it includes administration fees receivable from third party clients and group companies. Turnover is generated entirely within the United Kingdom.

SAND AIRE LIMITED

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

4. Exceptional items

	2020 £000	2019 £000
Recognised in arriving at operating loss:		
Onerous contracts	1,027	-
Redundancy	2,597	-
	<u>3,624</u>	<u>-</u>

5. Other operating income

	2020 £000	2019 £000
Sundry income	<u>827</u>	<u>14</u>

As a result of the sale of the business it was agreed that the seller would reimburse the Company for certain onerous costs. This reimbursement is included within Other operating income in 2020.

6. Operating loss

This is arrived at after charging:

	2020 £000	2019 £000
Depreciation and amounts written off tangible fixed assets	101	88
Operating lease rentals	533	517
Foreign exchange loss	6	30
Fees payable to the Company's auditor for the audit of the Company's annual accounts	56	30
Fees payable to the Company's auditor for other services:		
- Taxation compliance services	-	4
- Other services	24	51
	<u>24</u>	<u>51</u>

7. Dividend income

A dividend of £nil was received from Lord North Street Limited during the year (2019: £300,000).

8. Taxation

	2020 £000	2019 £000
<i>UK corporation tax</i>		
Corporation tax at 19% (2019: 19%)	<u>162</u>	<u>(163)</u>
Deferred Tax		
Origination and reversal of timing differences	<u>(7)</u>	<u>(3)</u>
Total deferred tax	<u>(7)</u>	<u>(3)</u>
Total tax on loss on ordinary activities	<u>155</u>	<u>(166)</u>

SAND AIRE LIMITED

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

8. Taxation (continued)

Factors affecting tax credit for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19%).
The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	(5,028)	(3,615)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(955)	(687)
<u>Effects of:</u>		
Expenses not deductible for tax purposes	5	352
Income not chargeable for tax purposes	-	(57)
Other timing differences	-	(1)
Losses arising in the year not relieviable against current tax	943	224
Deferred tax not recognised	-	(3)
Difference between depreciation and capital allowances for tax purposes	-	6
Adjustments to tax charge in respect of previous periods	162	-
Total tax charge/(credit) for the year	155	(166)

Tax losses not utilised are carried forward to be offset against future profits.

(a) Deferred Tax

The Company has unrecognised deferred tax assets carried forward of £1,297,262 (2019: £291,455) in respect of unutilised losses. The Company has unrecognised tax losses carried forward of £6,827,693 (2019: £1,714,444).

9. Remuneration of directors

	2020 £000	2019 £000
Directors' emoluments – executive Directors	644	802
Directors' emoluments – non-executive Directors	125	145
Compensation for loss of office	220	-
Company contribution to defined contribution pension scheme	20	35
Other benefits in kind	36	55
	<u>1,045</u>	<u>1,037</u>
Emoluments of the highest paid Director		
	2020 £000	2019 £000
Total emoluments	337	250
Company contribution to money purchase pension scheme	-	-

Two Directors (2019: Two) accrue retirement benefits under money purchase schemes. The Directors' emoluments disclosed represent the proportion of the total emoluments received that are attributable to the Company with respect to all work undertaken for the Company. Compensation for loss of office pertains to 2 Directors.

SAND AIRE LIMITED

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

10. Employees

	2020 Number	2019 Number
Average number of persons, including executive Directors, employed by the Company in the U.K.	49	46
	£000	£000
Wages and salaries	6,058	5,201
Social security costs	869	673
Compensation for loss of office	1,377	3
Pension costs	363	354
Aggregate remuneration paid and payable	8,667	6,231

11. Intangible assets

	Total £000
Cost	
At beginning of year	17,632
At end of year	17,632
Provision for impairment	
At beginning of year	11,069
At end of year	11,069
Net book value at 31 December 2020	6,563
Net book value at 31 December 2019	6,563

During the prior year the clients of Lord North Street Limited were transferred to the Company. As a result the investment in Lord North Street Limited was impaired and reclassified as an intangible asset. The value of the intangible asset is reviewed annually. The Directors prepare a discounted cash flow ("DCF") model to assess whether any write down in the carrying value of the intangible assets is required. The DCF assumes a Weighted Average Cost of Capital of 12% over a 10 year period. The DCF assumes a growth rate of zero with costs allocated on a marginal cost basis. Any impairment is written off to the Income statement.

12. Tangible assets

	Computer equipment £000	Fixtures and fittings £000	Office refurbishment £000	Total £000
Cost				
At 1 January 2020	432	170	636	1,238
Additions	14	5	-	19
Disposals	(446)	(175)	(636)	(1,257)
At 31 December 2020	-	-	-	-
Depreciation				
At 1 January 2020	397	169	495	1,061
Charge for the year	19	2	80	101
Disposals	(416)	(171)	(575)	(1,162)
At 31 December 2020	-	-	-	-
Net book value at 31 December 2020	-	-	-	-
Net book value at 31 December 2019	35	1	141	177

SAND AIRE LIMITED

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

13. Fixed asset investments

Subsidiary undertakings

	2020 £000	2019 £000
Cost		
At beginning of year	1,751	19,383
Transfer to intangible assets	-	(17,632)
Disposal	(1,751)	-
At end of year	-	1,751
Provision for impairment		
At beginning of year	885	10,401
Written down	-	1,553
Transfer to intangible assets	-	(11,069)
Disposal	(885)	-
At end of year	-	885
Net book value	-	866

During the year the investments in Lord North Street Limited and Northbridge UK Limited were transferred to Applerigg Limited at their net asset values.

During 2019 the clients of Lord North Street Limited were transferred to the Company. As a result, the investment in Lord North Street Limited was impaired and the value of the business transferred reclassified as an intangible asset.

14. Debtors

	2020 £000	2019 £000
Amounts falling due within one year		
Trade debtors	191	562
Amounts owed by group undertakings	579	1,687
Corporation tax	-	-
Other debtors	476	508
Prepayments and accrued income	1,911	1,799
	<u>3,157</u>	<u>4,556</u>

15. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	411	396
Amounts owed to group undertakings	-	261
Other taxation and social security	1,044	232
Other creditors	10	40
Accruals and deferred income	1,323	862
	<u>2,788</u>	<u>1,791</u>

SAND AIRE LIMITED

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

16. Provisions for liabilities and charges (restated)

	Dilapidations provision restated £000	Onerous contracts provision £000	Deferred tax provision £000	Total restated £000
At beginning of year	203	-	5	208
Additions	-	994	-	994
Released to the profit and loss account	(203)	-	(7)	(210)
At end of year	-	994	(2)	992

The dilapidations provision relates to the cost associated with the end of the office lease in September 2021.

The onerous contracts provision has arisen in respect of those contracts which were terminated at 31 December 2020 which contain contractual commitments for early termination.

The deferred tax asset relates to the timing of pension payments and capital writing down allowances.

17. Operating leases

The Company had minimum lease payments under non-cancellable operating lease as set out below:

	2020 Land and buildings £'000	2020 Other £'000	2019 Land and buildings £'000	2019 Other £'000
Operating leases which expire:				
- within one year	470	-	626	7
- between two and five years	-	-	470	-
- after five years	-	-	-	-
	470	-	1,096	7

18. Share capital

	2020 £000	2019 £000
Allotted and issued:		
7,768,458 (2019: 4,822,916) ordinary shares of £1 (2019: £1) each	7,768	4,823
Nil (2019: 40,889) ordinary shares of £1 (2019: £1) each part paid	-	8
445,000 (2019: 445,000) A ordinary shares of 1p (2019: 1p) each	4	4
	7,773	4,835

The fully paid £1 ordinary shares have full rights to receive notice, attend and vote at general meetings and to receive dividends. The £1 ordinary shares, 20p partly paid, have no voting rights or rights to receive dividends.

On 18 December 2020 the Company issued 2,904,653 ordinary shares of £1 each for £2,904,653.

On 18 December 2020 the 40,889 ordinary shares of £1 each part paid were made fully paid for £202,401.

SAND AIRE LIMITED

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

19. Related party disclosures

Prior to 18 December 2020, the immediate and ultimate holding company was Applerigg Limited, a company incorporated in England and Wales. Copies of the accounts can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

The Company invoiced £1,541,925 (2019: £1,377,485) in respect of investment management services provided from Stramongate S.A., an entity having common shareholders with Applerigg Limited until 18 December 2020, in respect of investment management services provided. At the year end £341,511 (2019: £340,522) of this total was yet to be received.

The Company invoiced £2,524,572.31 (2019: £2,657,844) in respect of investment management services provided to the OEICs from Carvetian Capital Management Limited, a wholly owned subsidiary of Applerigg Limited and the Authorised Corporate Director of the OEICs. At the year end £240,733 (2019: £368,771) of this total was outstanding and included in debtors.

The Company applies the FRS 102 exemption from the requirement to disclose related party transactions with other 100% owned subsidiaries on the basis that it is a 100% owned subsidiary.

In the prior year, the Company provided real estate advice to Mr Alexander Scott for which a fee of £7,000 was charged.

The Company invoiced £103,353 (2019: £142,862) under an investment management agreement from Mr Mark Houghton-Berry who was a Director of the Company until 5 March 2020. At the year end £15,100 (2019: £43,020) of this total was yet to be received.

The Company invoiced £5,922 (2019: £2,420) under an investment management agreement from Mr Christopher Scott who was a Director of the Company until 18 December 2020. At the year end £5,891 (2019: £2,420) of this total was yet to be received.

20. Pensions

During the year 50 (2019: 55) staff participated in defined contribution pension schemes.

The total pension cost for the Company was £363,353 (2019: £354,270). At the year end £9,949 (2019: £12,852) of contributions were outstanding and included in creditors. Of this total, £nil (2019: £nil) represents contributions accrued for employees who have not joined a pension scheme at year end.

SAND AIRE LIMITED

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

21. Long term incentive plan

The Long Term Incentive Plan ("LTIP") which was introduced by the Company in 2009 was wound up in 2015 when the remaining part paid shares in issue were acquired by Applerigg Limited. The shares were made fully paid during the year.

The part paid shares in issue are as set out below.

	2020		2019	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Part paid shares subject to vesting held at the beginning of the year	40,889	£5.15	40,889	£5.15
Issued during the year	-	-	-	-
Made fully paid during the year	(40,889)	(£5.15)	-	-
Part paid shares subject to vesting held at the end of the year	-	-	40,889	£5.15

During 2018 the Company introduced a new LTIP scheme. In that year the Company issued 445,000 A ordinary shares at 1p each. During 2020 the A ordinary shares were acquired by Applerigg Limited.

22. Restatement of previous year figures

Classification in Financial Statement	Category	2019 (as reported) £'000	2019 (as restated) £'000	Change £'000
Provisions	Dilapidations	(5)	(208)	(203)
Total		(5)	(208)	(203)
Income statement	Administrative expenses	(10,142)	(10,345)	(203)
Total		(10,142)	(10,345)	(203)
Profit and loss account		(11,600)	(11,803)	(203)
Total		(11,600)	(11,803)	(203)

A dilapidation liability arises at the end of the lease of the offices in 2021. No provision had been made for this cost in the prior year. This amount has been treated as a prior year adjustment and adjusted in Administrative expenses for 2019.

23. Immediate and ultimate holding company

The immediate holding company is Schroder & Co. Limited and the ultimate holding company is Schroders Plc, both companies incorporated in England and Wales. Copies of the financial statements are available from Companies House, Crown Way, Cardiff CF14 3UZ.