



## **SANLAM WEALTH PLANNING UK LIMITED**

Annual Report and Accounts  
for the year ended 31 December 2020

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# **Sanlam Wealth Planning UK Limited**

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# **Sanlam Wealth Planning UK Limited**

## **Company information**

### **Directors**

J C Polin  
J D White  
D J Mason  
N J Fraser

### **Statutory Auditors**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol  
BS1 6BX

### **Bankers**

Natwest  
135 Bishopsgate  
London  
EC2M 3UR

### **Registered Office**

Monument Place  
24 Monument Street  
London  
EC3R 8AJ

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### **Registered Number**

03879955

# **Sanlam Wealth Planning UK Limited**

## **Directors' Report**

The directors of Sanlam Wealth Planning UK Limited (the "Company") present their annual report, together with the audited financial statements for the year ended 31 December 2020.

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

The current directors of the Company, who have served throughout the year except where noted below, are shown on page 1. Directors who were appointed or resigned during the period are as follows:

N J Fraser (Appointed 5 May 2020, resigned 11 June 2020, reappointed 6 November 2020)

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

### **Directors indemnities**

The Company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against its directors.

### **Going Concern**

The Directors are responsible for making a formal assessment as to whether it is appropriate to adopt the going concern basis in preparing the financial statements. This assessment considers the Company's access to financial resources, sufficient for it to meet its obligations over the next 12 months. To do this, the Company must have sufficient assets, not only to meet the payments and commitments associated with its business, but also to withstand the impact of other events that might reasonably be expected to happen.

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

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

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

**Directors' Report (continued)**

**Disclosure of information to the auditor**

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

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

**Appointment of Auditor**

Following a tender process led by the South African Sanlam Group Audit Committee to appoint joint auditors for the Sanlam Limited group, the Board and the sole member of the Company are expected to approve the appointment of KPMG LLP ("KPMG") as the Company's next external auditor, replacing Ernst & Young LLP. The first reporting period subject to audit by KPMG will therefore be the year ending 31 December 2021.

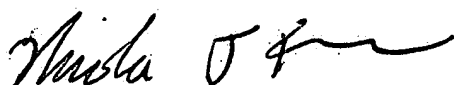
**UK exit from the European Union (Brexit)**

The UK left the European Union ('EU') on 31 January 2020. A transitional period, during which the UK was no longer a member of the EU but subject to EU rules and remained a member of the Customs Union, concluded on 31 December 2020. The UK's future trading relationship with the EU though materially agreed still remains subject to negotiation and further agreement.

Brexit is not expected to have a significant impact on the Company. However, developments in the trading relationship continue to be monitored. Whilst there are certain Brexit-related changes to Company Law, there are no new accounting and financial reporting requirements that relate specifically to the UK leaving the EU that impact on the Company.

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By Order of the Board



N J Fraser

Director

03 June 2021

# **Sanlam Wealth Planning UK Limited**

## **Strategic Report**

### **Review of business**

The trading loss for the year amounted to £1,363,526 (2019: £1,455,955). The trading loss for the year was offset by the £968,446 gain on disposal of the Employee Benefits business when compared to the prior financial year.

Revenue and expenses increased following the Company incorporating additional expenditure following the acquisition of the trade and assets from Pallant Independent Limited and the acquisition of Blackett Walker Limited by Sanlam Wealth Planning Holdings UK Limited in 2019.

As at 31 December 2020 the Company is reporting a net asset position of £2,514,174 (2019: £192,757) as a result of an increase in share capital of £2,750,000 during the year.

No dividends were paid during the year (2019: £nil).

### **Principal activity and future developments**

The principal activity is the provision of restricted financial planning advice.

The Company is a wholly owned subsidiary of Sanlam Wealth Planning Holdings UK Limited and operates as its FCA regulated division. The Company's ultimate UK parent Company, Sanlam Investment Holdings UK Limited, remains committed to the Company's strategy and continues to support the business in what remain competitive market conditions.

On 1 January 2020 the Company sold the business and assets of Employee Benefits (EB), a division of the Company, to PIB Group Limited for a consideration of £968,446. The EB division sold employee benefits policies to the corporate market via a fellow subsidiary, English Mutual Limited. Subsequently English Mutual Limited presented discontinued operations in its separate financial statements. The division was sold as a result of a strategic review that concluded selling employee benefit policies was not core to the Sanlam proposition. The sale also gave PIB Group the opportunity to make financial planning referrals to the Company.

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The Company aims to continue with its growth plans next year whilst controlling costs in order to improve profitability. Growth plans focus on a combination of organic business development from the existing advisor base and recruitment of additional advisers, supported by non-organic activity on an opportunistic basis.

### **Incorporation**

The Company is incorporated in England and Wales.

**Strategic Report (continued)**

**Principal risks and uncertainties**

Risk is inherent in doing business and includes all the uncertain consequences of business activities that could prevent the Company from achieving its strategic objectives and delivering its business plan. The Company has established a structured approach to governance, ensuring an effective level of alignment between oversight and management responsibility for risk.

The Company's Risk Management process aims to manage each of the three elements of risk (i.e. opportunities, hazards and uncertainty). The Company considers risks from top down (strategic) and bottom-up (operational) perspectives to create an integrated view of the Company's risk profile and material risk exposures.

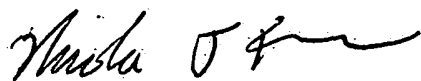
The Company continually monitors its current and future capital requirements through the business planning cycle, capital & liquidity management processes and the Group risk management framework.

**Covid-19**

As well as the heavy human cost, Covid-19 presents a huge and ongoing challenge for many businesses. When the first lockdown came in, the Company adapted swiftly so that employees could operate effectively whilst working from home. By putting a high priority on employees' well-being, the Company ensured it could maintain an uninterrupted service to customers, colleagues and communities through this period of uncertainty.

At this time, there still remains uncertainty as to how long the Covid-19 pandemic will last and as to the extent and duration of the economic, financial and other disruptions caused by the pandemic. The UK government, in England, has published the 'Covid-19 Response - Spring 2021' setting out the roadmap out of the current coronavirus restrictions. This is a step-by-step plan to ease restrictions cautiously. The Directors will continue to monitor the impact of Covid-19 on the Company through the usual governance mechanisms, including the regular oversight of financial performance, capital cover and other strategic monitoring triggers.

By Order of the Board



N J Fraser  
Director  
03 June 2021

**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 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), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

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# **Sanlam Wealth Planning UK Limited**

## **Independent Auditor's report to the members of Sanlam Wealth Planning UK Limited**

### **Opinion**

We have audited the financial statements of Sanlam Wealth Planning UK Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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.

### **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.

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### **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 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **Sanlam Wealth Planning UK Limited**

### **Independent Auditor's report to the members of Sanlam Wealth Planning UK Limited (continued)**

#### **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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **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 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 directors' report have been prepared in accordance with applicable legal requirements.

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

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 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.

**Independent Auditor's report to the members of Sanlam Wealth Planning UK Limited  
(continued)**

**Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

***Explanation as to what extent 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 irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

**Independent Auditor's report to the members of Sanlam Wealth Planning UK Limited  
(continued)**

***Explanation as to what extent the audit was considered capable of detecting irregularities,  
including fraud (continued)***

Our approach was as follows:

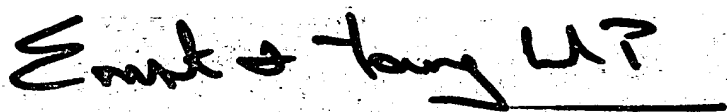
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework which is United Kingdom Accounting Standards including FRS 102 and the Companies Act 2006. We identified how the company is complying with those frameworks by taking into account oversight by those charged with governance i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process such as efforts by management to manage earnings, alongside the culture of honesty and ethical behaviour. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Financial Conduct Authority ("FCA").
- We understood how the company is complying with those frameworks by making enquiries of management, those charged with governance and those responsible for legal and compliance matters. We also reviewed correspondence between the company and the FCA, reviewed minutes of the Board of Directors, and gained an understanding of the company's approach to governance, demonstrated by the internal control processes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by inquiries of management, those charged with governance and others within the company, as to whether they have any knowledge of any actual or suspected fraud, and considering any risks of fraud that have been identified by management or brought to the attention of management. We identified that management override of controls and processes was a risk of material fraud and designed audit procedures to address this risk, specifically around non-standard, manual top-side journals posted to revenue. We tested the appropriateness of the journal entries in the general ledger and did not identify any unusual or unsupportable journal entry postings.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries with management and as a result of our enquiries, management is not aware of any material non-compliance with laws and regulations affecting the financial statements. We are not aware of any fines or penalties imposed by any regulatory bodies during the year.

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

**Independent Auditor's report to the members of Sanlam Wealth Planning 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.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', is written over a horizontal line.

Richard Page (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol  
4 June 2021

# Sanlam Wealth Planning UK Limited

## Profit and Loss Account for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	1	10,829,637	9,083,012
Administrative expenses		<u>(12,193,163)</u>	<u>(10,538,967)</u>
<b>OPERATING LOSS</b>	2	<b>(1,363,526)</b>	<b>(1,455,955)</b>
Profit on disposal of business and assets	3	968,446	-
Interest payable and similar charges		<u>-</u>	<u>(33,817)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(395,080)</b>	<b>(1,489,772)</b>
Tax on loss on ordinary activities	4	20,603	(141,258)
		<u>                    </u>	<u>                    </u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(374,477)</u></b>	<b><u>(1,631,030)</u></b>

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

There are no recognised gains and losses other than those passing through the profit and loss account.

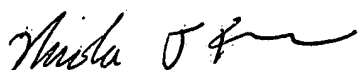
The accompanying notes form an integral part of these financial statements.

# Sanlam Wealth Planning UK Limited

## Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	5	488,840	657,892
Tangible assets	6	23,052	32,685
		<u>511,892</u>	<u>690,577</u>
<b>CURRENT ASSETS</b>			
Debtors	7	4,453,088	6,835,414
Cash at bank		352,965	374,716
		<u>4,806,053</u>	<u>7,210,130</u>
<b>CURRENT LIABILITIES</b>			
Creditors - amounts falling due within one year	8	2,688,838	7,286,067
		<u>2,688,838</u>	<u>7,286,067</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>2,117,215</u>	<u>(75,937)</u>
Creditors: amounts falling due after more than one year	9	-	279,710
		<u>-</u>	<u>279,710</u>
Provisions	10	114,933	142,173
<b>NET ASSETS</b>		<u>2,514,174</u>	<u>192,757</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	5,500,010	2,750,010
Capital contribution reserve	12	569,720	623,826
Profit and Loss Account		(3,555,556)	(3,181,079)
<b>SHAREHOLDERS' FUNDS</b>		<u>2,514,174</u>	<u>192,757</u>

Approved by the Board



N J Fraser  
Director  
03 June 2021

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

Registered Company Number: 03879955

# Sanlam Wealth Planning UK Limited

## Statement of Changes in Equity for the year ended 31 December 2020

	Share Capital	Capital contribution reserve	Profit and loss account	Total shareholders' funds
	£	£	£	£
<b>Balance as at 1 January 2019</b>	<b>2,750,010</b>	<b>267,633</b>	<b>(1,583,866)</b>	<b>1,433,777</b>
Loss for the year after taxation	-	-	(1,631,030)	(1,631,030)
Acquisitions during the year	-	369,720	-	369,720
Intercompany notional loan interest	-	20,290	-	20,290
Reserve transfer	-	(33,817)	33,817	-
<b>Balance as at 31 December 2019</b>	<b>2,750,010</b>	<b>623,826</b>	<b>(3,181,079)</b>	<b>192,757</b>
Loss for the year after taxation	-	-	(374,477)	(374,477)
Share capital issued	2,750,000	-	-	2,750,000
Reversal of discounted interest on intergroup loan	-	(54,106)	-	(54,106)
<b>Balance as at 31 December 2020</b>	<b>5,500,010</b>	<b>569,720</b>	<b>(3,555,556)</b>	<b>2,514,174</b>

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

**Notes to the Financial Statements**

**1. Accounting policies**

**Basis of preparation**

The Financial Statements have been prepared under the historical cost convention, in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The going concern basis of preparation is an area of judgement. Given the ongoing Covid-19 pandemic and the resulting economic conditions the level of uncertainty around this judgement remains higher in the current environment.

The Company has responded well to the impacts from Covid-19 on operations, customers, colleagues and communities. The Directors are closely monitoring short and medium-term Covid-19 related factors, including employee and supplier-related issues and identifying possible Management actions should that need arise.

In the remote scenario that Management actions do not complete and thereby Management is unable to deliver any mitigating actions the Company has the support and access to financial resources of its ultimate UK parent. This ready access to financial resources, is sufficient for the Company to meet its obligations for a period of 12 months from the date of approval of the financial statements.

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

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

**Notes to the Financial Statements (continued)**

**1. Accounting policies (continued)**

**Functional and presentational currency**

The Company's functional currency and presentational currency is Pound Sterling (GBP).

**Consolidation**

Consolidated financial statements are not presented as the Company has availed itself of the exemption provisions under s401 of the Companies Act 2006.

**Cash flow statement**

The Company has taken advantage of the exemption given by FRS 102 Section 7 *Statement of Cash Flows*.

A cash flow statement is prepared by the ultimate parent undertaking that includes the cash flows of the Company. Details of the ultimate parent undertaking are given in Note 18 to the Financial Statements.

**Turnover**

Turnover represents total income receivable by the Company for services provided. It is the amount derived from ordinary activities and is stated net of VAT and trade discounts. Income relating to new business (initial income) is recognised as income when the business is introduced. Income earned on indemnity terms is included in the financial statements when it is considered due.

There is only one revenue stream which is all generated in the United Kingdom.

**Administrative expenses**

Administrative expenses principally represent amounts in respect of staff resources and general overheads.

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**Post-retirement benefits**

The Company contributed to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amount charged to the Profit & Loss Account represents the contributions payable to the scheme in respect of the accounting year.

**Notes to the Financial Statements (continued)**

**Taxation**

The charge for taxation is based on the profit or loss for the year and takes into account deferred taxation. Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the taxation computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

**Intangible assets and amortisation**

The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets assessed as having finite lives are amortised over their useful economic life in equal annual instalments. When there is no reliable estimate for the life of the asset it is limited to 5 years. An annual impairment review is undertaken or whenever there is any indication that the intangible asset may be impaired, and any resulting adjustment to the intangible assets value is made as required. The amortisation expense on intangible assets is recognised within administrative expenses within the profit or loss account. Where there is a deferred or contingent element a liability is also recognised.

**Tangible assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been provided so as to write off the cost of tangible fixed assets less estimated residual value, by equal instalments over their estimated useful lives, at the following annual rates:

Fixtures, fittings and equipment	20% on cost
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**Debtors**

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

**Creditors**

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

**Notes to the Financial Statements (continued)**

**Clawback Provision**

In the event of a clawback of indemnity income in respect of policies cancelled during the indemnity period the Company has an obligation to settle the liability. The provision is calculated as 10% of net initial commission receivable relating to protection business and is re-evaluated at the end of each accounting period. It is a provision to cover for expected indemnity income clawback claims on indemnity products sold during the last four financial years where the company has an obligation to settle the liability.

**Complaints settlement provision**

This provision covers direct and associated costs in respect of complaints that have been lodged as at the balance sheet date. This provision is updated when the individual complaint values are separately clarified.

**Judgements in applying accounting policies and key sources of estimation uncertainty**

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

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

**Critical accounting judgements**

The directors do not believe the Company has any critical accounting judgements in producing these financial statements. The directors consider the following to be the key sources of estimation uncertainty:

*Measurement of the recoverable amount of debtors*

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A provision for impairment of trade debtors is established when there is no objective evidence that the Company will be able to collect all amounts due according to the original terms. The Company considers factors such as default or delinquency in payment, significant financial difficulties of the debtor and the probability that the debtor will enter bankruptcy in deciding whether the loan is impaired.

Notes to the Financial Statements (continued)

**Critical accounting judgements (continued)**

*Measurement of clawback*

The clawback provision is calculated as 10% of net protection business. This percentage is based upon the level of clawbacks over four years alongside the Directors' best estimate of any known or potential obligations at the year end. It is a provision to cover the event of a clawback of indemnity commission in respect of policies cancelled during the indemnity period where the Company has an obligation to settle the liability. It relates to commission clawback claims on indemnity products sold during the last four years and it is re-evaluated at the end of each accounting period.

*Measurement of complaints*

The complaint provision is based on actuals from the year end complaints log provided by the Client Resolutions Team. It is a provision to cover the event of a complaint against the company for admin services or adviser fee charges where the Company has an obligation to settle the liability.

**2. Loss on ordinary activities before taxation**

	2020 £	2019 £
The loss on ordinary activities before taxation is stated after charging:		
Amortisation (note 5)	175,161	141,178
Depreciation (note 6)	9,633	16,780
Operating lease rentals - premises	78,000	78,000
<hr/>		
Auditors Remuneration		
- Audit Fees	27,132	23,129
- Other Assurance Services	4,650	5,460

**Notes to the Financial Statements (continued)**

**3. Profit on disposal of business and assets**

The Company sold the Employee Benefits business and its assets on 1 January 2020. As such the Company has recognised a profit on disposal. The business generated revenue for a fellow subsidiary of the Company, English Mutual Limited. Subsequently English Mutual Limited presented discontinued operations in its separate financial statements.

The Company received cash consideration of £807,299. At 31 December 2020, there was £161,147 of deferred consideration outstanding, of which £121,147 was collected in January 2021. The asset value disposed of at the date of disposal was £nil and a profit on disposal of £968,446 was recognised in the profit and loss account.

**4. Taxation**

**Analysis of charge / (credit) in period**

	2020	2019
	£	£
Current Tax :		
UK Corporation Tax on losses / profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred Tax :		
Origination and reversal of timing differences	(33,514)	119,821
Remeasurement of deferred tax - change in UK tax rate	12,911	21,437
Total deferred tax	<u>(20,603)</u>	<u>141,258</u>
Total current tax (credit)/ charge	<u>(20,603)</u>	<u>141,258</u>

**Reconciliation of tax (credit)/ charge**

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

	2020	2019
	£	£
Loss on ordinary activities before taxation	<u>(395,080)</u>	<u>(1,489,772)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax 19% (2019: 19%)	(75,065)	(283,057)
Effects of :		
Expenses not deductible for tax purposes	4,974	13,045
Deferred tax not recognised	36,577	323,474
Remeasurement of deferred tax - change in UK tax rate	12,911	21,437
Business combinations	-	66,359
Tax (credit) / charge for the year	<u>(20,603)</u>	<u>141,258</u>

Notes to the Financial Statements (continued)

4. Taxation (continued)

Tax rate changes

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017. The Finance Bill 2016 reduced the rate of corporation tax to 17% from 1 April 2020 and having been substantively enacted was the rate of tax used to recognised deferred tax for the year ending 31 December 2019. On 12 March 2020, the Chancellor announced that the planned reduction in corporation tax to 17% would not proceed and this was subsequently substantively enacted maintaining the rate of corporation tax at 19%.

On 3 March 2021, the Chancellor announced that the main rate of UK corporation tax would rise to 25% from 1 April 2023. Given that this change had not been enacted (or substantively enacted) at the period end date, it has not been reflected.

The impact of this change in rate of deferred tax recognised is estimated at £28,000.

Deferred Tax

The deferred tax consists of the following deferred tax liabilities

	2020	2019
	£	£
Fixed asset timing differences	89,137	109,740
	<u>89,137</u>	<u>109,740</u>

It is estimated that £33,000 of the deferred tax liability recognised will unwind in the next 12 months as fixed asset and intangible asset timing differences reduce in line with anticipated depreciation and amortisation.

A deferred tax asset has not been recognised in respect of the £2,639,902 (2019: £2,480,998) of gross tax losses and £33,607 (2019: £nil) of other timing differences carried forward at the balance sheet date as it cannot be reliably estimated that future profits will be available to utilise them.

# Sanlam Wealth Planning UK Limited

## Notes to the Financial Statements (continued)

### 5. Intangible assets

Client  
databases  
£

Cost

At 1 January 2020

1,084,432

Additions

6,109

At 31 December 2020

1,090,541

Amortisation

At 1 January 2020

426,540

Provided during the year

175,161

At 31 December 2020

601,701

Net book value

At 31 December 2019

657,892

At 31 December 2020

488,840

Amortisation of client databases is charged to administrative expenses within the Profit and Loss Account over a period of 5 years.

### 6. Tangible assets

Fixtures,  
fittings and  
equipment  
£

Cost

At 1 January 2020 and at 31 December 2020

179,057

Depreciation

At 1 January 2020

146,372

Charged in year

9,633

At 31 December 2020

156,005

Net book value

At 31 December 2019

32,685

At 31 December 2020

23,052

Notes to the Financial Statements (continued)

7. Debtors - amounts due within one year

	2020	2019
	£	£
Trade debtors	1,315,602	948,254
Prepayments	72,586	115,795
Balances due from group companies	2,897,099	5,718,425
Other debtors	167,801	52,940
	<b>4,453,088</b>	<b>6,835,414</b>

Included in other debtors is an amount of £161,147 (2019: nil) pertaining to deferred consideration as disclosed in note 3, of which £121,147 was subsequently collected in January 2021. The remaining balance of £40,000 is expected to be collected by 31 December 2021.

8. Creditors - amounts falling due within one year

	2020	2019
	£	£
Trade creditors	1,048,281	571,399
Other taxes and social security costs	492,724	300,185
Balances due to group companies	440,692	5,027,279
Subordinated loans	-	966,184
Accruals and deferred income	594,941	208,123
Other creditors	112,200	212,897
	<b>2,688,838</b>	<b>7,286,067</b>

In the year, the subordinated loans due within one year and after more than one year (Note 9), which were due to group companies, were replaced by an intercompany balance with Sanlam UK Limited.

9. Creditors - amounts falling due after more than one year

	2020	2019
	£	£
Loans repayable within five years:		
Subordinated loans	-	279,710

The subordinated loan which was issued in 2019 was repayable by 31 December 2021 and interest free.

Notes to the Financial Statements (continued)

10. Provisions

	Deferred tax provision	Restructure provision	Complaints Settlement provision	Clawback provision	Total
	£	£	£	£	£
At 1 January 2020	109,740	5,729	2,818	23,886	142,173
Utilised provision	(20,603)	-	(2,818)	(291,942)	(315,363)
Charge in the year		-	4,604	283,519	288,123
At 31 December 2020	89,137	5,729	4,604	15,463	114,933

A provision of £15,463 has been recognised for expected indemnity income clawback claims on indemnity products sold during the last four financial years.

The provision for complaints settlement of £4,604 has been recognised based on actuals for potential claims that have been lodged as at the balance sheet date.

A provision of £5,729 has been retained for expected staff restructuring costs to be incurred. The scheduled restructuring has been deferred from 2020 into 2021.

A provision of £89,137 has been recognised for deferred tax. Refer to note 4. All of the above provisions excluding deferred tax are expected to be utilised within a 12 month period.

11. Share capital

	2020	2019
	£	£
Authorised, Issued and Fully Paid		
5,500,010 (2019: 2,750,010) ordinary shares of £1 each	5,500,010	2,750,010

On 20 May 2020 1,750,000 ordinary shares were allotted at par value of £1 per share. Proceeds from the share issue were used by the Company to maintain its capital adequacy position as well as to support operations of the Company.

On 17 December 2020 1,000,000 ordinary shares were allotted at par value of £1 per share. Proceeds from the share issue were used by the Company to maintain its capital adequacy position as well as to support operations of the Company.

12. Capital contribution reserve

	2020
	£
At 1 January 2020	623,826
Reversal of discounted interest on intergroup loan	(54,106)
At 31 December 2020	569,720

Notes to the Financial Statements (continued)

13. Staff costs

The number of persons directly employed by the Company during the year was:

	2020	2019
	No.	No.
Administration staff	66	67
Advising staff	32	33
	<u>98</u>	<u>100</u>

The aggregate payroll costs including costs recharged from other companies within the Sanlam UK group (comprising "Sanlam UK Limited and its fellow subsidiaries") were:

	2020	2019
	£	£
Wages and salaries	4,234,044	3,998,261
Social security costs	387,908	390,917
Pension costs	249,155	228,896
	<u>4,871,107</u>	<u>4,618,074</u>

14. Directors' emoluments

The directors emoluments are based upon an agreed apportionment of directors costs across the businesses in which they perform their services as a director. Salary costs include the following:

	2020	2019
	£	£
Directors remuneration	109,151	89,543
Directors emoluments	-	8,000
Bonuses	7,926	8,429
Pension contributions	-	13,743
Compensation costs for loss of office	502	675
Other benefits	35,719	-
Long term incentive plans	-	-

The directors of the Company are also directors of Sanlam UK Limited and other group companies. The directors received total remuneration for the year of £117,579 (2019: £120,390), all of which was paid by either Sanlam UK Limited or the Company. The directors believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of Sanlam UK Limited and the Company and fellow associate companies. Directors' remuneration includes salary and performance bonuses. The remuneration for the highest paid director was £57,570 (2019: £57,292). Three directors are also members of the long-term incentive scheme. Two directors exercised options over shares in the year (2019: nil). The highest paid director is a member of the long-term incentive scheme. The highest paid director did exercise options over shares in the year. No other benefits were due to the highest paid director.

# Sanlam Wealth Planning UK Limited

## Notes to the Financial Statements (continued)

### 15. Investment in subsidiaries

Grennan Advisers Limited, a wholly owned subsidiary which had a registered address was St. Bartholomew's House, Lewins Mead, Bristol, England BS1 2NH. In the year, the Company's subsidiary, Grennan Advisers Limited was dissolved. The client database held within Grennan Advisers Limited, was fully novated into the Company prior to Grennan Advisers Limited being dissolved.

### 16. Other Financial Commitments

The total of future minimum lease payments is set out below :

	Land and Buildings 2020 £	Land and Buildings 2019 £
Not later than one year	81,564	42,000
Within two to five years	52,672	30,032

### 17. Related Parties

The following table provides the receivable balances with related parties at the year end:

	2020 £	2019 £
Company name		
Sanlam UK Ltd	1,763,341	-
Sanlam Life & Pensions UK Limited	88,600	-
English Mutual Limited	918,006	1,754,897
Sanlam Partnerships Limited	127,152	165,549
Sanlam Wealth Planning Holdings UK Limited	-	3,797,979
	<b>2,897,099</b>	<b>5,718,425</b>

The following table provides the payable balances with related parties at the year end:

	2020 £	2019 £
Company name		
Sanlam UK Ltd	-	2,252,004
Sanlam Life & Pensions UK Limited	-	1,881,703
Sanlam Wealth Planning Holdings UK Limited	320,427	-
Sanlam Wealth Planning Holdings UK Limited - Loan	-	1,245,894
Sanlam Investments UK Limited	8,070	114,197
Sanlam Private Investments (UK) Limited	112,195	779,375
	<b>440,692</b>	<b>6,273,173</b>

**Notes to the Financial Statements (continued)**

**17. Related Parties (continued)**

The transactions with Sanlam UK Ltd during the year relate to expense recharges totalling £739,746 (2019: £1,862,205), staff recharges totalling £1,017,074 (2019: £792,210) and intercompany settlement paid to Sanlam UK Limited totalling £5,804,599 (2019: £2,723,852). The Company also recognised LTIP charges of £32,434 (2019: £30,935). A balance of £1,763,341 (2019: £2,252,004 was due to) was outstanding at the year end.

The transactions with Sanlam Life & Pensions UK Limited during the year relate to expense recharges totalling £156,362 (2019: £179,671), staff recharges totalling £204,295 (2019: £243,193) and space recharges totalling £216,693 (2019: £216,693). Intercompany settlements of £2,547,653 were made in 2020 and a balance of £88,600 (2019: £1,881,703 was due from) was outstanding at the year end.

The transactions with English Mutual Limited during the year relate to expense recharges totalling £188,426 (2019: £403,841), staff recharges totalling £281,643 (2019: £138,406), intercompany settlement to English Mutual Limited totalling £748,789 (2019: £2,673,652) and income due to English Mutual £2,055,749 (2019: £3,260,047). A balance of £918,006 (2019: £1,754,897) was outstanding at the year end.

The transactions with Sanlam Partnerships Limited during the year relate to expense recharges totalling £71,458 (2019: £165,574), staff recharges totalling £101,888 (2019: £201,870) and intercompany settlement paid from Sanlam Partnerships Limited £211,743 (2019: £492,657). A balance of £127,152 (2019: £165,549) was outstanding at the year end.

The transactions with Sanlam Wealth Planning Holdings UK Limited during the year relate to expense recharges totalling £373,084 (2019: £279,220) and intercompany settlement of £5,491,489 (2019: £300,000). In addition, the subordinated loan balance of £1,300,000 (2019: £1,245,893) was fully settled in 2020. A balance of £320,427 (2019: £2,552,085 was due from) was outstanding at the year end.

The transactions with Sanlam Investments UK Limited during the year relate to Intercompany invoices. A balance of £8,070 (2019: £114,197 was due from) was outstanding at the year end.

The transactions with Sanlam Private Investments (UK) Limited during the year relate to net expenses and staff recharges totalling £264,097 (2019: £366,553). Repayments of £931,277 were made during 2020 leaving a balance of £112,195 (2019: £779,375 was due from) outstanding at the year end.

**Notes to the Financial Statements (continued)**

**18. Controlling party**

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

Group financial statements may also be viewed on the ultimate parent company's website: [www.Sanlam.co.za](http://www.Sanlam.co.za).

The immediate parent undertaking is Sanlam Wealth Planning Holdings UK Limited, which is incorporated and registered in the United Kingdom.