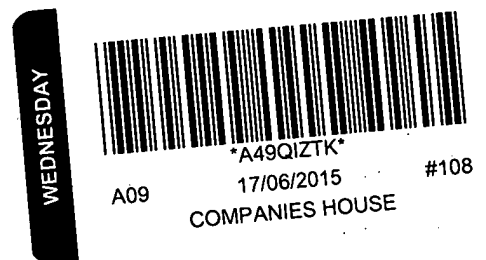




SANLAM UK LIMITED

**Annual Report and Financial Statements
for the year ended 31 December 2014**



Sanlam UK Limited

Directors

R Roux	(Chairman)
L van der Walt	(Chief Executive Officer)
J Gibson	(Finance Director)
PR Bradshaw	(Non-Executive Director)
I Plenderleith	(Non-Executive Director)
JAA Samuels	(Non-Executive Director)
L Lambrechts	(Non-Executive Director)
D Kriel	(Non-Executive Director)
A Gildenhuys	(Non-Executive Director)
N Parry	(Executive Director)
N Speirs	(Executive Director)
A Morley	(Executive Director)

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered Office

St Bartholomew's House
Lewins Mead
Bristol
BS1 2NH

Registered Number

6575962

Sanlam UK Limited

Strategic Report

The directors have pleasure in submitting their Strategic Report for the year ended 31 December 2014.

Principal activity, review of the business and future developments

Principal activity and future developments

The Company's principal activity is to act as the strategic holding company of most of the Sanlam Limited Group's retail market investments in the United Kingdom. Accordingly, Sanlam UK Limited co-ordinates the activities of the cluster within an approved governance framework, whilst giving the individual companies the opportunity to make their own decisions within agreed strategic guidelines and with aligned priorities. This will continue to be principal activity for the foreseeable future.

Review of business

The profit before tax for the year ended 31 December 2014 amounted to £9,427,668 (2013: profit of £28,476,086). The group's shareholding in Intrinsic Financial Services Limited was sold during the year triggering the repayment of all loans and preference share dividends due to the Company. In addition to this, a settlement amount of £10m was also received which accounts for the profit in the Company. As the Company acts mainly as the strategic holding company for the group, it was not expected to make profits in this accounting period.

The Company received a dividend of £2.3m from Sanlam Life and Pensions UK Limited, a subsidiary of the Company.

The Company impaired one of its investments, Sanlam Wealth Planning Holdings UK Limited by £0.9m and reversed £0.1m of the prior year English Mutual Limited impairment.

Sanlam UK Limited

Strategic Report

Principal risks and uncertainties

The Company has an Audit and Risk Committee, which meets quarterly and which reviews the company's significant risks. The principal risks and uncertainties facing the Company are broadly grouped as credit risk and liquidity risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to companies within the Sanlam Limited Group. Details of the Company's loans and debtors are shown in Note 7 and Note 8 to the Financial Statements.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by means of borrowing only from companies within the Sanlam Limited Group, in particular its holding company, Sanlam Netherlands Holding BV.

Approved by the Board 28 May 2015



Lukas van der Walt
Chief Executive Officer

Sanlam UK Limited

Directors' Report

The directors have pleasure in submitting their Directors' Report and audited Financial Statements for the year ended 31 December 2014.

Directors

The directors of the Company for the year ended 31 December 2014 are shown on page 1.

Directors' interests

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

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Ernst & Young LLP are re-appointed will be put to the Annual General Meeting.

Going concern

The Company's business activities, its financial position and its exposure to credit and liquidity risk are as described in the strategic report.

The Company has considerable financial resources together with support from its holding company, Sanlam Netherlands Holding BV, and its ultimate holding company, Sanlam Limited. As a consequence, the directors believe that the Company is well placed to manage its business risk successfully despite the current volatile economic conditions.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing their Annual Report and the Financial Statements.

Post balance sheet events

Details of material post balance sheet events are included in Note 14.

Sanlam UK Limited

Directors' Report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware.

Having made enquiries of the other directors and the Company's auditor, each director has taken all steps that a director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board *28 May* 2015



Lukas van der Walt
Chief Executive Officer

Statement of Directors' responsibilities in respect of the Financial Statements

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 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;
- 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 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.

Sanlam UK Limited

Independent Auditor's report to the members of Sanlam UK Limited

We have audited the financial statements of Sanlam UK Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2014 and of its profit for the year then ended;

Sanlam UK Limited

Independent Auditor's report to the members of Sanlam UK Limited

- 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.

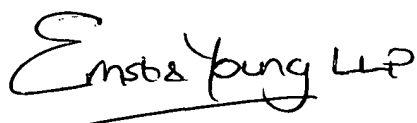
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Sarah Williams (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

29 May 2015

Sanlam UK Limited

**Profit and Loss Account
for the year ended 31 December**

	Note	2014 £	2013 £
TURNOVER		13,468,249	2,778,118
Administrative expenses	3	<u>(6,876,426)</u>	<u>(4,953,132)</u>
OPERATING PROFIT / (LOSS)		6,591,823	(2,175,014)
Interest receivable	2.1	751,267	1,546,189
Preference dividends receivable	2.2	539,578	743,617
Impairment of investments held	5	(920,000)	(2,720,100)
Reversal of prior period impairments	5	130,000	4,581,120
Profit/ loss on sale of investment	5	-	24,000,274
Ordinary dividends receivable	6	<u>2,335,000</u>	<u>2,500,000</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,427,668	28,476,086
Tax on ordinary activities	4	<u>(1,572,143)</u>	<u>99,515</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>7,855,525</u>	<u>28,575,601</u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those going through the Profit and Loss Account.

Sanlam UK Limited

**Balance Sheet
as at 31 December**

	Note	2014 £	2013 £
FIXED ASSETS			
Investments in group undertakings and participating interests	5	119,099,526	108,500,636
Long term loans	7.1	13,705,760	20,931,320
Investments in Preference Shares	7.2	-	3,590,849
		<u>132,805,286</u>	<u>133,022,805</u>
CURRENT ASSETS			
Investments in Preference Shares	8.1	3,950,849	4,516,079
Debtors	8.2	13,174,937	19,883,016
Other prepayments and accrued interest		40,885	44,985
Cash at bank		4,596,672	1,227,607
		<u>21,763,343</u>	<u>25,671,687</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	9	8,580,898	18,862,176
Accruals and deferred income		462,658	449,644
		<u>9,043,556</u>	<u>19,311,820</u>
NET CURRENT ASSETS			
		<u>12,719,787</u>	<u>6,359,867</u>
NON-CURRENT LIABILITIES			
Creditors - amounts falling due after more than one year	10	-	1,271,725
Provision for liabilities	13	1,106,460	1,547,859
NET ASSETS			
		<u>144,418,613</u>	<u>136,563,088</u>
CAPITAL AND RESERVES			
Called up share capital	11	116,698,009	116,698,009
Share premium account	12	3,593,550	3,593,550
Profit and Loss Account	12	24,127,054	16,271,529
SHAREHOLDERS' FUNDS		<u>144,418,613</u>	<u>136,563,088</u>

Approved by the Board *28 May*

2015



Lukas van der Walt
Chief Executive Officer

Registered number:
6575962

Notes to the Financial Statements

1. Accounting policies

These Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Financial Statements have been prepared on a going concern basis.

Consolidation

Consolidated financial statements are not presented as the Company has availed itself of the exemption provisions under s401 of the Companies Act 2006. Refer to note 16 for further details.

Investments

Investments in unlisted assets are recognised at the lower of cost and net realisable value. Provisions for impairment are made where applicable as detailed in the impairment policy.

Turnover

Turnover represents fees for services provided by the Company's directors and staff to other entities within the Sanlam UK cluster.

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes, accounted for on an accruals basis.

Administrative expenses

Administrative expenses principally represent amounts invoiced and incurred in respect of staff resources and general overheads to facilitate the administration of the Company. Amounts expensed are based on actual costs incurred or on predetermined recharges of allocated resources.

Interest receivable and similar income

Interest receivable represents interest on funding activities and is accrued on a daily basis at rates agreed by the relevant parties from time to time. At initial recognition the funding is increased by the interest receivable for the period and reduced by repayments made in the period.

Notes to the Financial Statements

Interest payable and similar charges

Interest is payable on any amounts outstanding in respect of financing arrangements between fellow group undertakings at rates agreed by the relevant parties from time to time. At initial recognition the financing arrangement is increased by the finance cost for the period and reduced by repayments made in the period.

Pensions benefits

The cost of a defined contribution scheme is equal to the contributions payable for the accounting period and is recognised within operating profit in the Profit and Loss Account.

Impairments

From the end of the first full year after acquisition, the carrying value of investments is assessed annually for any evidence of impairment. If such indications exist, a full impairment review is undertaken, whereby the recoverable amount of the asset concerned is estimated. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

An asset is subject to impairment if its carrying value is higher than its recoverable value; recoverable value being the higher of the realisable value and the value in use. Impairment provisions are recognised in the Profit and Loss Account for the period.

Where the Company's internal valuation model indicates that a previously impaired investment has subsequently increased in value, either due to change of use or improvement in economic conditions, the previous impairment will be reversed, limited to the original cost, to the extent to which the model indicates it is necessary.

Cash flow statement

The company has taken advantage of the exemption given by FRS1 - *Cash Flow Statements* (revised) to subsidiary undertakings, where 90% or more of the voting rights are controlled within the group and the accounts of the group are publicly available, by not preparing a cash flow statement.

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 16 to the Financial Statements.

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, taxation, with the following exceptions:

- Provision is made for taxation on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the Balance Sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the Balance Sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to taxation only where the replacement assets are sold;
- Deferred taxation assets are recognised only to the extent that the directors consider that it is 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 taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which timing differences reverse, based on taxation rates and laws enacted or substantively enacted at the Balance Sheet date.

Share based payments

The cost of prospective share based payments is measured by reference to the fair value of the ordinary shares of the Company at each date of granting of share appreciation rights and the dates at which they vest in full, where the fair value of the Company's ordinary shares is deemed to equal the combined fair value of the entities within, and other assets of, the Sanlam UK cluster, as at the most recent valuation date (in respect of historic periods) and as per the company's approved business plan (in respect of future periods).

Any liability for share based payments is recognised over the period in which they vest and, until settled, is remeasured at each reporting date, with changes in the fair value thereof recognised in the Profit and Loss Account.

Notes to the Financial Statements

2. -1. Interest receivable

	2014 £	2013 £
Interest receivable on loans to English Mutual Limited	-	108,305
Interest receivable on loans to Intrinsic Financial Services Limited	663,443	1,279,813
Interest receivable on preference dividends receivable from Intrinsic Financial Services Limited	63,033	127,061
Interest receivable from Sanlam Netherlands Holding BV	-	13,206
Interest receivable on cash at bank	24,791	17,804
	<u>751,267</u>	<u>1,546,189</u>

-2. Preference dividends receivable

Preference dividends receivable on investments in Nucleus IFA Company Limited preference shares	539,578	720,000
Preference dividends receivable on investments in Intrinsic Financial Services Limited preference shares	-	23,617
	<u>539,578</u>	<u>743,617</u>

3. Administrative expenses

Administrative expenses relate principally to amounts invoiced and incurred in respect of staff and general overheads. The Company has thirty nine (2013: thirty two) staff members directly in its employment at the balance sheet date.

	2014 £	2013 £
Salary costs	4,657,776	3,648,839
Auditors' remuneration	57,996	52,158
Other administrative expenses	2,160,654	1,252,135
	<u>6,876,426</u>	<u>4,953,132</u>

Notes to the Financial Statements

Salary costs include the following:

a) Directors' remuneration		
- Directors' emoluments	1,326,773	960,190
- Consideration payable to third parties for making available the services of a director	94,500	141,000
Included in directors' remuneration is £244,120 (2013: £238,801) accrued in respect of share based payments. No directors received options during the year.		

The amount in respect of the highest paid director totalled £389,513 (2013: £198,702). Three directors exercised options during 2013.

b) Other staff costs		
- Salaries and other employment costs	2,768,800	2,199,974
- Employer National Insurance costs	355,321	269,339
- Other pension costs	112,382	78,336
	<u>4,657,776</u>	<u>2,547,649</u>

4. Taxation

The tax on profit for the period shown in the Profit and Loss Account is:

	2014 £	2013 £
Profit on ordinary activities	9,427,668	28,476,086
Tax at 21.5% (2013: 23.25%)	2,026,948	6,620,690
Non-taxable preference share dividends	(116,009)	(172,891)
Non-deductible capital expenditure (impairment)	197,800	632,423
Non-deductible capital expenditure (reversal of impairment)	(27,950)	(1,065,110)
Non-taxable ordinary dividend received	(502,025)	(581,250)
Non-taxable sale on investment	-	(5,580,064)
Deferred tax on share based payments - Change in tax rate (refer to note 8.2)	211,411	213,618
Tax on the release of share based payments	(218,032)	(165,533)
Other	-	(1,398)
Current tax for the year	<u>1,572,143</u>	<u>(99,515)</u>

The taxation for the year comprises:

Current tax		
-UK corporate tax	1,483,863	(180,915)
Deferred tax		
-Reversal of timing differences	88,280	30,403
-Prior year adjustment	-	50,997
	<u>1,572,143</u>	<u>(99,515)</u>

Sanlam UK Limited

Notes to the Financial Statements

5. Investments in group undertakings and participating interests

	2014 £	2013 £
Cost		
At 1 January	124,447,068	122,880,555
Additions	11,388,890	9,806,513
Disposal	-	(8,240,000)
Adjustment to purchase price consideration	-	-
At 31 December	<u>135,835,958</u>	<u>124,447,068</u>
Revaluation and impairment		
At 1 January	(15,946,432)	(17,807,452)
Impairment during the year	(920,000)	(2,720,100)
Reversal of impairment	130,000	4,581,120
At 31 December	<u>(16,736,432)</u>	<u>(15,946,432)</u>
Net book value		
At 1 January	<u>108,500,636</u>	<u>105,073,103</u>
At 31 December	119,099,526	108,500,636
Directors' Valuation at 31 December	<u>193,667,676</u>	<u>168,996,003</u>

Additions

During the year the Company acquired 31,287 "B" ordinary shares of £0.10 in the issued share capital of Sanlam Private Investments (UK) Holdings Limited at a cost of £690,352.

During the year the Company acquired 800,000 "C" ordinary shares and 60 ordinary shares of £1 in the issued share capital of Cameron Hume Limited at a cost of £800,060 and capitalised legal costs of £201,636.

During the year the Company acquired 896,810 ordinary shares of £1 in the issued share capital of Sanlam FOUR Investment Holdings UK Limited at a cost of £6,425,500.

During the year the Company acquired 122,241 "B" ordinary shares of £0.01 in the issued share capital of Nucleus Financial Group at a cost of £3,271,342. The consideration has been set-off against the Nucleus IFA Company Limited 2011 Preference Shares.

Sanlam UK Limited

Notes to the Financial Statements

5. Investments in group undertakings and participating interests (continued)

Impairments

During the year the Company provided £920,000 against its investment in Sanlam Wealth Planning Holdings UK Limited.

In addition the Company reversed £130,000 of its prior year's impairment against English Mutual Limited.

Subsidiary and associated undertakings

The following are investments in which the Company holds 20% or more of the nominal value of any class of share capital:

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Sanlam Life and Pensions UK Limited	England	100%	Life assurance and pensions
Sanlam Private Investments (UK) Holdings Limited	England	99%	Investment management
Sanlam Wealth Planning Holdings UK Limited	England	99%	Financial advice
Sanlam Funds Services Limited	England	100%	Dormant
Nucleus Financial Group Limited	England	43%	Wrap platform service provider
English Mutual Limited	England	100%	Financial advice
Cameron Hume Limited	England	20%	Investment management
Sanlam FOUR Investment Holdings UK Limited	England	90%	Investment management

Notes to the Financial Statements

5. Investments in group undertakings and participating interests
(continued)

Fair value of investments based on internal valuations:

The internal valuation techniques used to value the businesses are a combination of actuarial embedded value methodologies, discounted cashflow analysis, industry comparable multiple techniques and independent valuations.

Name	Carrying Value of investments before impairment and reversal of impairment for the year	Internal valuation of investments
	£	£
Sanlam Life and Pensions UK Limited	37,508,308	81,720,000
Sanlam Private Investments (UK) Holdings Limited	58,687,984	60,150,000
Sanlam Wealth Planning Holdings UK Limited	4,270,000	3,350,000
Sanlam Funds Services Limited	270,001	270,001
MorganAsh Limited	56,000	56,000
Nucleus Financial Group Limited	10,390,035	31,340,000
English Mutual Limited	1,280,000	1,410,000
Nucleus IFA Company Limited	2	2
Cameron Hume Limited	1,001,696	1,001,696
Sanlam FOUR Investment Holdings UK Limited	6,425,499	14,369,977
Total	119,889,526	193,667,676

Sanlam UK Limited

Notes to the Financial Statements

6. Ordinary dividends received

	2014 £	2013 £
Ordinary dividends received from: Sanlam Life and Pensions UK Limited	2,335,000	2,500,000
	<u>2,335,000</u>	<u>2,500,000</u>

7. -1. Long term loans

Long term loans repayable within one to ten years:

	2014 £	2013 £
Loan to Sanlam Netherlands Holding BV	13,705,760	20,931,320
	<u>13,705,760</u>	<u>20,931,320</u>

-2. Investments in Preference Shares

	2014 £	2013 £
Investment in Nucleus IFA Company Limited 2015 Preference Shares	-	3,590,849
	<u>-</u>	<u>3,590,849</u>

The Nucleus IFA Company Limited 2015 Preference Shares are non-voting cumulative redeemable preference shares, having a redemption date of 20 December 2015. Refer to note 8.1 for further details.

8. -1. Investments in Preference Shares

	2014 £	2013 £
Investment in Nucleus IFA Company Limited 2011 Preference Shares	-	3,590,849
Investment in Nucleus IFA Company Limited 2015 Preference Shares	3,950,849	-
Accrued preference share dividends	-	925,230
	<u>3,950,849</u>	<u>4,516,079</u>

Notes to the Financial Statements

-1. Investments in Preference Shares (continued)

The Nucleus IFA Company Limited 2011 Preference Shares are non-voting cumulative redeemable preference shares, carrying an annualised coupon of 14.4%. On the 5 June 2014 they were converted into B ordinary shares (the original redemption date of 20 December 2011 was extended during 2011 to 30 June 2012, and again in 2012 to 18 March 2013 and again in 2013 to 1 June 2014). The Company subscribed for 2,500,000 of the preference shares on 20 December 2010 at a par value of £1.00 per share. Refer to note 5 for further details.

The Nucleus IFA Company Limited 2015 Preference Shares are non-voting cumulative redeemable preference shares, carrying an annualised coupon of 14.4% and having a redemption date of 20 December 2015. The Company subscribed for 2,500,000 of the preference shares on 20 December 2010 at a par value of £1.00 per share.

The accrued preference share dividends relate to the 2012 preference share dividend accrued as a result of the Company's investment in the Intrinsic Financial Services Limited preference shares. On 1 July 2014 these were repaid in full due to the sale of Intrinsic Financial Services Limited.

-2. Debtors

	2014 £	2013 £
Deferred tax	221,292	309,571
Loans to Sanlam Wealth Planning	7,300,303	6,468,920
Loans to English Mutual Limited	1,100,415	1,065,415
Loan to Intrinsic Financial Services Limited	-	9,479,198
Interest on Intrinsic Financial Services Limited preference share dividends	-	127,061
Amounts owed by fellow group companies	4,552,927	2,432,851
	<u>13,174,937</u>	<u>19,883,016</u>

The deferred tax asset arose as a result of the provision for share based payments. Refer to note 13 for further details.

Announcements were made to changes in the tax rates that will have an effect on future tax charges of the Company. From 1 April 2015 the rate of corporation tax will be reduced from 21% to 20%.

The loans to Sanlam Wealth Planning Holdings UK Limited represent interest free loans. The Company retains the right to adjust the interest rate from time to time. The facility remains unsecured and repayable on 31 December 2015.

Sanlam UK Limited

Notes to the Financial Statements

-2. Debtors (continued)

The loans to English Mutual Limited represent interest free loans. The Company retains the right to adjust the interest rate from time to time. The facility remains unsecured and repayable on 31 December 2015.

On 18 June 2012 a £2,000,000 subordinated term loan facility ("Sanlam B Loan") was granted to Intrinsic Financial Services Limited, bearing interest at 11.7%. On 1 July 2014 the loan was repaid in full due to the sale of Intrinsic Financial Services Limited.

On 6 December 2012 a £7,000,000 subordinated term loan facility was granted to Intrinsic Financial Services Limited, bearing interest at 15.4%. On 1 July 2014 the loan was repaid in full due to the sale of Intrinsic Financial Services Limited.

The interest on the Intrinsic Financial Services Limited preference share dividends relate to the 2012 preference share dividend accrued as a result of the Company's investment in the Intrinsic Financial Services Limited Preference shares of £822,586 and £102,644. The facility bears interest at 12% and 9% respectively. On 1 July 2014 the loan was repaid in full due to the sale of Intrinsic Financial Services Limited.

The other amounts owed by fellow group companies represent interest free working capital loans all of which owing are repayable on demand.

9. Creditors - amounts falling due within one year

	2014 £	2013 £
Amounts owed to fellow group companies	227,660	70,000
Loan from Sanlam Life and Pensions UK Limited	-	14,839,714
Loan from Sanlam Asset Management Ireland Limited	4,450,133	3,271,190
Other creditors	326,204	681,272
Deferred Consideration from English Mutual Limited	1,271,725	-
Deferred Consideration from Sanlam FOUR Investment Holdings UK Limited	821,312	-
Tax	1,483,864	-
	<u>8,580,898</u>	<u>18,862,176</u>

The amounts owed to fellow group companies represent interest free loans which are payable on demand.

Sanlam UK Limited

Notes to the Financial Statements

9. Creditors - amounts falling due within one year (continued)

The amount owed to Sanlam Life and Pensions UK Limited represents interest free loans which are repayable on 30 business days' notice. £1.75m of these loans was repaid in March 2014 (£1.45m in March 2013) and the remaining £13.09m was repaid in December 2014 from the proceeds of the repayments of the preference share dividends and loans by Intrinsic Financial Services Limited.

The amount owed to Sanlam Asset Management Ireland bears interest at the rate at which that Company can place funds on deposit with its bankers. The loans do not have a fixed repayment date but are repayable on 30 business days' notice.

In August 2012, the Company acquired 100% of the issued share capital in English Mutual Limited. The purchase price was funded partly by cash and the remainder by means of a deferred consideration which vests on the third anniversary of the acquisition.

In December 2014, the Company acquired 90% of the issued share capital in Sanlam FOUR Investment Holdings UK Limited. The purchase price was funded partly by cash and the remainder by means of a deferred consideration which vests on 31 December 2015.

Due to the Company making a taxable profit in 2014 a tax creditor has arisen. Refer to note 4 for further details.

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

	2014 £	2013 £
Deferred Consideration	-	1,271,725
	<u>-</u>	<u>1,271,725</u>

In August 2012, the Company acquired 100% of the issued share capital in English Mutual Limited. The purchase price was funded partly by cash and the remainder by means of a deferred consideration which vests on the third anniversary of the acquisition. Refer to note 9.

11. Share capital

	2014 £	2013 £
Authorised		
Ordinary shares and A ordinary shares of £1 each	250,000,000	250,000,000
	<u>250,000,000</u>	<u>250,000,000</u>

Sanlam UK Limited

Notes to the Financial Statements

Issued, Called Up and Fully Paid		
Ordinary shares of £1 each	116,274,124	116,274,124
A ordinary shares of £1 each	423,885	423,885
	<u>116,698,009</u>	<u>116,698,009</u>

12. Reconciliation of movement in shareholders' funds

	Share Capital / Premium £	Profit and Loss Account £	Total Shareholders' Funds £
Balance at 31 December 2013	120,291,559	16,271,529	136,563,088
Profit for the year	-	7,855,525	7,855,525
Balance at 31 December 2014	<u>120,291,559</u>	<u>24,127,054</u>	<u>144,418,613</u>

13. Provision for share based payments

The Company has a long term incentive scheme for certain key employees, in terms of which such employees may receive cash payments based on the increase in the value of the Company over the period from the date of the granting of share appreciation rights to the date of their exercise.

In terms of the above scheme, the exercise price of each option is equal to the value of an ordinary share in the Company (before the value dilution impact of the scheme) at the date of issue of the options, which value will be deemed to equal the aggregate fair value of all the entities within, and other assets of, the Sanlam UK cluster divided by the number of shares of the company, both as at the most recent valuation date ('Sanlam UK Fair Value per share'). The options vest in tranches over a period of five years from their date of issue (40% after 3 years, 30% after 4 years and the final 30% after 5 years), subject to target growth rates in the Sanlam UK Fair Value per share being achieved.

Participants may exercise options that have vested at any time up until eight years from their issue date. No shares will be issued or transferred to participants at any stage, and consequently there will be no dilution of the Company's issued share capital.

Notes to the Financial Statements

	2014		2013	
	Number	Exercise price £/share	Number	Exercise price £/share
Options in issue at start of the year	33,752	-	40,481	-
Options issued during the year	-	-	9,643	183.55
Options vested and exercised during the year	(8,939)	-	(12,919)	-
Options forfeited during the year	(687)	-	(3,453)	-
Options forfeited or cancelled in prior years	(2,957)			
Options in issue at the end of the year	<u>21,169</u>	<u>-</u>	<u>33,752</u>	<u>-</u>

The share based payment expense for 2014 was £572,704 (2013: £567,696). Options that vested and paid during the year totalled £1,014,103 resulting in an decrease in the provision in 2014 to £1,106,460(2013: £1,547,859). A deferred tax asset totalling £221,292 has been recognised against the provision.

The share option price at the year end was £207.88 (2013: £193.64).

14. Post balance sheet events

The Company received a £4,083,000 dividend from Sanlam Life and Pensions UK Limited during March 2015.

The Company paid a £13,705,760 dividend to Sanlam Netherland Holdings Limited during April 2015. At the same time the £13,705,760 loan to Sanlam Netherland Holdings Limited was repaid. These were settled on a net basis without moving any cash between the entities.

15. Related party disclosure

The Company has taken advantage of the exemption given by FRS8 to wholly owned subsidiary undertakings within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties. The Company has related party transactions with Sanlam Wealth Planning Holdings UK Limited, Sanlam Private Investments (UK) Holdings Limited and Nucleus Financial Group limited, which are not wholly owned subsidiaries within the Sanlam group. These transactions are all on an arm's length basis.

15. Related party disclosure (continued)

The transactions with Sanlam Wealth Planning Holdings UK Limited relate to loans granted amounting to £1,131,382 (2013: £1,969,690). Loans repaid of £300,000 (2013: NIL). There were also directors fees receivable totalling £72,000 (2013: £54,000) for the services of the Company's directors. A balance of £1,352,132 (2013: £743,106) was still outstanding at the year end.

The transactions with Sanlam Private Investments UK Holdings Limited relate to directors fees receivable totalling £36,000 (2013: £43,200) for the services of the Company's directors and distribution fees of £82,056.98 (2013: £242,470) for services of the Company's staff. There was £152,548 creditor outstanding in respect of intercompany fees at the year end (2013: debtor £137,496).

The transactions with Nucleus Financial Group relate to directors fees receivable totalling £64,500 (2013: £48,800). A creditor of £5,112 (2013: debtor £11,400) was still outstanding at the year end.

During the year the Company earned preference dividends of £538,520 (2013: £720,000) from its investment in Nucleus IFA Company Limited preference shares.

16. Parent undertaking

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.

Copies of its group Financial Statements are available on request from Sanlam Limited, 2 Strand Road, Bellville, South Africa (PO Box 1, Sanlamhof, 7532, South Africa). www.sanlam.co.za

The immediate parent undertaking is Sanlam Netherlands Holding BV.