



**SANLAM UK LIMITED**

**Annual Report and Accounts  
for the year ended 31 December 2021**



# **Sanlam UK Limited**

## **Contents**

	<b>Page (s)</b>
<b>Company Information</b>	<b>1</b>
<b>Directors' Report</b>	<b>2 - 4</b>
<b>Strategic Report</b>	<b>5 - 6</b>
<b>Statement of Directors' Responsibilities</b>	<b>7</b>
<b>Independent Auditor's Report to the members of Sanlam UK Limited</b>	<b>8 - 12</b>
<b>Profit and Loss Account and Other comprehensive income</b>	<b>13</b>
<b>Balance Sheet</b>	<b>14</b>
<b>Statement of Changes in Equity</b>	<b>15</b>
<b>Notes to the Financial Statements</b>	<b>16 -39</b>

# **Sanlam UK Limited**

## **Company Information**

### **Directors**

H Franckeiss

C Roothman

T Van Heerden

### **Statutory Auditor**

KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

### **Bankers**

Barclays Business Banking

Barclays Business PLC

Leicester

LE87 2BB

### **Registered Office**

Monument Place

24 Monument Street

London

England

EC3R 8AJ

### **Registered Company Number**

6575962

## **Sanlam UK Limited**

### **Directors' Report**

The directors' of Sanlam UK Limited (the "Company") present their annual report, together with the audited financial statements, for the year ended 31 December 2021.

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#### **Principal activity**

The principal activity of Sanlam UK Limited (the "Company") is to act as a holding company. The Company coordinates the activities of the UK business within an approved governance framework. This will continue to be the principal activity for the foreseeable future.

The Company is incorporated in England and Wales.

#### **Directors**

The names of the persons who are directors at the date of this report and, who have served throughout the year are as follows:

J Polin (resigned 6 May 2022)  
N Fraser (resigned 6 May 2022)  
H Franckeiss (appointed 28 January 2022)  
C Roothman (appointed 31 March 2022)  
T Van Heerden (appointed 28 January 2022)

#### **Indemnification of Directors**

The directors are covered by professional indemnity insurance. No claims have been made under this indemnity in respect of the Company during the year ended 31 December 2021, (2020: £nil) or since then to the date of this report.

#### **Appointment of Auditor**

The auditor, KPMG LLP, is the appointed independent auditor of the Company. KPMG LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**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 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.

**Future development**

The directors do not expect any change in the principal activity of the Company in the foreseeable future.

**Conflict in Ukraine**

In February 2022 the sovereign state of Ukraine was invaded by Russia. The situation continues to evolve and the global response is developing in terms of sanctions applied to Russia. We have updated our internal policies which will limit the provision of services and investments in Donetsk People's Republic or Luhansk People's Republic regions of Ukraine/Crimea together with no new investment or divestment in companies listed in Russia, Belarus or Ukraine.

**Directors' Report continued**

**Going Concern**

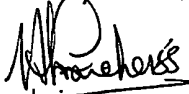
The Directors are responsible for making a formal assessment as to whether it is appropriate to adopt the going concern basis in preparing the financial statements. This assessment considers the Company's access to financial resources, sufficient for it to meet its obligations over the next 12 months. 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. 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 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

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.

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

  
H Franckeiss  
Director

29 September 2022

## **Sanlam UK Limited**

### **Strategic Report**

The directors present their strategic report for the year ended 31 December 2021.

#### **Review of business**

The loss before tax for the year amounted to £4,671,284 (2020: loss of £15,412,593).

The Company has reported a loss for the year after tax of £5,219,992 (2020: loss of £14,457,343). The reduction in loss is primarily driven by the disposal of its subsidiary Nucleus Group Plc which generated a profit on sale of £60,917,130. The profit on sale was offset by £1,073,733 (2020: £6,497,200) of impairment recognised on investments in Group undertakings and participating interests and a £40,939,110 impairment of intercompany loan receivable balances (2020: £nil). In addition, the Company has decreased its staff costs by £1,307,142 due to the settlement of the long term incentive plans and one off project costs of £6,013,514 incurred in the year.

The Company has shareholders' funds of £119,669,778 (2020: £123,786,368) on its Balance Sheet as at the year end.

On 12 February 2021, the Board approved an additional investment of £11,300,000 into Sanlam Investments Holdings Limited.

On 30 June 2021, the Board approved an additional investment of £500,000 into Sanlam Partnerships Limited.

In the year, Sanlam Private Investments Holdings UK Limited closed the Employee Benefit Trust and settled the payable balance with the Company. The settlement results in an increased shareholding in the subsidiary being held by the Company.

The Company impaired its investments in Morgan Ash Limited by £56,000, Sanlam Funds Services Limited by £270,000, Sanlam Partnerships Limited by £622,734, Sanlam Life & Pensions Limited by £838,875 and English Mutual by £125,000 during the year. The internal valuation technique used to value the businesses was the agreed transaction price.

In the year, the Company entered into a rationalisation project to simplify its corporate structure which resulted in a number of the Companies subsidiaries entering into Members Voluntary Liquidation and entering into agreements to dispose of the Life & Pensions cluster and Wealth cluster. Further information on this is detailed in note 20.

**Conflict in Ukraine**

In February 2022 the sovereign state of Ukraine was invaded by Russia. The situation continues to evolve and the global response is developing in terms of sanctions applied to Russia. We have updated our internal policies which will limit the provision of services and investments in Donetsk People's Republic or Luhansk People's Republic regions of Ukraine/Crimea together with no new investment or divestment in companies listed in Russia, Belarus or Ukraine.

**Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The Company is managed by a Management Committee incorporating heads of the primary departments. The Management Committee meet formally at least monthly and more regularly if required. Key business risks are monitored by the Management Committee. The Management Committee reports regularly to the Board of directors. The Board of directors meet formally at least quarterly and more regularly if required. The key business risks and uncertainties affecting the Company are considered to relate to key employee retention, investment performance and the level of demand for our products. Key business risks mentioned are discussed and monitored at all directors meetings. Management Committee and the Board of directors take appropriate actions as required.

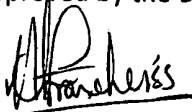
**Credit Risk**

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 or entities with which the Company has a strategic relationship. Details of the Company's debtors are shown in note 11.

**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 Investment Holdings UK Limited.

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



H Franckeiss  
Director

29 September 2022



**Statement of Director's 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in 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

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

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

**Opinion**

We have audited the financial statements of Sanlam UK Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

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

**Fraud and breaches of laws and regulations – ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit and risk committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, and Audit and Risk committee minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as provision for disputes, On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions.

We did not identify any additional fraud risks.

We identified journal entries to test based on high risk criteria and compared them to supporting documentation. These included all post year end closing journals.

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

**Fraud and breaches of laws and regulations – ability to detect (continued)**

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**Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management as required by auditing standards, and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

**Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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. We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.

*Jessica S.S. Katsouris*

30th September 2022

**Jessica Katsouris (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

**Sanlam UK Limited**

**Profit and Loss Account and Other comprehensive income for the year ended 31 December 2021**

	Note	2021 £	2020 £
Turnover	1	2,287,069	2,529,138
Administrative expenses	2	<u>(33,310,888)</u>	<u>(11,836,151)</u>
<b>OPERATING LOSS</b>		<b>(31,023,819)</b>	<b>(9,307,013)</b>
Interest receivable	5	-	164,542
Interest payable	6	(32,495)	(172,070)
Impairment of investments held	9	(1,073,733)	(6,497,200)
Gain on disposal on Investment	9	60,917,130	-
Ordinary dividends receivable	8	7,480,743	399,148
Impairment of loans		<u>(40,939,110)</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(4,671,284)</b>	<b>(15,412,593)</b>
Tax on ordinary activities	7	<u>(548,708)</u>	<u>955,250</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b><u>(5,219,992)</u></b>	<b><u>(14,457,343)</u></b>

There is no other comprehensive income other than those passing through the profit and loss account.

The accompanying notes on page 16 to 39 form an integral part of these financial statements.

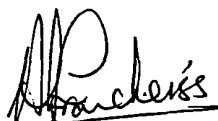
Sanlam UK Limited

Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
<b>FIXED ASSETS</b>			
Investments in group undertakings and participating interests	9	155,895,089	156,790,188
Tangible assets	10	<u>1,079,501</u>	<u>1,337,177</u>
		<b><u>156,974,590</u></b>	<b><u>158,127,365</u></b>
<b>CURRENT ASSETS</b>			
Debtors	11	2,805,812	61,302,680
Other prepayments and accrued interest		-	301,242
Cash at bank		<u>11,234,523</u>	<u>917,427</u>
		<b><u>14,040,335</u></b>	<b><u>62,521,349</u></b>
<b>CURRENT LIABILITIES</b>			
Creditors - amounts falling due within one year	12	33,666,070	93,194,673
Accruals and deferred income		<u>6,922,986</u>	<u>1,786,592</u>
		<b><u>40,589,056</u></b>	<b><u>94,981,265</u></b>
<b>NET CURRENT LIABILITIES</b>		<b><u>(26,548,721)</u></b>	<b><u>(32,459,916)</u></b>
Provision for liabilities	15	10,756,091	1,881,081
<b>NET ASSETS</b>		<b><u>119,669,778</u></b>	<b><u>123,786,368</u></b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	116,299,230	116,299,230
Share premium account	13	3,488,449	3,488,449
Profit and Loss Account		(2,076,114)	3,143,878
Capital Contribution Reserve	16	<u>1,958,213</u>	<u>854,811</u>
<b>SHAREHOLDERS' FUNDS</b>		<b><u>119,669,778</u></b>	<b><u>123,786,368</u></b>

The accompanying notes on page 16 to 39 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 29 September 2022 and were signed on its behalf by:



H Franckeiss

Director

29 September 2022

Company number: 6575962



**Sanlam UK Limited**

**Statement of Changes in Equity for the year ended 31 December 2021**

	Share Capital	Share Premium	Capital contribution reserve	Profit and loss account	Total shareholders' funds
	£	£	£	£	£
<b>Balance as at 1 January 2020</b>	<b>116,295,512</b>	<b>3,476,922</b>	<b>-</b>	<b>17,601,221</b>	<b>137,373,655</b>
Loss for the year after taxation	-	-	-	(14,457,343)	(14,457,343)
Share issue	3,718	11,527	-	-	15,245
Capital contribution	-	-	854,811	-	854,811
<b>Balance as at 31 December 2020</b>	<b>116,299,230</b>	<b>3,488,449</b>	<b>854,811</b>	<b>3,143,878</b>	<b>123,786,368</b>
Loss for the year after taxation	-	-	-	(5,219,992)	(5,219,992)
Capital contribution			1,103,402		1,103,402
<b>Balance as at 31 December 2021</b>	<b>116,299,230</b>	<b>3,488,449</b>	<b>1,958,213</b>	<b>(2,076,114)</b>	<b>119,669,778</b>

The accompanying notes on page 16 to 39 form an integral part of these financial statements.

**1. Accounting policies**

**Basis of preparation**

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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.

Post the reporting period, the Company has successfully completed the disposal of three of its operating subsidiary clusters. This has resulted in a streamlined operating group that Sanlam UK owns that may result in some entities being closed and liquidated. There is no formalised plan in place regarding this rationalisation as the Directors continue to assess the need and requirement for entities within the group.

Following the sale, the Company has significant cash reserves allowing it to adequately meet its financial liabilities in a timely manner. 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 cashflow forecasts that have been sensitised to reflect plausible downside scenarios and management, which have been reviewed by its UK 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 cashflow forecasts. These scenarios, which are based on aspects of principal risks represent 'severe but plausible' circumstances. The results of the scenario planning 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 through management actions.

Having considered these matters and after making appropriate enquiries, the Directors are satisfied that there are no material uncertainties to the Company's ability to adopt the going concern basis of accounting and 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.

**Functional and presentational currency**

The Company's functional and presentational currency is the Pound Sterling (GBP) reflecting the fact that substantially all expenses are paid in GBP and the Company's place of business is the United Kingdom.

**Notes to the Financial Statements continued**

**1. Accounting policies (continued)**

**Consolidation**

The Company is exempt from preparing consolidated financial statements in accordance with s400 of the Companies Act 2006 as the Company is included in the consolidated financial statements of its ultimate parent company, Sanlam Limited, a listed financial services company incorporated in the Republic of South Africa.

The financial statements present information about the Company as an individual entity.

**Turnover**

Turnover represents fees for services provided by the Company to other entities within the Sanlam UK group. It 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.

**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.

**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 and is accounted for on an accruals basis.

**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 and is accounted for on an accruals basis.

## Notes to the Financial Statements continued

### 1. Accounting policies (continued)

#### Investments in subsidiaries

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Investments are initially measured at cost, being the purchase price including any acquisition costs and subsequently measured at cost less any accumulated impairment losses. If payment of the purchase price is deferred beyond normal credit terms, the cost is the present value of future payments. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit and loss.

#### Impairments

At each reporting date, the Company reviews the carrying amount of its applicable assets to determine whether there is any indication that those assets have suffered an impairment loss. If much indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss and the carrying amount of the asset is reduced to its recoverable amount, as calculated. An impairment loss is recognised immediately in the Profit and Loss Account.

An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in the Profit and Loss Account.

For debtors if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced directly.

#### Tangible assets and depreciation

The cost of tangible fixed assets is depreciated on the straight line basis over their expected useful lives at the following annual rates:

Computer equipment	25%
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**1. Accounting policies (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. 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.

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.

**1. Accounting policies (continued)**

**Share based payments**

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The cost of prospective share based payments is measured by reference to the valuation of the Sanlam UK group of entities. This is calculated in line with agreed Sanlam Group methodology and is deemed to equal the combined fair value of the entities within, and other assets of, the Sanlam UK group, as at the relevant valuation date.

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

The Company operates a growth share scheme under which the Company receives services from Directors and staff as consideration for growth shares ("G-shares"). This scheme is accounted for as a cash-settled share-based payment in accordance with FRS 102. Consequently, the fair value of services received in exchange for the grant of growth share options is recognised as an expense in the Profit and Loss Account during the vesting period.

G-shares form part of the share capital of the Company, are not transferable, are not eligible to receive dividends and do not have any voting rights. Holders of G-shares are subject to good and bad leaver provisions and enter into individual subscription agreements that specify certain performance targets where applicable.

G-shares are issued in tranches, each tranche determined by the date of issue and the applicable performance conditions attached. As at the date of approving the financial statements, twelve tranches of shares have been issued. G-shares have the right to participate in any proceeds of a sale of the Company. In the event of a listing of the Company on a recognised stock exchange any G Ordinary Shares that are deemed to have vested are converted into Ordinary Shares at a rate determined by the relative fair market values of G Ordinary Shares and Ordinary Shares. The G-shares only vest to the extent that the value generated exceeds a specified hurdle. This valuation hurdle is also taken into consideration in determining the fair market value of a realised G-shares.

The total amount to be recognised in the financial statements in respect of the Growth Share scheme is determined by reference to the fair value of the G-shares at the accounting reference date, calculated using a Black-Scholes methodology. Details of the assumptions used are included in note 13. At the end of each reporting period, the Company reviews its estimate of the number of G-shares that are expected to vest and then recognises the associated change in fair value through the Profit and Loss Account.

**Notes to the Financial Statements continued**

**1. Accounting policies (continued)**

**Cash at bank and cash equivalents**

Cash in the Balance Sheet comprises cash held at banks and in hand.

**Dividends receivable**

Dividends relate to income from shares in group undertakings, recognised when the paying company is obliged to make payment.

**Prepayments**

Implementation and transformation expenditure incurred in relation to the Specialist Computer Centres PLC ("SCC") contract is recognised over the period of the contract. The expense is prepaid, recognised on the balance sheet and released to the profit and loss account over the contract length.

**Cash flow statement**

The Company has taken advantage of the exemption given by FRS 102 1.12 (b) to subsidiary undertakings, where the Company is a member of a group where the parent prepares publicly available consolidated financial statements. A cash flow statement is prepared by the ultimate parent company that includes the cash flows of the Company. Details of the ultimate parent company are given in note 19 to the financial statements.

**Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. In the case of operating leases relating to land and buildings, where a rent-free period or other incentive is included in the lease, the costs of the lease are charged on a straight line basis over the term including the rent-free period. The costs comprise the total amounts payable less incentives received.

**1. Accounting policies (continued)**

**Judgements and key sources of estimation uncertainty**

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**Critical accounting judgements**

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affected 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.

**Impairment of investment in subsidiaries**

Impairment in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairments losses are recognised immediately in the Profit and Loss Account.



## Sanlam UK Limited

### Notes to the Financial Statements continued

#### 2. Administrative expenses

Profit on ordinary activities before taxation is stated after charging:

	2021	2020
	£	£
Staff costs	3,065,967	4,417,989
Auditors' remuneration	779,898	407,880
Operating lease charges	140,723	136,299
Other administration expenses	5,876,776	6,627,088
Loan impairment	3,463,177	-
Onerous lease provision	3,031,934	-
Project related costs	5,524,373	-
Depreciation	434,448	246,895
Restructuring costs	10,993,592	-
	<u>33,310,888</u>	<u>11,836,151</u>

#### 3. Staff costs

The average number of employees directly in the Company's employment in 2021 is twenty eight (2020: twenty six)

The total staff costs (including directors' emoluments) during the year were:

	2021	2020
	£	£
- Wages and salaries	1,839,963	3,001,085
- Bonus	310,297	97,391
- Social security costs - Wages and salaries	640,483	922,922
- Other pension costs	275,224	396,591
	<u>3,065,967</u>	<u>4,417,989</u>

## Sanlam UK Limited

### Notes to the Financial Statements continued

#### 4. Directors' Emoluments

The directors emoluments shown for 2021 are based upon an agreed apportionment of directors costs across the businesses in which they perform their services as a director.

	2021	2020
	£	£
Directors' emoluments include the following:		
- Directors' remuneration	95,133	783,563
- Bonuses	3,199	-
- Pension contributions	4,448	15,000
- Other benefits	160	1,460
Directors' emoluments	102,940	800,023
Directors' long term incentives	38,184	153,512

The directors of the Company are also directors of other group companies. The directors received total remuneration for the year of £141,124 (2020: £800,023), all of which was paid by the Company or its subsidiaries. Directors' remuneration includes salary and performance bonuses. Two director (2020: two) are members of the long-term incentive scheme. Two director (2020: two) exercised options over shares in the year in relation to the Sanlam UK LTIP scheme.

#### 5. Interest receivable

	2021	2020
	£	£
Interest receivable from loans to ErgoWealth Group Limited	-	164,542

The loan provided to ErgoWealth Group Limited is subject to interest at 6% per annum, where assets transferred into Sanlam Group Solutions are less than £15m per calendar year. Should the transferred value be between £5m and £15m then interest is charged on a proportional basis. Interest will not be accrued in a calendar year where assets transferred are greater than £15m.

In 2021, the total amount of assets transferred into Sanlam Group Solutions in the calendar year was £20m.

#### 6. Interest payable

	2021	2020
	£	£
Interest payable on loans from Sanlam Asset Management (Ireland) Limited	32,495	172,070

# Sanlam UK Limited

## Notes to the Financial Statements continued

### 7. Tax on ordinary activities

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

	2021	2020
	£	£
<b>Current Tax</b>		
UK Corporation Tax on losses for the year	(408,338)	(957,046)
Adjustment in respect of prior periods	957,046	
Total current tax	<u>548,708</u>	<u>(957,046)</u>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	-	2,007
Effect of increased tax rate on opening balance	-	(211)
Total deferred tax	<u>-</u>	<u>1,796</u>
Total current tax credit/(charge)	<u>548,708</u>	<u>(955,250)</u>

The total current tax credit is a reflection of anticipated group relief the company surrenders to group companies in exchange for payment (at tax value of 19%).

### Reconciliation of tax charge

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

	2021	2020
	£	£
Loss on ordinary activities before tax	(4,671,284)	(15,412,593)
Loss multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	(887,544)	(2,928,393)
Effects of :		
Expenses not deductible for tax purposes	10,888,590	1,609,787
Adjustments in respect of prior years	957,046	
Income not subject to tax	(12,995,596)	(75,838)
Re-measurement of deferred tax	-	(211)
Deferred tax not recognised	2,586,212	439,405
	<u>548,708</u>	<u>(955,250)</u>

Expenses not deductible for tax represent impairments of subsidiaries and income not taxable represents the disposal of shares held in Nucleus Group, the gain on which is exempt from taxation under the Substantial Shareholding Exemption.

## Sanlam UK Limited

### Notes to the Financial Statements continued

#### 7. Tax on ordinary activities (continued)

##### Tax rate changes

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On 03 March 2021, the Chancellor announced that the main rate of UK corporation tax would rise from 19% to 25% from 01 April 2023. This change was substantively enacted on 24 May 2021 and therefore deferred tax balances are reflective of this rate to the extent that they will realise post April 2023.

##### Deferred tax

The company has not recognised a deferred tax asset (2020: nil) at the period end date in respect of fixed asset timing differences of £198,042 (2020: £257,459) and losses carried forward of £18,290,220 (2020: £6,967,241) as it is not considered probable that future taxable profit will be available against which timing differences and carried forward losses can reverse.

A current tax credit has been recognised in respect of £4,298,297 of losses carried forward at the period end date. Management agreed to surrender the losses for £408,338 to another group entity. The anticipated credit is being recognised within Other Debtors.

It is not anticipated that any losses carried forward (and not otherwise surrendered) will expire.

#### 8. Ordinary dividends received

	2021	2020
	£	£
Nucleus Financial Group Plc	-	399,148
Sanlam Private Investments Holdings UK Ltd	7,480,743	-
	<u>7,480,743</u>	<u>399,148</u>

# Sanlam UK Limited

## Notes to the Financial Statements continued

### 9. Investments in group undertakings and participating interests

	2021 £	2020 £
<b>Cost</b>		
At 1 January	183,527,985	179,589,344
Additions	14,334,780	3,908,821
Adjustment to cost	(33,526)	29,820
Disposal	(14,122,620)	-
At 31 December	<u>183,706,619</u>	<u>183,527,985</u>
<b>Impairment</b>		
At 1 January	(26,737,797)	(20,240,597)
Impairment during the year	(1,073,733)	(6,497,200)
At 31 December	<u>(27,811,530)</u>	<u>(26,737,797)</u>
<b>Net book value</b>		
At 1 January	<u>156,790,188</u>	<u>159,348,747</u>
At 31 December	<u>155,895,089</u>	<u>156,790,188</u>
Directors' Valuation at 31 December	<u>225,492,810</u>	<u>274,387,798</u>

#### Additions

In the year, the Company invested a further £500,000 into Sanlam Partnerships Limited and £11,300,000 into Sanlam Investments Holdings Limited. In addition, the Company increased its shareholding into Sanlam Private Investments Holdings UK Limited by £2,534,780 as part of the transaction to wind up the employee benefit trust entered into by Sanlam Private Investments Holdings UK Limited

#### Adjustment to cost

In the year, the Company settled bonus incentives on behalf of its subsidiary Sanlam Wealth Planning UK Ltd for a total of £805,350.

#### Disposals

On 6 August 2021, the Company sold its shareholding in Nucleus Financial Group PLC and its subsidiaries, recognising a gain on disposal of £60,917,130.

# Sanlam UK Limited

## Notes to the Financial Statements continued

### 9. Investments in group undertakings and participating interests (continued)

#### Impairment during the year

The Company impaired its investment in Morgan Ash Limited by £56,000 during the year.

The Company impaired its investment in Sanlam Funds Services Limited by £270,000 during the year.

The Company impaired its investment in Sanlam Partnerships Limited by £622,733 during the year.

The Company impaired its investment in Sanlam Life and Pensions Limited by £838,876 during the year.

The Company impaired its investment in English Mutual Limited by £125,000 during the year.

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

Name of undertaking	Country of incorporation or residency	Nature of business	Class of shareholding	% Held	Ownership
Sanlam Investments Holdings UK Limited*	England	Investment management	Ordinary	100.00	Direct
Sanlam Investments UK Limited*	England	Investment management	Ordinary	100.00	Indirect
Aubrey Walk Asset Management Limited*	Guernsey	Investment management	Ordinary	100.00	Indirect
Cameron Hume Limited**	England	Investment management	Ordinary	20.00	Direct
Sanlam Funds Services Limited*	England	Dormant	Ordinary	100.00	Direct
Sanlam Private Investments (UK) Holdings Limited*	England	Investment management	Ordinary	100.00	Direct
Sanlam Securities UK Limited*	England	Stock-broking services	Ordinary	100.00	Indirect
Merchant Securities (Nominees) Limited*	England	Dormant	Ordinary	100.00	Indirect

## Sanlam UK Limited

### Notes to the Financial Statements continued

#### 9. Investments in group undertakings and participating interests (continued)

Name of undertaking	Country of incorporation or residency	Nature of business	Class of shareholding	% Held	Ownership
Sanlam Private Investments (UK) Limited*	England	Investment management	Ordinary	100.00	Indirect
Principal Nominees Limited*	England	Dormant	Ordinary	100.00	Indirect
Sanlam Partnerships Limited*	England	Financial advice	Ordinary	100.00	Direct
Sanlam Life & Pensions UK Limited*	England	Life assurance and pensions	Ordinary	100.00	Direct
Sanlam Financial Services UK Limited*	England	Investments	Ordinary	100.00	Indirect
Sanlam Trustee Services UK Limited*	England	Dormant	Ordinary	100.00	Indirect
Sanlam Wealth Planning Holdings UK Limited*	England	Financial advice	Ordinary	100.00	Direct
Avidus Scott Lang Group Limited^^	England	Financial advice	Ordinary	54.73	Indirect
Avidus Scott Lang & Co. Limited^^	England	Financial advice	Ordinary	54.73	Indirect

Registered office addresses are denoted as follows:

\* 24 Monument Street, London, England, EC3R 8AJ

^ Elder House St Georges Business Park, 207 Brooklands Road, Weybridge, Surrey, England, KT13 0TS

\*\* Exchange Place 1, 1 Semple Street, Edinburgh, EH3 8BL

^^ Stafford Court, 145 Washway Road, Sale, Cheshire, M33 7PE

## Sanlam UK Limited

### Notes to the Financial Statements continued

#### 9. 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 agreed purchase price less cost of sale, discounted cash flow analysis and industry comparable multiple techniques.

Name	Carrying Value of investments after impairment and reversal of impairment	Internal valuation of investments
	£	£
Sanlam Life & Pensions UK Limited	36,669,432	39,000,000
Sanlam Private Investments (UK) Holdings Limited	89,434,346	132,897,974
Sanlam Wealth Planning Holdings UK Limited	8,493,835	8,493,835
Sanlam Funds Services Limited	1	270,001
Sanlam Investments Holdings UK Limited	19,766,287	43,300,000
Sanlam Partnerships Limited	1,531,188	1,531,000
<b>Total</b>	<b><u>155,895,089</u></b>	<b><u>225,492,810</u></b>



# Sanlam UK Limited

## Notes to the Financial Statements continued

### 10. Tangible assets

	Computer equipment £
Cost	
At 1 January 2021	1,642,225
Additions	176,772
At 31 December 2021	<u>1,818,997</u>
Depreciation	
At 1 January 2021	305,048
Charged in year	434,448
At 31 December 2021	<u>739,496</u>
Net book value	
At 31 December 2020	<u>1,337,177</u>
At 31 December 2021	<u>1,079,501</u>

### 11. Debtors

	2021 £	2020 £
Loans to English Mutual Limited	-	12,800,415
Loans to ErgoWealth Group Limited	-	3,352,720
Loans to Sanlam Wealth Planning Holdings UK Limited	-	35,636,793
Loans to Sanlam Investments Holdings UK Limited	-	3,800,000
Loans to Sanlam Private Investments (UK) Limited	-	600,000
Amounts owed by fellow group companies	485,036	2,912,885
Other debtors	2,320,776	2,199,867
	<u>2,805,812</u>	<u>61,302,680</u>

Prior to the year end the Company completed a legal entity rationalisation project to simplify its funding agreements with its subsidiaries. This resulted in the Company settling a number of its funding facilities with its subsidiaries.

During the year, a loan to ErgoWealth Group Limited of £3,463,177 was written off.

During the year, the loan of £600,000 issued to Sanlam Private Investments (UK) Limited was settled in full.

During the year, the company increased the loan to Sanlam Investments Holdings UK Limited by £7,500,000 and converted it into Share Capital.

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

## Sanlam UK Limited

### Notes to the Financial Statements continued

#### 12. Creditors - amounts falling due within one year

	2021	2020
	£	£
Amounts owed to fellow group companies	12,283,226	68,554,954
Loan from Sanlam Asset Management (Ireland) Limited	-	6,223,265
Loan from Sanlam Life & Pensions UK Limited	12,500,000	12,500,000
Loan from Sanlam Investments UK Limited	7,087,500	3,800,000
Other creditors	1,538,128	1,361,686
Deferred consideration from Sanlam Investments Holdings UK Limited	99	99
Social security costs	257,117	754,669
	<u>33,666,070</u>	<u>93,194,673</u>

Amounts owed to fellow group companies consist of balances with Sanlam Fund Services Limited, Sanlam Investments Holdings UK Limited, Sanlam Partnerships Limited, Sanlam Private Wealth South Limited, Sanlam Securities UK Limited, Sanlam Wealth Planning Holdings UK Limited and Sanlam Wealth Planning UK Limited.

The amounts owed to fellow group companies represent interest free loans which are payable on demand. The decrease in amounts owed to fellow group companies during 2021 is driven by a group wide intercompany settlement process to simplify the intercompany positions across the UK group.

The amount owed to Sanlam Asset Management Ireland Limited has been settled in the year.

During the prior year, a loan of £12,500,000 was received from Sanlam Life & Pensions UK Limited. The loan carries an interest rate of 0% and is repayable in full on 31 December 2022. The borrower may prepay the whole or any part of the loan, being not less than £125,000 and an integer multiple of £125,000 provided that 10 days notice is given by Sanlam UK Limited to the Company. With one weeks notice, the lender has the right to apply interest at a rate of 20% per annum or at a rate otherwise agreed by the lender, which interest will accrue daily and shall be calculated based upon a 365 day year and compounded annually in arrears.

**13. Called up share capital**

**Share capital**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
Ordinary shares and A ordinary shares of £1 each	<u><u>250,000,000</u></u>	<u><u>250,000,000</u></u>
<b>Issued, Called Up and Fully Paid</b>		
Ordinary shares of £1 each	116,274,124	116,274,124
G1 Ordinary shares of £0.001 each	14,064	14,064
G2 Ordinary shares of £0.001 each	4,010	4,010
G3 Ordinary shares of £0.001 each	3,314	3,314
G4 Ordinary shares of £0.001 each	3,718	3,718
	<u><u>116,299,230</u></u>	<u><u>116,299,230</u></u>
<b>Share premium</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Opening balance	3,488,449	3,476,922
Issue of shares	-	11,527
Closing balance	<u><u>3,488,449</u></u>	<u><u>3,488,449</u></u>

The respective share rights of the Ordinary, G1 Ordinary, G2 Ordinary, G3 Ordinary and G4 Ordinary shares are as follows:

**Dividends**

On declaration of a dividend, each Ordinary share is ranked equally. Holders of G1 Ordinary, G2 Ordinary, G3 Ordinary Shares and G4 Ordinary shares are not entitled to receive dividends.

**Votes**

Each holder of Ordinary shares is entitled to one vote per share held. The holders of G1 Ordinary, G2 Ordinary, G3 Ordinary shares and G4 Ordinary shares are not entitled to vote.

**Winding Up**

On winding up the business, each Ordinary share is ranked equally for any distribution. Holders of G1 Ordinary, G2 Ordinary, G3 Ordinary and G4 Ordinary shares are not entitled to any distribution on the winding up of the business.

**13. Share capital and share premium (continued)**

**Redemption**

The Ordinary G1 Ordinary, G2 Ordinary, G3 Ordinary and G4 Ordinary shares are not redeemable.

**14. Share-based payments**

**G Shares**

G Share Options are granted to Directors and employees. Details of the rights and the conditions attached to these shares is included in note 1.

The G Share Options granted were valued at the date of grant and at each subsequent balance sheet date using the Black-Scholes model.

The significant assumptions used and terms applicable to the G Share Options are shown in the tables below.

	G1 shares			G2 shares		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Date granted	27/03/2017	27/03/2017	27/03/2017	20/12/2017	20/12/2017	20/12/2017
Par value	£0.001	£0.001	£0.001	£0.001	£0.001	£0.001
Notional value per share	£1.47	£1.47	£1.47	£1.47	£1.47	£1.47
Method of settlement	Cash	Cash	Cash	Cash	Cash	Cash
First vesting date	30/06/2019	30/06/2020	30/06/2021	30/06/2020	30/06/2021	30/06/2022
Final vesting date	30/06/2021	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2024
Equity value at grant date	£193.3m	£193.3m	£193.3m	£196.9m	£196.9m	£196.9m
Primary threshold	£222.3m	£222.3m	£222.3m	£226.4m	£226.4m	£226.4m
Secondary threshold	£400.0m	£400.0m	£400.0m	£410.0m	£410.0m	£410.0m
Risk free interest rate over the life of the G ordinary shares	0.72%	0.72%	0.54%	0.72%	0.54%	0.53%
Expected volatility of the share price	29.3%	29.3%	29.3%	29.3%	29.3%	29.3%
Dividend Yield	0%	0%	0%	0%	0%	0%
Shares issued	4,308,432	4,308,432	5,744,574	1,203,110	1,203,110	1,604,124
Shares forfeited or redeemed	4,308,432	4,308,432	5,744,574	1,203,110	1,203,110	1,604,124
Shares remaining in issue	-	-	-	-	-	-

14. Share-based payments (continued)

	G3 shares			G4 shares		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Date granted	11/03/2019	11/03/2019	11/03/2019	26/11/2019	26/11/2019	26/11/2019
Par value	£0.001	£0.001	£0.001	£0.001	£0.001	£0.001
Notional value per share	£1.46	£1.46	£1.46	£1.46	£1.46	£1.46
Method of settlement	Cash	Cash	Cash	Cash	Cash	Cash
First vesting date	30/06/2021	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2024
Final vesting date	30/06/2023	30/06/2024	30/06/2025	30/06/2024	30/06/2025	30/06/2026
Equity value at grant date	£212.0m	£212.0m	£212.0m	£216.0m	£216.0m	£216.0m
Primary threshold	£243.8m	£243.8m	£243.8m	£248.4m	£248.4m	£248.4m
Secondary threshold	£425.0m	£425.0m	£425.0m	£435.0m	£435.0m	£435.0m
Risk free interest rate over the life of the G ordinary shares	0.54%	0.53%	0.54%	0.53%	0.54%	0.57%
Expected volatility of the share price	29.3%	29.3%	29.3%	29.3%	29.3%	29.3%
Dividend Yield	0%	0%	0%	0%	0%	0%
Shares issued	994,247	994,247	1,325,690	1,115,493	1,115,493	1,487,312
Shares forfeited or redeemed	994,247	994,247	1,325,690	1,115,493	1,115,493	1,487,312
Shares remaining in issue	-	-	-	-	-	-

The equity value of the Sanlam UK Group as at 31 December 2021 was £227.0m (2020: £221.2m). The aggregate G share options currently in issue are as follows:

	2021			2020		
	No.	Weighted average excess value per share	Weighted average excess value (£)	No.	Weighted average excess value per share	Weighted average excess value (£)
Outstanding as at 1 January	13,598,547	£0.078	1,062,571	20,123,993	£0.097	1,952,799
Granted during the year	-	£0.000	-	-	£0.000	-
Forfeited during the year	(1,637,007)	£0.078	(127,913)	(1,229,972)	£0.087	(106,950)
Exercised during the year	(11,961,540)	£0.078	(934,658)	(5,295,474)	£0.148	(783,278)
Outstanding as at 31 December	0	£0.000	0	13,598,547	£0.078	1,062,571
Exercisable at the end of the period	0	£0.000	0	6,205,118	£0.148	917,165

# Sanlam UK Limited

## Notes to the Financial Statements continued

### 14. Share-based payments (continued)

During the year £170,960 was debited (2020: £388,874 debited) to the Profit and Loss Account in respect of these share options.

The G Share scheme was set up to allow employees to benefit from the growth in value of the SUK vertically integrated business model. As a result of the decision to dispose of the Life and Pensions and Wealth businesses (see note 19) the directors concluded that the scheme no longer met this objective and decided to close it.

An out of cycle valuation of £237m was approved in November 2021 by the Company's Board and its ultimate parent company in South Africa, Sanlam Limited, and an exercise window was opened in December to allow shares that met their threshold to vest accordingly.

The G1 and G2 shares were subsequently acquired by the Company's parent company at fair value and the G3 and G4 shares at a price equal to a performance level of 3% over the primary threshold hurdle rate.

### 15. Provision for liabilities

	2021 £	2020 £
Opening balance	1,881,081	1,749,972
Onerous lease provision *	3,031,934	-
General provisions	5,843,076	131,109
Closing balance	<u>10,756,091</u>	<u>1,881,081</u>

\*Where leasehold properties become vacant, the company provides for all costs, net of anticipated income, to the end of the lease or the anticipated date of the disposal or sublease. This provision pertains to a surplus leased floor which has been partly sub-leased. The provision is expected to be utilised through to 2025.

### 16. Capital Contribution Reserve

	2021 £	2020 £
Opening balance	854,811	-
Capital contribution	1,103,402	854,811
Closing balance	<u>1,958,213</u>	<u>854,811</u>

In 2021, employees exercised their first tranche of the G Share Scheme. This was settled on behalf of the Company by its parent company Sanlam Investment Holdings UK ("SIH UK"). There have been no further exercises in 2022.

This transaction resulted in the settlement by SIH UK being recognised as additional capital contributed to the Company.

**17. Operating lease commitments**

The following are aggregate commitments under operating leases as at 31 December:

	<b>2021</b>	<b>2020</b>
	<b>Land and Buildings</b>	<b>Land and Buildings</b>
	<b>£</b>	<b>£</b>
Within one year	988,962	524,972
Between one and five years	2,609,776	2,099,889
Over five years	-	2,187,384
	<b><u>3,598,738</u></b>	<b><u>4,812,245</u></b>

The land and buildings operating lease commitment relates to the lease of One Temple Quay, Bristol which commenced in March 2020 and Monument Place, London which commenced in November 2015. The leasehold agreements were novated from the Company's subsidiary.

	<b>Office Equipment</b>	<b>Office Equipment</b>
	<b>£</b>	<b>£</b>
Within one year	59,399	59,399
Between one and five years	118,799	178,198
	<b><u>178,198</u></b>	<b><u>237,597</u></b>

The office equipment operating lease commitment relates to the lease of the SCC managed print solution equipment which commenced in January 2020 and expires in December 2024.

**18. Related party disclosure**

The Company has taken advantage of the exemption given by FRS 102 Section 33 Related Party Disclosures to wholly owned subsidiary undertakings 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 and Sanlam Private Investments (UK) Holdings Limited, which are not wholly owned subsidiaries within the Sanlam group.

The transactions with Sanlam Wealth Planning Holdings UK Limited relate to settlements of loans in full amounting to £20,600,000 and settlement of operational funding requirements in full amounting to £12,929,155.

The transactions with Sanlam Private Investments (UK) Holdings Limited relate to distribution fees of £404,517 (2020: £682,637) for services of the Company's staff.

# Sanlam UK Limited

## Notes to the Financial Statements continued

### 18. Related party disclosure (continued)

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

	2021 £	2020 £
English Mutual Limited	-	12,800,415
Sanlam Investments UK Limited	205,877	314,677
Sanlam Investments Holdings UK Limited	-	3,800,000
Sanlam Life & Pensions UK Limited	-	204,531
Sanlam Partnerships Limited	170,393	250,353
Sanlam Private Investments (UK) Limited	-	2,505,284
Sanlam Securities UK Limited	-	238,040
Sanlam Wealth Planning Holdings UK Limited	-	35,636,793
Sanlam Funds Services Limited	108,766	-
	<b>485,036</b>	<b>55,750,093</b>

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

	2021 £	2020 £
English Mutual Limited	-	739,481
Sanlam Asset Management (Ireland) Limited	-	6,223,265
Sanlam Fund Services Limited	-	61,780
Sanlam Investments UK Limited	7,087,500	3,800,000
Sanlam Investment Holdings Limited	1,040,000	1,040,000
Sanlam Investment Holdings UK Limited	10,543,075	51,600,572
Sanlam Investments Holdings UK Limited	99	99
Sanlam Life & Pensions UK Limited	12,777,199	12,500,000
Sanlam Private Wealth South Limited	-	420,555
Sanlam Wealth Planning Holdings UK Limited	-	12,929,225
Sanlam Wealth Planning UK Limited	422,192	1,763,341
Sanlam Private Investments (UK) Limited	760	-
	<b>31,870,825</b>	<b>91,078,318</b>



## **Sanlam UK Limited**

### **Notes to the Financial Statements continued**

#### **19. Ultimate parent undertaking**

The Company's immediate parent undertaking is Sanlam Investment Holdings UK Limited which is incorporated and registered in the United Kingdom. The Company's ultimate parent company is Sanlam Limited which is incorporated and registered 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 the Group financial statements are available on request from Sanlam Limited, 2 Strand Road, Bellville, South Africa (PO Box 1, Sanlam of, 7532, South Africa). Group financial statements may also be viewed on the ultimate parent company's website: [www.Sanlam.co.za](http://www.Sanlam.co.za).

#### **20. Post balance sheet events**

On 29 April 2022, the Company disposed of its investment in Sanlam Life and Pensions Limited for a consideration of £39m which is equal to the net book value as at 31 December 2021.

On 6 May 2022, the Company disposed of its investments in Sanlam Wealth Planning Holdings Limited, Sanlam Wealth Planning UK Limited, Avidus Scott Lang (Group) Limited, Avidus Scott Lang & Co Limited and Sanlam Private Investments UK Limited for a total consideration of £141m.