



# SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED REPORT & ACCOUNTS

31 December 2020

Registered Number: SC113007



## SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

### STRATEGIC REPORT

#### **Review of the business**

Turnover for the year ended 31 December 2020 was £30k (2019: £23k). The loss after taxation for the year was £5k. (2019: £36k profit). The directors consider these to be the key performance indicators of the company.

As of November 2019, Scottish Friendly Insurance Services Limited carries out the administration services for a book of policies held by financial services provider Canada Life.

#### **Future developments**

The outlook for the Company is the continued provision of administration services to Canada Life's Hong Kong book.

Whilst there was low turnover in 2019 and 2020 management will continue to monitor the business and consider the outlook.

#### **Principal risks and uncertainties**

Liquidity, market and credit risk are managed by the capital management policies, the compliance regime, cash flow monitoring and financial governance processes. No further disclosure is required on credit risk as cash balances are held with banks with good credit ratings.

Quarterly management accounts are prepared. The management accounts are reviewed to evaluate the performance against plan and to ensure the on-going appropriateness of the capitalisation and liquidity of the company.

By order of the Board



**M Pringle**

Finance Director & Company Secretary  
31 March 2021

## **SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

### **DIRECTORS' REPORT**

The Directors of Scottish Friendly Insurance Services Limited ('the Company') present their Directors' Report and financial statements for the year ended 31 December 2020.

#### **Principal activity**

The principal activity of the Company is the provision of administration services.

#### **Dividend**

No dividend was paid by the Directors to Scottish Friendly Assurance Society in 2020 (2019: £nil).

#### **Directors**

The Directors who held office during the year and to the date of this report were as follows:

M J Walker (resigned 27 May 2020)  
J Galbraith  
K Luscombe  
D Huntley

#### **Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

## SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

### DIRECTORS' REPORT (continued)

#### Going Concern

The Board is satisfied that it is appropriate for the company to draw up financial statements on the going concern basis. The Board have considered the impact of COVID-19 on both the operational and financial resources of the business and believe that the company has the operational ability to respond to COVID-19 and adequate resources to continue in business for the foreseeable future.

#### Auditors

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By order of the board



**M Pringle**  
Finance Director & Company Secretary  
31 March 2021

Registered Number: SC187215

## **SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND 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 they have elected to prepare the financial statements in accordance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Scottish Friendly Insurance Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of cashflows;
- the statement of changes in equity; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

## **SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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

## **SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

## **SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

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

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

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

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

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

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

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

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

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

## SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

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

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

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

#### **Use of our report**

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



**Stephen Williams**

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

31 March 2021

# SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

|  |      | 2020  | 2019  |
|--|------|-------|-------|
|  | Note | £'000 | £'000 |
| Turnover for continuing operations                     | 2    | 30    | 23    |
| Administrative expenses                                | 3    | (35)  | 21    |
| Operating (loss) / profit                              |      | (5)   | 44    |
| Bank interest received                                 |      | -     | -     |
| (Loss) / profit on ordinary activities before taxation |      | (5)   | 44    |
| Tax on profit on ordinary activities                   | 4    | -     | (8)   |
| (Loss) / profit for the financial year                 |      | (5)   | 36    |

The notes on pages 14 to 17 form part of the financial statements.

# SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

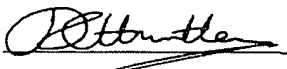
## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020


|  |      | 2020       | 2019       |
|--|------|------------|------------|
|  | Note | £'000      | £'000      |
| <b>CURRENT ASSETS</b>                        |      |            |            |
| Debtors: Falling due within one year         | 5    | 31         | 21         |
| Cash at bank and in hand                     |      | 1,125      | 1,526      |
| <b>CREDITORS</b>                             |      |            |            |
| Creditors: Falling due within one year       | 6    | (472)      | (858)      |
| <b>NET CURRENT ASSETS</b>                    |      | <b>684</b> | <b>689</b> |
| <b>EQUITY</b>                                |      |            |            |
| Called up share capital                      | 7    | 600        | 600        |
| Profit and loss account                      |      | 84         | 89         |
| <b>EQUITY ATTRIBUTABLE TO PARENT COMPANY</b> |      | <b>684</b> | <b>689</b> |

Registered Number: SC113007

The notes on pages 15 to 18 form part of the financial statements.

The Accounts were approved by the Board of Directors on 31 March 2021:

Director  D Huntley

Director  J Galbraith

# SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

## STATEMENT OF CASHFLOWS AS AT 31 DECEMBER 2020

|   |      | 2020         | 2019         |
|---|------|--------------|--------------|
|   | Note | £'000        | £'000        |
| Net cash (used by) / generated from operating activities      | 8    | (401)        | 713          |
| <b>Cash flows from investing activities</b>                   |      |              |              |
| Interest received   |      | -            | -            |
| <b>Net cash flows from investing activities</b>               |      | -            | -            |
| <b>Cashflows from financing activities</b>                    |      |              |              |
| Dividends paid  |      | -            | -            |
| <b>Net cash generated by financing activities</b>             |      | -            | -            |
| <b>Net (decrease) / increase in cash and cash equivalents</b> |      | <b>(401)</b> | <b>713</b>   |
| Cash and cash equivalents at beginning of year                |      | 1,526        | 813          |
| <b>Cash and cash equivalents at year end</b>                  |      | <b>1,125</b> | <b>1,526</b> |

The notes on pages 15 to 18 form part of the financial statements.

# SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2020

|                                | Share<br>Capital | Profit<br>and Loss<br>Account | Total<br>Equity |
|--------------------------------|------------------|-------------------------------|-----------------|
|                                | £'000            | £'000                         | £'000           |
| Balance as at 1 January 2020   | 600              | 89                            | 689             |
| Profit / (Loss)                | -                | (5)                           | (5)             |
| Dividends                      | -                | -                             | -               |
| Balance as at 31 December 2020 | 600              | 84                            | 684             |

|                                | Share<br>Capital | Profit<br>and Loss<br>Account | Total<br>Equity |
|--------------------------------|------------------|-------------------------------|-----------------|
|                                | £'000            | £'000                         | £'000           |
| Balance as at 1 January 2019   | 600              | 53                            | 653             |
| Profit / (Loss)                | -                | 36                            | 36              |
| Dividends                      | -                | -                             | -               |
| Balance as at 31 December 2019 | 600              | 89                            | 689             |

The notes on pages 15 to 18 form part of the financial statements

## **SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED**

 **NOTES ON ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020**

### **1. General Information and Basis of Accounting**

Scottish Friendly Insurance Services is a private company limited by shares, incorporated in the UK. The address of the registered office is

Scottish Friendly House  
16 Blythwood Square  
Glasgow  
G2 4HJ

The Accounts have been prepared under Financial Reporting Standard 102. The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, which has replaced the United Kingdom Generally Accepted Accounting Principles in 2015.

The functional currency is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for at least the next twelve months from the approval of the financial statements. Thus they continue to adopt a going concern basis of accounting in preparing the financial statements.

### **2. Accounting Policies**

#### **Related Parties**

The Company is exempt from the requirement to disclose transactions with fellow wholly owned group undertakings under section 33 of Financial Reporting Standard 102. There were no other related party transactions requiring disclosure.

#### **Turnover**

Turnover comprises fees received in respect of the provision of administration services and commissions received in the United Kingdom. In November 2019 the company entered into an agreement to provide 3<sup>rd</sup> party administration services for a selection of Canada Life policies regulated by Hong Kong. The fees for this (£30k) form the bulk of the turnover in the year.

#### **Statement of Cashflow**

A statement of cashflow has been prepared under section 7 of Financial Reporting Standard 102.

## SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

### NOTES ON ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020, (continued)

#### Taxation

Taxation is calculated based on the amount expected to be paid to, or recovered from, HM Revenue and Customs based on rates extant at the accounting reference date. Deferred taxation assets are recognised to the extent they are judged to be recoverable in future periods.

#### Key Judgements and Estimates

The directors believe there are no key judgements and no estimates to be disclosed in applying the company's accounting policies.

### 3. Administrative Expenses

|                                  | 2020<br>£'000 | 2019<br>£'000 |
|----------------------------------|---------------|---------------|
| Administrative expenses include: |               |               |
| General administration fees      | 32            | 7             |
| Hong Kong onboarding expense     | -             | 6             |
| FCA fees                         | 2             | 1             |
| Audit of financial statements    | 1             | 1             |
| Write back of PPI provision      | -             | (36)          |
|                                  | <u>35</u>     | <u>(21)</u>   |

The company does not employ any staff but utilises the services of its parent undertaking, Scottish Friendly Assurance Society Limited. Director's emoluments are also paid by Scottish Friendly Assurance Society Limited.

### 4. Total Tax on (Loss) / profit on Ordinary Activities

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Factors affecting taxation charge for the year:        |               |               |
| (Loss) / profit on ordinary activities before taxation | (5)           | 44            |
|  | <u>-</u>      | <u>8</u>      |

## SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

### NOTES ON ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020, (continued)

#### 5. Receivables due in less than one year

|               | 2020<br>£'000 | 2019<br>£'000 |
|---------------|---------------|---------------|
| Other debtors | 31            | 21            |
|               | <u>31</u>     | <u>21</u>     |

#### 6. Creditors due in less than one year

|                               | 2020<br>£'000 | 2019<br>£'000 |
|-------------------------------|---------------|---------------|
| Other creditors               | 15            | 15            |
| Amounts due to parent company | 457           | 843           |
|                               | <u>472</u>    | <u>858</u>    |

#### 7. Share Capital

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Allotted, called up and fully paid:                     |               |               |
| Ordinary shares of £1 each at 1 January and 31 December | 600           | 600           |

## SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

### NOTES ON ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020, (continued)

#### 8. Statement of Cashflow

*Reconciliation of operating (loss) / profit to cash generated by operations*

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| <b>Cashflows from operating activities</b>                      |               |               |
| (Loss) / profit for the financial year                          | (5)           | 36            |
| Adjustments for:  |               |               |
| (Increase) in trade and other receivables                       | (10)          | (21)          |
| (Decrease) / increase in trade and other payables               | (386)         | 698           |
| <b>Net cash (used by) / generated from operating activities</b> | <b>(401)</b>  | <b>713</b>    |

The decrease in net cash in 2020 represents cash paid over to the parent company

#### 9. Ultimate Parent Undertaking and Controlling Party

The Company is a wholly owned subsidiary of Scottish Friendly Assurance Society Limited. Copies of those accounts may be obtained from the Secretary, Scottish Friendly Assurance Society Limited, Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.