

# The Standard Life Assurance Company 2006

Annual Financial Statements  
for the year ended 31 December 2020

Registration number: Scotland Number SZ000004



# The Standard Life Assurance Company 2006

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## The Standard Life Assurance Company 2006

### **Directors and Officers**

#### **Directors**

Patrick Bartlett  
Aron Mitchell

#### **Company Secretary**

SLA Corporate Secretary Limited

#### **Registered Office**

1 George Street  
Edinburgh  
EH2 2LL

#### **Registered Number**

SZ000004

#### **Independent Auditors**

KPMG LLP  
Chartered Accountants and Statutory Auditors  
Saltire Court  
Edinburgh  
EH1 2EG

## Report by the Directors

The Directors present their report and the audited financial statements of The Standard Life Assurance Company 2006 ("the Company") for the year ended 31 December 2020. The Company is incorporated by Parliament in Scotland (registration number SZ000004).

On 29 July 2020 the Prudential Regulation Authority granted permission to cancel the Company's Part 4A permission (i.e. to de-authorise the Company). Following the de-authorisation, the Company transferred its residual assets to Standard Life Aberdeen plc (SLA plc) during 2020.

The Directors have no current plans to liquidate the Company.

### Results

The result of the Company was a loss before tax of £3k (2019: profit before tax £38k). In 2020, the Company paid a distribution of residual assets of £5,226k to its parent undertaking. No distribution to its parent undertaking was made in 2019.

The Company's business activities, together with the factors likely to affect its future development, performance and principal risks and uncertainties are set out in the strategic report.

### Directors and Officers

The names of the current Directors are listed on page 2. There have been no changes to Directors during the year.

Wendy Smith resigned as company secretary on 27 March 2020.

SLA Corporate Secretary Limited was appointed on 27 March 2020.

On 29 July 2020, following the de-authorisation of the Company, John Hoskin and Kim Durniat of Barnett Waddingham LLP stepped down from the roles of Chief Actuary and With-Profits Actuary, respectively.

### Directors' liability insurance

During 2020, the Company maintained directors' and officers' liability insurance on behalf of its Directors and Officers to provide cover should any legal action be brought against them. This liability insurance qualifies as a 3rd party indemnity and was in force at the date of signing.

### Employee involvement

The Company has no employees (2019: nil). The staff who manage the affairs of the Company are employed by Standard Life Employee Services Limited (SLES�), a related party.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Going Concern

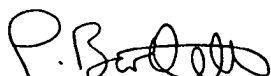
Under IAS 1, an entity prepares financial statements on a going concern basis unless management intends to liquidate the entity or cease trading, or has no realistic alternative but to do so. The Company was de-authorised in 2020 and the sole member policy was terminated in the previous year therefore the Company has ceased trading.

As a result the financial statements have not been prepared on a going concern basis. The financial statements have continued to be prepared in accordance with IFRS measurement and recognition requirements, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and so there is no change to the income statement or statement of financial position as a result of not preparing the financial statements on a going concern basis.

### Statement on disclosure of information to the auditors

So far as each Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, each of the Directors have taken all the steps that they ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors' report was approved by the Board and signed on its behalf by



Patrick Bartlett,  
Director  
11 June 2021

## Strategic Report

### Review of Business

As described in the Report by the Directors, the Company was de-authorised in the year.

The Directors consider the results of the Company to be satisfactory.

### Key performance indicators

Prior to de-authorisation, the Company used underwriting performance and investment return as its key performance indicators. The Company used investment return as a measure of investment performance. Net investment return in 2020 was £17k (2019: £38k). Underwriting performance was nil for both years.

As at 31 December 2020 the Company had assets of £nil (2019: £5,232k).

### Section 172 statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a Director to have regard, among other matters, to:

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

The Directors give careful consideration to the factors set out above in discharging their duties under section 172. The Board recognises that the long-term success of the business is dependent on the way it works with a large number of important stakeholders. The Directors have had regard to the interests of stakeholders (including clients and customers, our people, society and our shareholders) while complying with their obligations to promote the success of the Company in line with section 172 of the Companies Act. The Board has also considered how the Company operates as a subsidiary within the wider SLA plc group of companies.

In managing the Company, the Directors have taken into account the requirements of section 172 (1) of the Companies Act 2006 as summarised in the following table:

<ul style="list-style-type: none"> <li>• <u>the likely consequence of any decision in the long term</u></li> </ul>	<p>The Board of Directors of the Company operate the Company in accordance with the Board Charter and the overall Standard Life Aberdeen plc business plan, which considers the long term success of the Company and the group as a whole, and the likely long term consequences of any decisions by the company are taken into account.</p> <p>The Board have considered long term consequences in the de-authorisation process.</p>
<ul style="list-style-type: none"> <li>• <u>the need to foster the company's business relationships with suppliers, customers and others</u></li> </ul>	<p>Supplier relationships within the SLA plc group of companies are managed under the Procurement, Outsourcing and Third Party Management Policy, which applies to all subsidiary companies. Engagement with suppliers, customers and others is considered at group level and engagement matters have been disclosed in the SLA plc Annual Report and Accounts, which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose in relation to engagement with suppliers, customers and others.</p>
<ul style="list-style-type: none"> <li>• <u>the impact of the company's operations on the community and the environment</u></li> </ul>	<p>Engagement on environmental and community matters is considered at SLA plc level and such matters have been disclosed in the SLA plc Annual Report and Accounts, which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose, as the company has no direct environmental or community impact beyond the impact of the wider group.</p>
<ul style="list-style-type: none"> <li>• <u>the interests of the company's employees</u></li> </ul>	<p>The Company does not have any direct employees. Within the SLA plc Group of companies, engagement with employees is considered at group level and employee engagement matters have been disclosed in the SLA plc Annual Report and Accounts, which does not form part of this report. The Directors have determined that there are no company specific matters appropriate to disclose in relation to engagement with employees.</p>

## Strategic report *continued*

### Section 172 statement *continued*

• <u>the desirability of the company maintaining a reputation for high standards of business conduct</u>	Maintaining high standards of business conduct is vital to the ongoing success of the SLA plc group of companies, and remains a focus of the Company.
• <u>the need to act fairly as between members of the company.</u>	The Company has a single member, and is a wholly owned subsidiary of SLA plc.

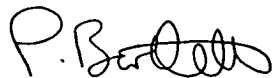
### Principal risks and uncertainties

The Company was de-authorised in 2020 and no further business will be written by the Company. Consequently, the Company is no longer subject to significant business risk or uncertainty. In addition, the Company has no customers and so has no ongoing exposure to conduct risk.

As at 31 December 2020 the company has no financial assets or financial liabilities and therefore has no exposure to market risk, credit or liquidity risk.

### Environmental and social matters

The Company follows the environmental and social strategy of the Standard Life Aberdeen Group which is disclosed within the Standard Life Aberdeen plc Annual Report and Accounts which does not form part of this report.



On behalf of the Board of Directors  
Patrick Bartlett, Director  
11 June 2021

## **Statement of Directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 its profit for that period. In preparing the financial statements, the directors are required to:

- 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
- 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 (as explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for 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, and 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.

## **Independent Auditor's Report To The Members Of Standard Life Assurance Company 2006**

### **Opinion**

We have audited the financial statements of The Standard Life Assurance Company 2006 ("the Company") for the year ended 31 December 2020 which comprise the Income Statement, Statement of Financial Position 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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.

### **Emphasis of matter – non-going concern basis of preparation**

We draw attention to the disclosure made in note 1(a) to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

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

#### *Identifying and responding to risks of material misstatement due to fraud.*

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, reading Board minutes to assess for any discussion of fraud and inspection of policy documentation as to the Standard Life Aberdeen plc's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the simple nature of the dividend income revenue and the lack of incentive and opportunity for management to manipulate. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

#### *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, 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.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: key areas of financial services regulations, including market abuse regulations.



## **Independent Auditor's Report To The Members Of Standard Life Assurance Company 2006 *continued***

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *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.

### **Strategic Report and Report by the Directors**

The directors are responsible for the Strategic Report and the Report by the Directors. 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 Report by the Directors;
- 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 6, 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.

### **Auditor's responsibilities**

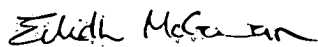
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 Standard Life Assurance Company 2006

### **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.



**Eilidh McGowan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
20 Castle Terrace  
Edinburgh  
EH1 2EG

11 June 2021

## Income Statement

### For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Revenue</b>			
Investment return	2	17	38
<b>Total revenue</b>		<b>17</b>	<b>38</b>
<b>Expenses</b>			
Participating investment contract claims		—	1
Change in participating investment contract liabilities		—	(1)
Administrative expenses	4	20	—
<b>Total expenses</b>		<b>20</b>	<b>—</b>
<b>(Loss)/Profit before tax</b>		<b>(3)</b>	<b>38</b>
Tax expense	6	—	7
<b>Result after tax</b>		<b>(3)</b>	<b>31</b>
Transfer to unallocated divisible surplus	11	(3)	31
<b>Balance on Income statement</b>		<b>—</b>	<b>—</b>

All results derive from continuing operations.

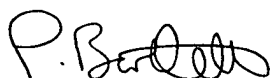
The Company has no comprehensive income or expense other than the profit for the year recognised in the income statement. Accordingly a separate statement of total comprehensive income is not presented in these financial statements.

The notes on pages 12 to 22 form an integral part of these financial statements.

**Statement of financial position  
as at 31 December 2020**

	Notes	2020 £'000	2019 £'000
<b>Assets</b>			
Financial investments	7	—	4,766
Receivables and other financial assets	8	—	3
Cash and cash equivalents	9	—	463
<b>Total assets</b>		<b>—</b>	<b>5,232</b>
<b>Liabilities</b>			
Current tax liabilities	10	—	3
Unallocated divisible surplus	11	—	5,229
<b>Total liabilities</b>		<b>—</b>	<b>5,232</b>

The financial statements on pages 12 to 22 were approved by the Board of Directors on 11 June 2021.



**Patrick Bartlett**  
Director

## Notes to the financial statements

### 1. Accounting Policies

#### (a) Basis of preparation

These separate financial statements are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Application of Financial Reporting Requirements 100 as issued by the Financial Reporting Council. Accordingly, the financial statements for period ended 31 December 2020 have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) as issued by the Financial Reporting Council.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of certain disclosures. These include presentation of a cash-flow statement, standards not yet effective, key management compensation and transactions with group companies.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 4.

The Company has no share capital, hence no statement of changes in equity has been prepared.

Note 13 of the financial statements includes the Company's objectives, policies and processes for managing its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. Note 14 of the financial statements includes the Company's objectives, policies and processes for managing its capital.

Under IAS 1, an entity prepares financial statements on a going concern basis unless management intends to liquidate the entity or cease trading, or has no realistic alternative but to do so. The Company was de-authorised in 2020 and the sole member policy was terminated in the previous year therefore the Company has ceased trading. As a result the financial statements have not been prepared on a going concern basis. The financial statements have continued to be prepared in accordance with IFRS measurement and recognition requirements, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and so there is no change to the income statement or statement of financial position as a result of not preparing the financial statements on a going concern basis.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

#### Effect of Re-presentation

When the Company adopted FRS 101 in 2018, the FRS 101 format was amended for the requirements of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts & Reports) Regulation 2008 as applicable for presentation of insurance companies financial statements. Following de-authorisation in 2020 the Company is no longer an insurance company and Schedule 3 is no longer applicable. Consequently the financial statements have been re-presented in FRS 101 format without amendment for Schedule 3, in line with other Group non-insurance companies.

No recognition and measurement differences have arisen following this presentational change, nor has there been any change to key management judgements and estimates. The following tables show the effect of the re-presentation on the financial statements.

## Notes to the financial statements *continued*

### 1. Accounting Policies *continued*

#### (a) Basis of preparation *continued*

#### Effect of re-presentation on the Income statement for the year ended 31 December 2019

	FRS 101 2019 £'000	FRS 101 as amended for Schedule III as reported in the prior year accounts 2019 £'000
<b>Revenue</b>		
Investment return	38	
Technical account – long-term business		
Investment income		38
	<b>38</b>	<b>38</b>
<b>Expenses</b>		
Participating investment contract claims	1	
Claims incurred, net of reinsurance		
Claims paid – gross amount		1
Change in participating investment contract liabilities	(1)	
Changes in other technical provisions, net of reinsurance		
Long term business provision – gross amount		(1)
<b>(Loss)/Profit before tax</b>	<b>38</b>	<b>38</b>
Tax expense	7	
Tax attributable to the long-term business		7
<b>Result after tax</b>	<b>31</b>	<b>31</b>
Transfer to unallocated divisible surplus	31	
Transfer to the fund for future appropriations		31
<b>Balance on Income statement</b>	<b>–</b>	<b>–</b>
<b>Balance on the technical account – long-term business</b>	<b>–</b>	<b>–</b>

## Notes to the financial statements *continued*

### 1. Accounting Policies *continued*

#### (a) Basis of preparation *continued*

#### Effect of re-presentation on the Statement of financial position as at 31 December 2019

	FRS 101 2019 £'000	FRS 101 as amended for Schedule III as reported in the prior year accounts 2019 £'000
<b>Assets</b>		
Financial investments	4,766	
<b>Investments</b>		
Other financial investments		4,766
Receivables and other financial assets	3	
<b>Prepayments and accrued income</b>		
Other prepayments and accrued income		3
Cash and cash equivalents	463	
<b>Other assets</b>		
Cash at bank and in hand		463
<b>Total assets</b>	<b>5,232</b>	<b>5,232</b>
<b>Liabilities</b>		
Current tax liabilities	3	
<b>Creditors</b>		
Other creditors including tax and social security		3
Unallocated divisible surplus	5,229	
Fund for future appropriations		5,229
<b>Total liabilities</b>	<b>5,232</b>	<b>5,232</b>

## Notes to the financial statements *continued*

### 1. Accounting Policies *continued*

#### (a) Basis of preparation *continued*

##### (a)(i) New standards, interpretations and amendments to published standards that have been adopted by the Company

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Company's annual accounting. Management considers the implementation of these new standards, interpretations and amendments to existing standards has had no significant impact on the Company's financial statements.

##### (a)(ii) Critical accounting estimates and judgement in applying accounting policies

The preparation of financial statements requires management to exercise judgements in applying the accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses arising during the year. Judgements and sources of estimation uncertainty are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (b) Financial assets

Financial assets are classified at initial recognition based on whether their contractual cash flows are solely payments of principal and interest (SPPI) and the nature of the business model they are managed under. Where they do not meet the SPPI test, the financial assets are classified as fair value through profit or loss (FVTPL). The Company has not elected to recognise any financial assets as fair value through other comprehensive income.

Financial assets are initially recognised at their fair value.

The Company's equity securities including interests in pooled investments are subsequently measured at FVTPL. Fair values are based upon the current quoted bid price where an active market exists. Where a quoted price in an active market cannot be obtained an appropriate market consistent valuation technique (for example discounted cash flows and recent market transactions) is used to determine fair value.

All other financial assets including receivables and cash and cash equivalents are subsequently measured at amortised cost less impairment. Cash and cash equivalents include demand and term deposits and other short-term investments with less than three months to maturity from the date of acquisition.

Amortised cost is calculated using the effective interest method. An expected credit loss impairment model is applied to financial assets measured at amortised cost. Impairment losses representing the expected credit loss in the next 12 months are recognised unless there has been a significant increase in credit risk from initial recognition in which case lifetime expected losses are recognised.

#### (c) Unallocated Divisible Surplus (UDS)

The UDS represented the difference between assets and all other recognised liabilities in the Company's with profits fund. Following the de-authorisation of the Company, the UDS represented the residual assets of the Company. Under the Intra-Group Transfer Agreement entered into by the Company, Standard Life Assurance Limited (SLAL) and Standard Life Aberdeen plc (SLA plc) in August 2018 the rights to the residual assets of the Company were assigned to SLA plc.

#### (d) Classification and measurement of insurance and investment contracts

The sole member policy was terminated during the year ended 31 December 2019.

The measurement basis of assets and liabilities arising from life and pensions business contracts was dependent upon the classification of those contracts as either insurance or investment contracts. A contract was classified as insurance only if it transfers significant insurance risk. Insurance risk is significant if an insured event could cause an insurer to pay significant additional benefits to those payable if no insured event occurred, in any scenario, excluding scenarios that lack commercial substance. A contract that was classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Contracts could be reclassified as insurance contracts after inception if insurance risk becomes significant. Life and pensions business contracts that were not considered to be insurance contracts were classified as investment contracts.

The sole member policy was classified as an investment contract which contained discretionary participating features (i.e. with profits business). This contract provided a contractual right to receive additional benefits as a supplement to guaranteed benefits. These additional benefits were based on the performance of the with profits fund and their amount and timing were at the discretion of the Company. This contract was referred to as a participating contract.

For insurance contracts and participating investment contracts IFRS 4 Insurance Contracts permits the continued application of previously applied GAAP, except where a change is deemed to make the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable, and no less relevant to those needs. The Company therefore adopted UK GAAP, including the requirements of FRS 27 Life Assurance in relation to its UK-regulated with profits fund, for the measurement of its participating contract liabilities. The sole member policy was valued using the gross premium valuation method and an appropriate discount rate. Since this was the only remaining contract and was valued at considerably less than £500m, a section 148 waiver has been granted so that the Company no longer falls under the PRA realistic regime.



## Notes to the financial statements *continued*

### 1. Accounting Policies *continued*

#### (e) Revenue recognition

##### (e)(i) Investment return

Gains and losses resulting from changes in market value on investments classified at fair value through profit or loss are recognised in the income statement in the period in which they occur. The gains and losses include investment income received such as interest payments but exclude dividend income. Dividend income is separately recognised in the income statement when the right to receive payment is established.

Interest income on financial instruments measured at amortised cost, including cash and cash equivalents, is separately recognised in the income statement using the effective interest rate method.

#### (f) Expense recognition

##### (f)(i) Change in participating investment contract liabilities

The change in participating investment contract liabilities comprising the full movement in the corresponding liabilities during the period was recognised in the income statement.

##### (f)(ii) Change in unallocated divisible surplus (UDS)

The change in UDS recognised in the income statement comprised the movement in the UDS during the period. However, where movements in assets and liabilities which are attributable to participating policyholders were recognised in other comprehensive income, the change in UDS arising from these movements was not recognised in the income statement it was also recognised in other comprehensive income.

##### (f)(iii) Claims and benefits paid

Claims paid on insurance contracts and participating investment contracts were recognised as expenses in the income statement.

Maturity claims were accounted for when due for payment. Surrenders were accounted for when paid or, if earlier, on the date when the policy ceases to be included within the calculation of the insurance liability. Death claims and all other claims were accounted for when notified. Claims payable included the direct costs of settlement. Reinsurance recoveries were accounted for in the same period as the related claim.

#### (g) Taxation

The tax expense comprises both current tax and deferred tax expense (where applicable).

Current tax is the expected tax payable on taxable profit for the year and is calculated using tax rates and laws substantively enacted at the balance sheet date.

A deferred tax asset represents a tax deduction that is expected to arise in a future period. It is only recognised to the extent that there is expected to be future taxable profit or investment return to offset the tax deduction. A deferred tax liability represents taxes which will become payable in a future period as a result of a current or prior year transaction. Where local tax law allows, deferred tax assets and liabilities are netted off on the statement of financial position. The tax rates used to determine deferred tax are those enacted or substantively enacted at the balance sheet date that are expected to apply when the deferred tax asset or liability are realised. Deferred tax is recognised on temporary differences arising from investments in subsidiaries and associates unless the timing of the reversal is in our control and it is expected that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is recognised in the consolidated income statement except when it relates to items recognised in other comprehensive income or directly in equity, in which case it is credited or charged to other comprehensive income or directly to equity respectively.

#### (h) Structured entities including interests in pooled funds

Structured entities are structured in such a way that voting or similar rights are not the dominant factor in deciding who controls the entity and as such are classified as structured entities. The Company's ownership interest in these vehicles can vary from day to day based on the Company and third party participation in them. The control assessment of each of these entities considers the rights of the Company to direct the relevant activities of the vehicle, its exposure to variability of returns and the ability to affect those returns using its power. In addition, the removal rights of other investors that may affect the capacity of the Company to direct the relevant activities are also taken into account. Where the Company has an investment but not control over these types of entities, the investment is classified as an investment in associate where the Company has significant influence, or as interests in pooled funds in the balance sheet.

## Notes to the financial statements *continued*

### 2. Investment return

	2020 £'000	2019 £'000
Dividend income	17	38
<b>Total investment return</b>	<b>17</b>	<b>38</b>

### 3. Staff costs and other employee related costs

The staff who manage the office of the Company in the UK are employed by Standard Life Employee Services Ltd, a fellow subsidiary of the ultimate parent Standard Life Aberdeen plc. No costs are recharged to the Company.

### 4. Auditors' remuneration

Auditors' remuneration in respect of the audit of the Company's financial statements included in administrative expenses amounted to £16.8k in the year. These expenses were borne by the Company. In 2019, the auditors' remuneration was £20.9k and was borne on behalf of the Company by Standard Life Aberdeen plc. Auditors' remuneration for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of Standard Life Aberdeen plc, the Company's ultimate controlling party, are required to disclose fees in respect of non-audit services on a consolidated basis.

### 5. Directors' emoluments

In the year to 31 December 2020, the directors were remunerated as part of their roles for Standard Life Aberdeen plc and there was no recharge to the Company in respect of their remuneration.

### 6. Tax expense

#### (a) Tax expense

	2020 £'000	2019 £'000
<b>Current tax:</b>		
United Kingdom	–	7
<b>Total current tax</b>	<b>–</b>	<b>7</b>
<b>Tax expense</b>	<b>–</b>	<b>7</b>

#### (b) Reconciliation of tax expense

	2020 £'000	2019 £'000
<b>(Loss)/Profit before tax</b>	<b>(3)</b>	<b>38</b>
Tax at 19% (2019:19.00%)	(1)	7
Losses where no deferred tax recognised	1	–
<b>Tax expense for the year</b>	<b>–</b>	<b>7</b>

The standard UK corporation tax rate for the accounting period is 19% (2019: 19.00%).

## Notes to the financial statements *continued*

### 7. Financial assets

2020	Notes	At fair value through profit or loss <sup>1</sup> £'000	At amortised cost £'000	Total £'000
Financial investments		–	–	–
Receivables and other financial assets	8	–	–	–
Cash and cash equivalents	9	–	–	–
<b>Total</b>		–	–	–

2019	Notes	At fair value through profit or loss <sup>1</sup> £'000	At amortised cost £'000	Total £'000
Financial investments		4,766	–	4,766
Receivables and other financial assets	8	–	3	3
Cash and cash equivalents	9	–	463	463
<b>Total</b>		4,766	466	5,232

<sup>1</sup> All financial assets measured at fair value through profit or loss have been classified at FVTPL on a mandatory basis. The Company has not designated any financial assets as FVTPL.

### 8. Receivables and other financial assets

The balance in receivables and other financial assets relates to accrued dividend income of £nil (2019: £3k).

### 9. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	–	463
<b>Total cash and cash equivalents</b>	–	463

### 10. Current tax liabilities

	2020 £'000	2019 £'000
Current tax liabilities	–	3
<b>Total tax liabilities</b>	–	3

## Notes to the financial statements *continued*

### 11. Movement in components of unallocated divisible surplus (UDS)

	Foreign currency translation £'000	Remaining components £'000	UDS before Income statement recognition £'000	Total (expense)/ income recognised in the income statement £'000	UDS £'000
<b>2020</b>					
At 1 January 2020	255	3,001	3,256	1,973	5,229
Transfer to unallocated divisible surplus	–	–	–	(3)	(3)
Remittance of residual assets to SLA plc	(255)	(3,001)	(3,256)	(1,970)	(5,226)
<b>At 31 December 2020</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	Foreign currency translation £'000	Remaining components £'000	UDS before Income statement recognition £'000	Total (expense)/ income recognised in the income statement £'000	UDS £'000
<b>2019</b>					
At 1 January 2019	255	3,001	3,256	1,942	5,198
Transfer to unallocated divisible surplus	–	–	–	31	31
<b>At 31 December 2019</b>	<b>255</b>	<b>3,001</b>	<b>3,256</b>	<b>1,973</b>	<b>5,229</b>

SLAC 2006 transfers the yearly income statement (loss)/profit after tax into unallocated divisible surplus in accordance with the Standard Life Assurance Companies Act 1991. Following de-authorisation, the Company transferred its residual assets to SLA plc during 2020. Under the Intra-Group Transfer Agreement entered into by the Company, SLA plc and SLAL in August 2018, the rights to residual assets of the Company were assigned from SLAL to SLA plc.

### 12. Other financial liabilities

The Company had no other financial liabilities as at 31 December 2020 or 2019. Previously, other financial liabilities had included the Company's participating investment contract liability (long term business provision – participating investment contract liability under Schedule III presentation) but the sole member policy was terminated in August 2019.

### 13. Financial instrument risk management

#### (a) Overview

The Company adopts the Enterprise Risk Management (ERM) framework used by the Group in 2020. The ERM framework ensures that risk is assessed, monitored, controlled and appropriately governed based on a common taxonomy and methodology. The major components of the ERM framework can be grouped into four areas related to how we govern, assess, monitor and control risks. Most risks arise in the business (first line) and that is here they should be managed. The second line oversees business risk assessments and provides advice and challenge where necessary.

For the purposes of managing risks to the Company's financial assets and financial liabilities, the Company considers the following categories:

Risk	Definition
Market	The risk of financial loss as a result of adverse financial market movements.
Credit	The risk of financial loss as a result of the failure of a counterparty, issuer or borrower to meet their obligations or perform them in a timely manner.
Liquidity	The risk that the Company is unable to settle its financial obligations when they fall due, as a result of having insufficient liquid resources or being unable to realise investments and other assets other than at excessive costs.

The Company's exposure to financial instrument risk is derived from directly held financial instruments. As at the 31 December 2020 the Company has no significant financial assets and financial liabilities and has ceased trading. The Company no longer has significant exposure to financial instrument risk.

## Notes to the financial statements *continued*

### 13. Financial instrument risk management *continued*

#### (a) Overview *continued*

The main sources of these risks for the Company and an explanation of actions taken to manage the exposure to each risk during the year are outlined in the remainder of this note.

#### (b) Market risk

The Company defines market risk as the risk of financial loss as a result of adverse financial market movements. As at 31 December 2020 the Company has no exposure to market risk. In 2019 the most significant elements of market risk for the Company arose from fluctuations in interest rates and the value of its holdings in Seabury Sterling Liquidity 2 Fund.

#### (c) Credit risk

The Company defines credit risk as the risk of financial loss as a result of the failure of a counterparty, issuer or borrower to meet their obligations or perform them in a timely manner. It also includes the risk of a reduction in the value of financial instruments due to widening of credit spreads.

Credit risks are managed by setting maximum exposure limits with reference to internal credit assessments to types of financial instruments and counterparties.

The following table presents an analysis of the credit quality of financial assets measured at amortised cost and the maximum exposure to credit risk without taking into account any collateral held:

	Amortised cost – 12 month ECL	
	2020 £'000	2019 £'000
AA	–	461
A	–	2
Not rated	–	3
Gross carrying amount	–	466
Loss allowance	–	–
<b>Carrying amount</b>	<b>–</b>	<b>466</b>
Other assets – cash and cash equivalents	–	463
Prepayments and accrued income	–	3
<b>Carrying amount</b>	<b>–</b>	<b>466</b>

#### (d) Liquidity risk

The Company defines liquidity risk as the risk that the Company is unable to settle its financial obligations when they fall due, as a result of having insufficient liquid resources or being unable to realise investments and other assets other than at excessive costs.

The Company manages liquidity risk by implementing the Group liquidity risk framework which ensures that liquidity risk are monitored, assessed and controlled.

### 14. Capital management policies and objectives

Managing capital is the on-going process of determining and maintaining the quantity and quality of capital appropriate for the Company and ensuring such capital is efficiently deployed.

The primary objective of capital management in the Company is to ensure that capital is, and will continue to be, adequate to maintain the required level of safety and stability of the Company and hence to provide an appropriate degree of security to our stakeholders.

The Capital requirements of the Company are assessed against forecast available capital. Capital plans are ultimately subject to approval by the Board.

The Company has not breached any externally imposed capital requirements at any time during the year.

## Notes to the financial statements *continued*

### 15. Structured entities including interests in pooled funds

At 31 December 2020, the Company had no interest in structured entities. At 31 December 2019, the Company's only interests in structured entities were interests in pooled funds, refer to note 1 (h) for further information. The asset value of these structured entities, including the portion in which the Company had no interest was £1,132m at this date.

The Company has not provided any non-contractual financial or other support to any structured entities and there are no current intentions to do so.

The Company's maximum exposure to loss in respect of the interests presented above was the carrying value of the Company's investment.

### 16. Assets and liabilities measured at fair value

#### (a) Determination of fair value hierarchy

To provide further information on the approach used to determine and measure the fair value of certain assets and liabilities, the following fair value hierarchy categorisation has been used:

**Level 1:** Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Level 2:** Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair values measured using inputs that are not based on observable market data (unobservable inputs).

#### (b) Financial assets

An analysis of the Company's financial assets in accordance with the categories of financial instrument set out in IFRS 9 Financial Instruments: Recognition and Measurement is presented in Note 7 and includes those financial assets held at fair value.

#### (c) Methods used to determine fair value of financial assets

Unless otherwise stated, the accounting policies in relation to the Company's financial assets measured at fair value are set out in accounting policy (b).

The Company uses the methods applied by the Group to determine fair values for each major category of financial instrument measured at fair value.

#### (d) Fair value hierarchy

##### (d)(i) Fair value hierarchy for assets measured at fair value in the statement of financial position

At 31 December 2020, the Company had no assets measured at fair value. In 2019, the Company's financial assets measured at fair value comprised interests in pooled funds of £4,766k. These were categorised as Level 1 instruments under the fair value hierarchy.

##### (d)(ii) Reconciliation of movements in level 3 instruments

There were no financial instruments allocated to Level 3 of the fair value hierarchy during the year to 31 December 2020 (2019: £nil).

#### (e) Fair value of financial assets and liabilities carried at amortised cost

The carrying value of all financial assets and liabilities measured at amortised cost approximates their fair values.

### 17. Related party transactions

#### (a) Parent and ultimate controlling party

The Company's parent and ultimate controlling party is Standard Life Aberdeen plc, a company incorporated in Scotland, which owns 100% of the Company's shares. Copies of the Annual Report and Accounts of the ultimate controlling party can be obtained at [www.standardlifeaberdeen.com/annualreport](http://www.standardlifeaberdeen.com/annualreport).

#### (b) Transactions with and balances from/to related parties

The Company has taken advantage of the exemption under FRS 101 not to disclose transactions with its parent company, Standard Life Aberdeen plc, and fellow wholly owned subsidiaries within the Standard Life Aberdeen Group.

At 31 December 2018, the Company held the legal title and beneficial ownership of 470,284 ordinary shares in the capital of Origo Services Limited (Origo). Origo was classified as an associate of the Company and these shares were carried at nil value in the Company's statement of financial position. As part of the step plan to proceed with the de-authorisation of the Company, the Origo shares were transferred to Standard Life Savings Limited in August 2019.

**Notes to the financial statements** *continued*

**17. Related party transactions** *continued*

**(c) Transactions with/from and balances from/to key management personnel**

Key management personnel, being those having authority and responsibility for planning, directing and controlling the activities of the Company, comprised two people (2019: two people) and included all the directors of the Company during the year.

Certain members of key management personnel hold investments in investments products which are managed by the Standard Life Aberdeen Group. None of the amounts concerned are material in the context of funds managed by the Standard Life Aberdeen Group. All transactions between key management and their close family members and the Standard Life Aberdeen Group during the year are on terms which are equivalent to those available to all employees of the Standard Life Aberdeen Group. At 31 December 2020 key management personnel had no outstanding loans (2019: none).