



## **SANLAM INVESTMENT HOLDINGS UK LIMITED**

Annual Report and Financial Statements  
for the year ended 31 December 2017



# Sanlam Investment Holdings UK Limited

## Company Information

### Directors

J Polin	(Chief Executive, Director)
R Roux	(Non-Executive Director)
I Plenderleith	(Non-Executive Director)
J Gibson	(Executive Director)
JAA Samuels	(Non-Executive Director)
V Oak	(Non-Executive Director)
H Ward	(Non-Executive Director)
PB Hanratty	(Non-Executive Director) (appointed 10 November 2017)

### Secretary

J Gibson (Secretary) (appointed 31 March 2017)

### Auditors

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

### Registered Office

St Bartholomew's House  
Lewins Mead  
Bristol  
BS1 2NH

### Registered Number

07812240

# Sanlam Investment Holdings UK Limited

## Contents

	<b>Page</b>
Directors' report	3
Directors' responsibilities statement	5
Independent auditor's report	6
Statement of Total Comprehensive Income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12

## Sanlam Investment Holdings UK Limited

### Director's Report

The directors have pleasure in submitting their Director's report and financial statements of Sanlam Investment Holdings UK Limited (the "Company") for the year ended 31 December 2017.

### Principal activities

The principal activity of the Company continues to be that of a holding company.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Polin	(Chief Executive, Director)
A O'Dowd	(Non-Executive Director) (resigned 10 November 2017)
R Aslett	(Non-Executive Director) (resigned 10 November 2017)
R Roux	(Non-Executive Director)
I Plenderleith	(Non-Executive Director)
J Gibson	(Executive Director)
A Tagliabue	(Executive Director) (resigned 10 November 2017)
D Kriel	(Non-Executive Director) (resigned 31 May 2018)
JAA Samuels	(Non-Executive Director)
V Oak	(Non-Executive Director)
H Ward	(Non-Executive Director)
S Haines	(Executive Director) (resigned 31 March 2017)
PR Bradshaw	(Non-Executive Director) (deceased 13 January 2017)
PB Hanratty	(Non-Executive Director) (appointed 10 November 2017)

### Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £7,278,261 (2016: £4,544,149). The directors do not recommend payment of a final dividend (2016: nil).

During the year the Company disposed of its investment in Sanlam Summit Limited, resulting in a profit of £698,030.

During the year, a deferred payment was received into Sanlam UK Limited, a subsidiary of the Company, relating to the disposal of Sanlam UK Limited's share of Intrinsic Financial Services Limited in 2014. This has resulted in a profit on disposal of £1,164,362.

### Auditor

Ernst & Young LLP were appointed auditors to the Company and, in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be

## **Sanlam Investment Holdings UK Limited**

### **Director's Report continued**

re-appointed will be put to the members.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

### **Strategic report**

In accordance with section 414B of the Companies Act 2006 (Strategic Report and Directors' Report Regulations 2013), the Company has taken advantage of the small companies exemption from preparing a strategic report.

Approved by the Board

15 June 2018

Jeremy Gibson  
Director

## **Sanlam Investment Holdings UK Limited**

### **Statement of Directors' responsibilities in respect of the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Sanlam Investment Holdings UK Limited**

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

#### **Opinion**

We have audited the financial statements of Sanlam Investment Holdings UK Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Total Comprehensive Income, Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, 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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Sanlam Investment Holdings UK Limited**

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Sanlam Investment Holdings UK Limited**

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

#### **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.

Sarah Williams (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
15 June 2018

## Sanlam Investment Holdings UK Limited

### Statement of Total Comprehensive Income for the year ended 31 December 2017

	Note	2017 £	2016 £
Administration expenses		(358,183)	(100,537)
Profit on foreign exchange		11,634	2,126,940
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(346,549)</b>	<b>2,026,403</b>
Other income	5	10,261,800	4,615,691
Finance costs	6	-	(228)
Profit on sale of investment	10	1,862,392	-
<b>PROFIT BEFORE TAXATION</b>		<b>11,777,643</b>	<b>6,641,866</b>
Taxation	7	1,238,688	-
<b>TOTAL COMPREHENSIVE PROFIT</b>		<b>13,016,331</b>	<b>6,641,866</b>

The Statement of Total Comprehensive Income has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those going through the Statement of Total Comprehensive Income.

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

Sanlam Investment Holdings UK Limited

Statement of Financial Position  
for the year ended 31 December 2017

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Investments in group undertakings and participating interests	9	159,665,597	164,667,567
<b>CURRENT ASSETS</b>			
Trade and other receivables	12	9,877,556	6,871,336
Cash at bank and in hand		<u>3,598,920</u>	<u>2,466,732</u>
		<b>13,476,476</b>	<b>9,338,068</b>
<b>CURRENT LIABILITIES</b>	13	351,278	6,952,910
<b>NET CURRENT ASSETS</b>		<u>13,125,198</u>	<u>2,385,158</u>
<b>NET ASSETS</b>		<u>172,790,795</u>	<u>167,052,725</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	6,500,002	6,500,002
Other reserves		71,188,820	71,188,820
Retained earnings		<u>95,101,973</u>	<u>89,363,903</u>
<b>TOTAL EQUITY</b>		<u>172,790,795</u>	<u>167,052,725</u>

Approved by the Board

15 June 2018

Jeremy Gibson  
Director

Registered number:  
07812240

The financial statements are prepared in accordance with small companies provision (FRS 102 sec 1A).

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

Sanlam Investment Holdings UK Limited

Statement of Changes in Equity  
as at 31 December 2017

	Note	Share capital £	Other reserves £	Retained earnings £	Total £
<b>Balance at 31 December 2015</b>		<b>6,500,002</b>	<b>71,188,820</b>	<b>87,266,186</b>	<b>164,955,008</b>
Profit for the year after taxation		-	-	6,641,866	6,641,866
Dividends	8	-	-	(4,544,149)	(4,544,149)
<b>Balance at 31 December 2016</b>		<b>6,500,002</b>	<b>71,188,820</b>	<b>89,363,903</b>	<b>167,052,725</b>
Profit for the year after taxation		-	-	13,016,331	13,016,331
Dividends	8	-	-	(7,278,261)	(7,278,261)
<b>Balance at 31 December 2017</b>		<b>6,500,002</b>	<b>71,188,820</b>	<b>95,101,973</b>	<b>172,790,795</b>

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

# Sanlam Investment Holdings UK Limited

## Notes to the Financial Statements

### 1. Accounting policies

#### Company information

Sanlam Investment Holdings UK Limited is a company limited by shares incorporated in England and Wales. The registered office is St Bartholomew's House, Lewins Mead, Bristol, BS1 2NH.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the Company as an individual entity and not about its group.

The Company is a wholly owned subsidiary of Sanlam Limited, a legal entity incorporated in Republic of South Africa and the results of the Company are included in the consolidated financial statements of Sanlam Limited SA which are publicly available online.

The financial statements are presented in sterling, which is also the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the initial recognition of certain instruments at fair value. The principal accounting policies adopted are set out below.

As a qualifying entity, the Company has taken advantage of the following FRS 102 disclosure exemptions:

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv).
- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23, provided that for a qualifying entity that is:

## Sanlam Investment Holdings UK Limited

### Notes to the Financial Statements continued

- (i) A subsidiary, the share-based payment arrangement concerns equity instruments of another group entity;
  - (ii) An ultimate parent, the share-based payment arrangement concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group; and, in both cases, provided that the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement of Section 33 Related Party Disclosures paragraph 33.7.

#### Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future and at least 12 months from the date of signing. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### Non-current investments

Interests in subsidiaries, associates and jointly controlled entities 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 impairment losses are recognised immediately in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

#### Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## **Sanlam Investment Holdings UK Limited**

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

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the

## Sanlam Investment Holdings UK Limited

### Notes to the Financial Statements continued

substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

## **Sanlam Investment Holdings UK Limited**

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

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

#### **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

#### **Taxation**

The tax expense represents tax currently payable.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

## **Sanlam Investment Holdings UK Limited**

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

#### **Foreign exchange**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the income statement.

#### **Dividends**

Dividends relate to income from shares in group undertakings, recognised in the period in which the dividend has been declared.

#### **Other reserves**

Other reserves as shown in the balance sheet reflects the share capital and share premium from Sanlam Netherlands Holdings B.V., the Company which merged with Sanlam Investment Holdings UK Limited in 2015. This reserve is non-distributable.

## **2. Judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### **Redeemable preference shares**

Interest income on redeemable preference shares held as fixed asset investments is shown in note 9.

## Sanlam Investment Holdings UK Limited

### Notes to the Financial Statements continued

#### 3. Operating (loss)/profit

	2017 £	2016 £
Operating profit for the year is stated after (charging)/crediting:		
Profit on foreign exchange	11,634	2,126,940
Fees payable to the Company's auditor for the audit of the Company's statutory financial statements	(17,066)	(18,719)
Fees payable to the Company's auditor for the audit of the Company's regulatory Solvency II reporting	(27,109)	(17,059)

#### 4. Employees

No staff are employed directly by the Company (2016: nil). The directors received no emoluments from the Company.

#### 5. Other income

	2017 £	2016 £
<b>Interest income</b>		
Interest on bank deposits	1,877	-
Other interest income	226,904	71,542
Total interest revenue	228,781	71,542
<b>Income from fixed asset investments</b>		
Income from shares in group undertaking	1,578,261	4,544,149
Intercompany loan write off	8,454,758	-
	<u>10,261,800</u>	<u>4,615,691</u>

Income from shares in group undertaking is a dividend received of £1,578,261 from Sanlam Asset Management (Ireland) Limited. This was then paid by the Company to Sanlam Limited as stated in note 8.

## Sanlam Investment Holdings UK Limited

### Notes to the Financial Statements continued

#### 6. Finance costs

	2017 £	2016 £
Interest payable	-	228
	<u>-</u>	<u>228</u>

#### 7. Taxation

The tax on profit for the period shown in the Statement of Total Comprehensive Income is:

	2017 £	2016 £
Current Tax		
Adjustment in respect of prior periods	(1,238,688)	-
<b>Total current tax (asset)</b>	<u>(1,238,688)</u>	<u>-</u>
<b>Tax on profit on ordinary activities</b>	<u>(1,238,688)</u>	<u>-</u>

#### Reconciliation of tax charge

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

Profit on ordinary activities before tax	11,777,643	6,641,866
Profit multiplied by the standard rate of tax in the UK of 19.25% (2016:20%)	2,267,196	1,328,373
Effects of:		
- Income not subject to tax	(2,065,727)	(1,348,526)
- Deferred tax not previously recognised	(41,171)	20,078
- Expenses not deductible for tax purposes	56,373	75
- Effect of group relief (nil paid)	(216,671)	-
- Adjustments to tax charge in respect of prior years	(1,238,688)	-
<b>Tax charge for the year</b>	<u>(1,238,688)</u>	<u>-</u>

The company acquired, by way of merger, the assets of SNH on the 1 July 2015. The adjustment to the tax charge in respect of prior periods represents a refund of overseas taxes paid by Sanlam Netherlands Holdings BV (SNH).

## Sanlam Investment Holdings UK Limited

### Notes to the Financial Statements continued

The company's profits chargeable to corporation tax have been reduced to nil by losses surrendered by fellow group companies.

#### Tax rate changes

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

#### Deferred tax

The company had not previously recognised a deferred tax provision in connection with carried forward losses as it was not considered probable that future profits would be available to utilise any such provision. However, total losses brought forward from the previous year have been utilised against available profits at the balance sheet date. There is no carried forward provision for deferred tax at the balance sheet date.

	2017 £	2016 £
Tax losses carried forward on which deferred tax not previously recognised	-	(213,874)
<b>Total</b>	<u>-</u>	<u>(213,874)</u>

#### 8. Dividends

Dividends Received	2017 £	2016 £
Ordinary dividends paid to:		
Sanlam Limited	<u>7,278,261</u>	<u>4,544,149</u>
	<u><b>7,278,261</b></u>	<u><b>4,544,149</b></u>

During the year, the Company paid a dividend of £1,578,261 to Sanlam Limited after receiving a dividend of the same amount from Sanlam Asset Management (Ireland) Limited as stated in note 5.

During the year the Company paid a dividend of £5,700,000 to Sanlam Limited, the amount being equal to the sales proceeds of the disposal of the Company's investment in Sanlam Summit Limited.

## Sanlam Investment Holdings UK Limited

### Notes to the Financial Statements continued

#### 9. Fixed asset investments

	2017 £	2016 £
Interest in group undertakings	-	492,981
Shares in group undertakings	<u>159,665,597</u>	<u>164,174,586</u>
	<u>159,665,597</u>	<u>164,667,567</u>

The Company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

#### Movement in non-current investments

	Interest in group undertakings	Shares in group undertakings	Total
<b>Cost of valuation</b>			
At 1 January 2017	492,981	164,174,586	164,667,567
Disposals	<u>(492,981)</u>	<u>(4,508,989)</u>	<u>(5,001,970)</u>
At 31 December 2017	<u>-</u>	<u>159,665,597</u>	<u>159,665,597</u>
<b>Carrying amount</b>			
At 31 December 2017	<u>-</u>	<u>159,665,597</u>	<u>159,665,597</u>
At 31 December 2016	<u>492,981</u>	<u>164,174,586</u>	<u>164,667,567</u>

#### Disposals

During the year, the Company disposed of its investment in Sanlam Summit Limited, selling 1,950,000 equity shares and 2,809,226 preference shares for a consideration of £5,700,000.

#### Impairments

The Company has performed an impairment review on the investment in subsidiaries. The carrying amounts are lower than the internal valuations therefore there is no need to impair the value of these investments.

## Sanlam Investment Holdings UK Limited

### Notes to the Financial Statements continued

#### 10. Profit on sale of investments

	2017 £	2016 £
Profit on sale of investments:		
Sanlam Summit Limited	698,030	-
Intrinsic Financial Services Limited	<u>1,164,362</u>	<u>-</u>
	<u>1,862,392</u>	<u>-</u>

During the year the Company sold all of its equity shares and preference shares in Sanlam Summit Limited for a total consideration of £5,700,000, resulting in a profit of £698,030.

In 2014, the Group's shareholding in Intrinsic Financial Services Limited was sold, at which point a deferred settlement amount was agreed with the purchaser of Intrinsic Financial Services Limited. During 2017, this final settlement amount was received by Sanlam UK Limited and is due to the Company, resulting in a profit of £1,164,362.

#### 11. Subsidiaries and associates

Details of the Company's subsidiaries and associates at 31 December 2017 are as follows:

Name of undertaking	Country of incorporation or residency	Nature of business	Class of shareholding	% Held direct
Sanlam UK Limited	United Kingdom	The strategic holding company of most of the Sanlam Limited Group's retail market investments in the United Kingdom	Ordinary	99.65
Sanlam Asset Management (Ireland) Limited	Ireland	To provide fund management and establishment services to collective investment schemes	Ordinary	100.00

## Sanlam Investment Holdings UK Limited

### Notes to the Financial Statements continued

Sanlam International Investment Partners USA Holdings Inc*	United States of America	Holding company	Ordinary	100.00
Artisan Real Estate Investors Limited	Isle of Man	Property development and investment company	Ordinary	33.33

The aggregate capital and reserves and the result for the year of the subsidiaries and associates noted above was as follows:

Name of undertaking	Profit/(loss)	Capital and reserves
	£	£
Sanlam UK Limited	5,058,120	134,572,987
Sanlam Asset Management (Ireland) Limited	13,325,460	20,502,229
Sanlam International Investment Partners USA Holdings Inc*	(11,085)	328,983
Artisan Real Estate Investors Limited	125,179	418,358

\*unaudited

#### 12. Trade and other receivables

	2017	2016
Amounts falling due within one year:	£	£
Amount due from parent undertaking	1	1
Amounts due from fellow group undertakings	9,761,702	6,755,481
Other receivables	115,853	115,854
	<u>9,877,556</u>	<u>6,871,336</u>

Trade receivables disclosed above are measured at amortised cost.

## Sanlam Investment Holdings UK Limited

### Notes to the Financial Statements continued

#### 13. Current liabilities

	2017 £	2016 £
Trade payables	316,472	261,023
Amounts due to group undertakings	-	6,647,205
Accruals and deferred income	34,806	44,682
	<u>351,278</u>	<u>6,952,910</u>

#### 14. Share capital

	2017 £	2016 £
<b>Ordinary share capital Issued and fully paid</b>		
6,500,002 ordinary shares of £1 each	<u>6,500,002</u>	<u>6,500,002</u>
	<u><b>6,500,002</b></u>	<u><b>6,500,002</b></u>

Each ordinary share is entitled to one vote in any circumstances. Ordinary shares in issue carry the same right to receive dividend payments or any other distribution declared, made or paid by the Company.

#### 15. Capital commitments

The Company is required to hold capital at a group level in accordance with the Solvency II regime.

The table below sets out the regulatory capital and the required capital held at 31 December on a Pillar 1 Solvency II basis. The current year information is based upon the 2017 Solvency II annual quantitative reporting template (QRT) reported position.

	2017 £'000	2016 £'000
Solvency Capital Resources (or Own Funds)	103,288	89,669
Solvency Capital Requirement (SCR)	<u>60,787</u>	<u>56,708</u>
Regulatory capital surplus	<u><b>42,501</b></u>	<u><b>32,961</b></u>

The margin of regulatory capital held over the capital resource requirements remains satisfactory under the Solvency II regime.

## **Sanlam Investment Holdings UK Limited**

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

#### **16. Post Statement of Financial Position**

On 31 January 2018, the Company disposed of its investment in Sanlam Asset Management (Ireland) Limited and Sanlam International Investment Partners USA Holdings Inc, subsidiaries of the Company.

#### **17. Related party transactions**

Included in intercompany debtors is an amount of £1 (2016: £1) due from Sanlam Investment Holdings Limited SA.

Included in other debtors is an amount of £1 (2016: £1) due from Sanlam Limited for unpaid share capital.

During the year dividends received from Sanlam Asset Management (Ireland) Limited amounted to £1,578,261, a company held under common control.

During the year, the Company paid dividends of £7,278,261 to Sanlam Limited, its ultimate controlling party.

#### **18. Controlling party**

The ultimate controlling party as at 31 December 2017 is Sanlam Limited, a legal entity incorporated in Republic of South Africa. Sanlam Limited prepares group accounts which include the Company. Copies of these accounts are publicly available online or on request from Sanlam Limited, 2 Strand Road, Bellville, South Africa (PO Box 1, Sanlamhof, 7532, South Africa).