



SANLAM INVESTMENT HOLDINGS UK LIMITED

Annual Report and Accounts
for the year ended 31 December 2020

Contents

	Page (s)
Company Information	1
Directors' Report	2 - 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 - 10
Profit and Loss Account	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 27

Sanlam Investment Holdings UK Limited

Company Information

Directors

J Polin
N Fraser
R Roux
I Plenderleith
JAA Samuels
V Oak
H Ward
PB Hanratty
TF Van Heerden

Secretary

N Fraser

Statutory Auditor

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers

Barclays Business Banking
Barclays Business PLC
Leicester LE87 2BB
United Kingdom

Registered Office

Monument Place
24 Monument Street
London
England
EC3R 8AJ

Registered Company Number

07812240

Directors' Report

The directors of Sanlam Investment Holdings UK Limited (the "Company") present their annual report, together with the audited financial statements, for the year ended 31 December 2020.

Principal Activity

The principal activity of the Company is that of a holding company.

The Company is incorporated in England and Wales.

Directors

The current directors of the Company, who have served throughout the year except where noted below, are shown on page 1.

Directors who were appointed or resigned during the period are as follows:

Nicola Fraser was appointed as a director as well as company secretary on 7 May 2020.

Directors indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against its directors.

Results and dividends

The loss for the year of £586,253 (2019: profit of £15,253) is driven by an increase in foreign exchange losses on group loans when compared to 2019. This was offset by a reduction in administrative expenses when compared to 2019. The results for the year are set out on page 11.

No ordinary dividends were paid during 2020 (2019: £nil). The directors do not recommend payment of a final dividend (2019: £nil).

During the year the Company received loans totalling £7,856,322 from Sanlam Limited which were used to settle the deferred payments for acquisitions undertaken by subsidiary companies, including the Thesis Private Office Limited (subsequently renamed Sanlam Private Wealth South Limited) and Blackett Walker Limited acquisitions. These loans were subsequently recapitalised through an issue of 7,856,322 shares at a par value of £1.00 to the Company's parent company Sanlam Limited.

In addition, the Company issued 8,000,000 ordinary shares at a par value of £1.00 per share to Sanlam Limited during October 2020.

Disclosure of information to the auditor

Each Director who held office at the date of approval of this report confirms that, so far as they are each aware, there is no relevant information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

Going concern

The Directors are responsible for making a formal assessment as to whether it is appropriate to adopt the going concern basis in preparing the financial statements. This assessment considers the Company's access to financial resources, sufficient for it to meet its obligations over the next 12 months. To do this, the Company must have sufficient assets, not only to meet the payments and commitments associated with its business, but also to withstand the impact of other events that might reasonably be expected to happen.

The Directors have examined the Company's business activities and those of its underlying subsidiary undertakings along with its financial position, capital structure, risk management approach and factors likely to affect its future performance. After making enquiries, the Directors are satisfied that the Company has adequate resources to continue in business for a period of 12 months from the date of approval of the financial statements.

The Directors have also considered specific Covid-19 stress scenarios at the overall UK Group level. Under these stress scenarios the Company's capital was projected to remain within tolerance and sufficient liquidity exists to meet liabilities as they fall due.

Accordingly, the Directors consider they have given due consideration to all the potential risks and possible actions available. The Directors concluded that it remains appropriate to prepare the financial statements on a going concern basis.

Appointment of Auditor

Following a tender process led by the South African Sanlam Group Audit Committee to appoint joint auditors for the Sanlam Limited group, the Board and the sole member of the Company are expected to approve the appointment of KPMG LLP ("KPMG") as the Company's next external auditor, replacing Ernst & Young LLP. The first reporting period subject to audit by KPMG will therefore be the year ending 31 December 2021.

Small Companies Note

The Directors' Report has been prepared 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.

Covid-19

As well as the heavy human cost, Covid-19 presents a huge and ongoing challenge for many businesses. At this time, there still remains uncertainty as to how long the Covid-19 pandemic will last and as to the extent and duration of the economic, financial and other disruptions caused by the pandemic. The UK government, in England, has published the 'Covid-19 Response - Spring 2021' setting out the roadmap out of the current coronavirus restrictions. This is a step-by-step plan to ease restrictions cautiously. The Directors will continue to monitor the impact of Covid-19 on the Company through the usual governance mechanisms, including the regular oversight of financial performance, capital cover and other strategic monitoring triggers.

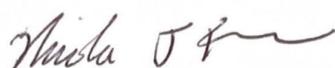
UK exit from the European Union (Brexit)

The UK left the European Union ('EU') on 31 January 2020. A transitional period, during which the UK was no longer a member of the EU but subject to EU rules and remained a member of the Customs Union, concluded on 31 December 2020. The UK's future trading relationship with the EU though materially agreed still remains subject to negotiation and further agreement.

Brexit is not expected to have a significant impact on the Company. However, developments in the trading relationship continue to be monitored. Whilst there are certain Brexit related changes to company law, there are no new accounting and financial reporting requirements that relate specifically to the UK leaving the EU that impact on the Company.

Approved by the Board

17 May 2021



Nicola Fraser
Director

Statement of Directors' responsibilities in respect of the Financial Statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 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.

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

We have audited the financial statements of Sanlam Investment Holdings UK Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14, 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 2020 and of its loss 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. 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 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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

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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirements to prepare a strategic report.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework which is United Kingdom Accounting Standards including FRS 102 and the Companies Act 2006. We identified how the company is complying with those frameworks by taking into account oversight by those charged with governance i.e. considering the potential for override of controls or other inappropriate influence over the financial reporting process such as efforts by management to manage earnings, the culture of honesty and ethical behaviour. Our considerations of other laws and regulations that may have a material effect on the financial statements included the supervisory requirements of the Financial Conduct Authority ("FCA")
- We understood how the company is complying with those frameworks by making enquiries of management, those charged with governance and those responsible for legal and compliance matters. We also reviewed correspondence between the company and the FCA, reviewed minutes of the Board of Directors, and gained an understanding of the company's approach to governance, demonstrated by the internal control processes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by inquiries of management, those charged with governance and others within the company, as to whether they have any knowledge of any actual or suspected fraud, and considering any risks of fraud that have been identified by management or brought to the attention of management. We identified that management override of controls and processes was a risk of material fraud and designed audit procedures to address this risk, specifically around non-standard, manual top-side journals. We tested the appropriateness of the journal entries in the general ledger and did not identify any unusual or unsupported journal entry postings.

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

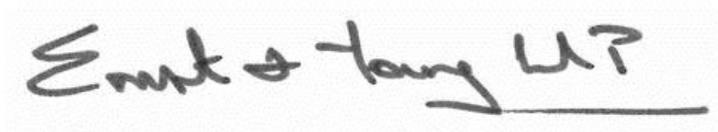
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries with management and as a result of our enquiries, management is not aware of any material non-compliance with laws and regulations affecting the financial statements. Based on our testing of non-standard journal entries posted during the period and our enquiries, we are not aware of any instances of material non-compliance with laws and regulations. We are not aware of any fines or penalties imposed by any regulatory bodies during the year.

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.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive style and is positioned above a horizontal line.

Richard Page (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol 18 May 2021

Sanlam Investment Holdings UK Limited

Profit and Loss Account for the year ended 31 December 2020

	Note	2020 £	2019 £
Administrative expenses		(3,840)	(383,096)
(Loss)/Profit on foreign exchange		<u>(582,413)</u>	<u>390,488</u>
OPERATING (LOSS)/PROFIT	3	(586,253)	7,392
Other income	5	-	7,861
(LOSS) / PROFIT BEFORE TAXATION		<u>(586,253)</u>	<u>15,253</u>
Taxation	6	-	-
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		<u><u>(586,253)</u></u>	<u><u>15,253</u></u>

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

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

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

Sanlam Investment Holdings UK Limited

Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Investments in group undertakings and participating interests	7	130,386,655	129,705,761
CURRENT ASSETS			
Trade and other receivables	9	60,481,106	44,109,870
Cash at bank		54,747	1,835,892
		<u>60,535,853</u>	<u>45,945,762</u>
CURRENT LIABILITIES	10	17,512	16,596
NET CURRENT ASSETS		<u>60,518,341</u>	<u>45,929,166</u>
NET ASSETS		<u><u>190,904,996</u></u>	<u><u>175,634,927</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	55,249,748	39,393,426
Other reserves		71,188,820	71,188,820
Retained earnings		64,466,428	65,052,681
SHAREHOLDERS' FUNDS		<u><u>190,904,996</u></u>	<u><u>175,634,927</u></u>

Approved by the Board

17 May 2021



Nicola Fraser
Director

Registered number:
07812240

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

Statement of Changes in Equity for the year ended 31 December 2020

		Share Capital	Other reserves	Retained Earnings	Total
	Note	£	£	£	£
Balance as at 1 January 2019		6,500,002	71,188,820	65,037,428	142,726,250
Issued Share Capital	11	32,893,424			32,893,424
Profit for the year after taxation		-	-	15,253	15,253
Balance as at 31 December 2019		<u>39,393,426</u>	<u>71,188,820</u>	<u>65,052,681</u>	<u>175,634,927</u>
Issued Share Capital	11	15,856,322	-	-	15,856,322
Loss for the year after taxation		-	-	(586,253)	(586,253)
Balance as at 31 December 2020		<u>55,249,748</u>	<u>71,188,820</u>	<u>64,466,428</u>	<u>190,904,996</u>

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

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

The Financial Statements have been prepared under the historical cost convention, in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The going concern basis of preparation is an area of judgement. Given the ongoing Covid-19 pandemic and the resulting economic conditions the level of uncertainty around this judgement remains higher in the current environment.

The Company is an investment holding company and did not trade in the year. The Directors believe that the value in use of its investment in group undertakings are higher than the carrying value. Therefore, the investment in group undertakings are not impaired.

In order to support this position the Sanlam UK Group has produced capital forecasts that have been sensitised to reflect plausible downside scenarios and management action that include among other factors the impact of the Covid-19 pandemic and its impact on the global economy, which have been reviewed by its Board. Although the strategic plan reflects the best estimate of the future prospects of the Group, the potential impact on the Group of a number of scenarios over and above those included in the plan have been developed by quantifying their financial impact and overlaying this on the detailed capital forecasts. These scenarios, which are based on aspects of principal risks represent 'severe but plausible' circumstances. The results of this reverse stress testing showed that, due to the stability of the core business, the Group would be able to withstand the impact of these scenarios occurring over the period of the financial forecasts by making adjustments to its operating plans within the normal course of business.

Having considered these matters and after making appropriate enquiries, the Directors are satisfied that the Company has adequate resources to continue to operate as a going concern for a period of 12 months from date of approval of the financial statements. For this reason, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements. The directors have also concluded that there are no material uncertainties to the Company's ability to adopt the going concern basis of accounting.

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).

Basis of preparation (continued)

- 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:
 - (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.

The principal accounting policies adopted are set out below.

Functional and presentational currency

The Company's functional currency and presentational currency is the Pound Sterling (GBP).

Consolidation

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.

Cash at bank

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

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.

Investments in group undertakings and participating interests

Interests in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities including loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred taxation. Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the taxation computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates enacted or substantively enacted at the Balance Sheet date of these financial statements. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Profit and Loss Account.

Other reserves

Other reserves comprises of share capital and share premium from Sanlam Netherlands Holdings B.V, which merged with the Company in 2015. This reserve is non-distributable.

2. Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affected the reported amount of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the period end date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements

The directors do not believe the Company has any critical accounting judgements or key sources of estimation uncertainty in producing these financial statements.

3. Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after crediting/(charging):		
(Loss)/Profit on foreign exchange	(582,413)	390,488
Group restructuring costs	-	(333,510)
Fees payable to the Company's auditor for the audit of the Company's statutory financial statements	(20,212)	(16,595)

4. Employees

No staff are employed directly by the Company. The directors received no emoluments from the Company. The directors are paid by Sanlam UK Limited, a subsidiary of the Company.

5. Other income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	-	7,861
	<u>-</u>	<u>7,861</u>
Total interest income	<u>-</u>	<u>7,861</u>

6. Taxation

Analysis of tax charge

The tax on (loss)/profit for the period shown in the Profit and Loss Account is:

	2020	2019
	£	£
Current Tax		
Adjustment in respect of prior periods	-	-
Total current tax charge	<u>-</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>-</u>

Reconciliation of tax charge

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

	2020	2019
	£	£
(Loss)/profit on ordinary activities before tax	(586,253)	15,253
(Loss)/profit multiplied by the standard rate of tax in the UK of 19% (2019:19%)	(111,388)	2,898
Effects of:		
- Expenses not deductible for tax purposes	-	74,941
- Use of losses not previously recognised	-	(77,839)
- Deferred tax not recognised	111,388	-
Tax charge for the year	<u>-</u>	<u>-</u>

Tax rate changes

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017. The Finance Bill 2016 reduced the rate of corporation tax to 17% from 1 April 2020 and having been substantively enacted was the applicable rate of tax in respect of any deferred tax assets or liabilities for the year ending 31 December 2019. On 12 March 2020, the Chancellor announced that the planned reduction in corporation tax to 17% would not proceed and this was subsequently substantively enacted maintaining the rate of corporation tax at 19%.

On 3 March 2021, the Chancellor announced that the main rate of UK corporation tax would rise to 25% from 1 April 2023. Given that this change had not been enacted (or substantively enacted) at the period end date, it has not been reflected.

It is not anticipated that this proposed change will have any impact on deferred tax balances in future periods.

6. Taxation (continued)

Deferred tax

The company has not recognised a deferred tax asset in respect of the £835,050 (2019: £248,798) non-trading losses carried forward at the period end date as it is not considered probable that future profits will exist to recover the asset.

It is not expected that any carried forward losses will expire.

	2020	2019
	£	£
Gross tax losses carried forward on which deferred tax not recognised	835,050	248,798

7. Investments in group undertakings and participating interests

	2020	2019
	£	£
Shares in group undertakings	130,386,655	129,705,761

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

Movement in investments in group undertakings and participating interests

Cost	Shares in group undertakings £
At 1 January 2020	129,705,761
Addition	854,811
Adjustment	(173,917)
At 31 December 2020	<u>130,386,655</u>
Carrying amount	
At 31 December 2020	<u>130,386,655</u>
At 31 December 2019	<u>129,705,761</u>

During the year the value of the investments was increased by £680,894 driven by recognition of a share based payment recharge of £854,811 to Sanlam UK Limited.

In addition, there was a payment of £173,917 received from Allianz in relation to mis-selling claims being reimbursed by Allianz as part of the acquisition of Sanlam Life & Pensions UK Limited

Whilst, the original agreement for the acquisition allowed for a recovery from Allianz based on claims incurred, the value of investment has been reduced in line with the actual value of mis-selling claims which have been reimbursed from Allianz.

The internal valuations for the investment in subsidiaries are higher than carrying amounts, therefore, the Directors have concluded that there is no impairment required to the value of these investments.

8. Subsidiaries and associates

The subsidiary and associate undertakings of the Company are below.

Name of undertaking	Country of incorporation or residency	Nature of business	Class of shareholding	% Held
Sanlam UK Limited*	United Kingdom	Holding company	Ordinary	100.00
Nucleus Financial Group PLC^	United Kingdom	Wrap platform service provider	Ordinary	52.19
Nucleus Financial Services Limited^	United Kingdom	Wrap platform service provider	Ordinary	52.19
Nucleus IFA Services Limited^	United Kingdom	Wrap platform service provider	Ordinary	52.19
Nucleus IMX Limited^	United Kingdom	Dormant	Ordinary	52.19
Nucleus Trustee Company Limited^	United Kingdom	Dormant	Ordinary	52.19
NFS (Nominees) Limited^	United Kingdom	Dormant	Ordinary	52.19
Sanlam Investments Holdings UK Limited*	United Kingdom	Investment management	Ordinary	100.00
Sanlam Investments UK Limited*	United Kingdom	Investment management	Ordinary	100.00
Aubrey Walk Asset Management Limited	Guernsey	Investment management	Ordinary	100.00
Cameron Hume Limited**	United Kingdom	Investment management	Ordinary	20.00
Sanlam Funds Services Limited*	United Kingdom	Dormant	Ordinary	100.00

Sanlam Investment Holdings UK Limited

Notes to the Financial Statements continued

Name of undertaking	Country of incorporation or residency	Nature of business	Class of shareholding	% Held
Sanlam Private Investments (UK) Holdings Limited*	United Kingdom	Investment management	Ordinary	96.59
Sanlam Securities UK Limited*	United Kingdom	Stock-broking services	Ordinary	96.59
Merchant Securities (Nominees) Limited*	United Kingdom	Dormant	Ordinary	96.59
Sanlam Private Investments (UK) Limited*	United Kingdom	Investment management	Ordinary	96.59
Principal Nominees Limited*	United Kingdom	Dormant	Ordinary	96.59
English Mutual Limited*	United Kingdom	Financial advice	Ordinary	100.00
Sanlam Partnerships Limited*	United Kingdom	Financial advice	Ordinary	100.00
Sanlam Life & Pensions UK Limited*	United Kingdom	Life assurance and pensions	Ordinary	100.00
Sanlam Financial Services UK Limited*	United Kingdom	Investments	Ordinary	100.00
Sanlam Trustee Services UK Limited*	United Kingdom	Dormant	Ordinary	100.00
Sanlam Private Wealth South Limited*	United Kingdom	Fund management activities	Ordinary	100.00
Sanlam Wealth Planning Holdings UK Limited*	United Kingdom	Financial advice	Ordinary	99.50

Notes to the Financial Statements continued

Name of undertaking	Country of incorporation or residency	Nature of business	Class of shareholding	% Held
Sanlam Wealth Planning UK Limited*	United Kingdom	Financial advice	Ordinary	99.50
Snowdonia Asset Management Limited*	United Kingdom	Dormant	Ordinary	99.50
Buckles Limited*	United Kingdom	Dormant	Ordinary	99.50
Avidus Scott Lang Group Limited^^	United Kingdom	Financial advice	Ordinary	54.73
Avidus Scott Lang & Co. Limited^^	United Kingdom	Financial advice	Ordinary	54.73
Blackett Walker Limited*	United Kingdom	Financial advice	Ordinary	99.50
Sanlam International Investments Limited	United Kingdom	Investment management	Ordinary	98.88

The Company's investment in Sanlam UK Limited is direct ownership, all other investments are indirect ownership.

Registered office addresses are denoted as follows:

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

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

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

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

9. Trade and other receivables

	2020 £	2019 £
Amounts falling within one year:		
Amount due from parent undertaking	1	1
Amounts due from fellow group undertakings	<u>60,481,105</u>	<u>44,109,869</u>
	<u><u>60,481,106</u></u>	<u><u>44,109,870</u></u>

9. Trade and other receivables (continued)

The increase in receivables relates to amounts provided to subsidiaries to fund deferred payments for prior year acquisitions completed during 2020 and other operational funding requirements.

The Company has entered into a number of loan agreements with subsidiary entities during the year, which are repayable on 31 December 2021. As part of an on-going and planned re-structuring to simplify the UK Group, these loan balances will be addressed prior to the repayment date and the Directors do not anticipate the need for impairment.

10. Current liabilities

	2020	2019
	£	£
Amounts falling due within one year:		
Accruals and deferred income	<u>17,512</u>	<u>16,596</u>
	<u>17,512</u>	<u>16,596</u>

11. Share capital

	2020	2019
	£	£
Ordinary share capital Issued and fully paid		
Ordinary shares of £1 each	<u>55,249,748</u>	<u>39,393,426</u>
	<u>55,249,748</u>	<u>39,393,426</u>

During the year, the Company received loans totalling £7,856,322 (2019: £32,893,424) from Sanlam Limited which were related to deferred payments on acquisitions undertaken by subsidiary companies in the prior year. These loans were recapitalised through an issue of 7,856,322 ordinary shares at a par value of £1.00 per share by the Company to Sanlam Limited during December 2020.

In addition, the Company issued 8,000,000 ordinary shares at a par value of £1.00 per share to Sanlam Limited during October 2020. This additional share issue was to fund the Company with sufficient resources utilised in acquisitions across the Sanlam UK Group and operational funding requirements.

12. Related party disclosure

The following table provides the intercompany balances with other entities in the Sanlam Limited group.

	2020	2019
	£	£
Sanlam Limited	5,558,497	6,024,834
Sanlam Spec (Proprietary) Limited	602,655	653,216
Genbel Securities Limited	58,198	63,851
Sanlam Investment Holdings Limited	519,089	562,637
International Investments USA Holdings Inc	512,095	528,408
Sanlam UK Limited	51,600,572	34,646,924
Sanlam Wealth Planning Holdings UK Limited	<u>1,630,000</u>	<u>1,630,000</u>
	<u>60,481,106</u>	<u>44,109,870</u>

During the year, the Company issued loans to Sanlam UK Limited for £16,953,648 to provide funding for the deferred payments in relation to the acquisitions purchased in 2019 and other operational funding requirements.

During the year, there were foreign exchange rate movements resulting in a reduction in balances held in South African Rand: Sanlam Limited (£466,337), Sanlam Spec (Proprietary) Limited (£50,561), Genbel Securities Limited (£5,653) and Sanlam Investment Holdings Limited (£43,548).

During the year, there were foreign exchange rate movements resulting in a reduction in the balance held in US Dollars: International Investments USA Holdings Inc (£16,313).

13. Ultimate parent company

The Company's immediate and ultimate parent company is Sanlam Limited which is incorporated and registered in South Africa and is the parent of the only group of undertakings for which group financial statements are drawn up and of which the Company is a member.

Copies of the Group financial statements are available on request from Sanlam Limited, 2 Strand Road, Bellville, South Africa (PO Box 1, Sanlam of, 7532, South Africa). Group financial statements may also be viewed on the ultimate parent company's website: www.Sanlam.co.za.

14. Post balance sheet events

On 11 March 2021 the Company issued 8,225,251 ordinary shares at a nominal value of £1.00 per share to provide the Company with further funding which was distributed to Sanlam UK Limited. The funding provided was to support the acquisition of the formal management of eight funds formerly managed by Smith and Williamson Investment Management LLP by Sanlam Investments UK Limited. Further details of this acquisition are included within the Sanlam Investments UK Limited financial statements.

On 31 March 2021, the Company received intercompany funding of £1,750,000 from Sanlam Limited in the form of a loan to settle the deferred consideration in relation to the Blakett Walker acquisition. This funding was loaned to the Company' subsidiary Sanlam UK Limited. The loan to Sanlam UK limited is repayable within 1 year and incurs annual interest at the rate of 0% per annum.

On 23 April 2021 the Company issued 1,830,941 ordinary shares at a nominal value of £1.00 per share as part of a loan capitalisation agreement with Sanlam Limited from the funding received on 31 March 2021.

In April 2021, the Company communicated to the FCA its notice of intention to enter into a subordinated loan agreement with Sanlam Asset Management (Ireland) Limited ('SAMI'), whereby SAMI will make funds freely available to the value of £6,200,000. The loan will be repayable on the sixth anniversary of the loan date and interest charged will be linked to the Sterling Overnight Index Average rate ("SONIA") plus 1.5%. The agreement was finalised on 7 May 2021.