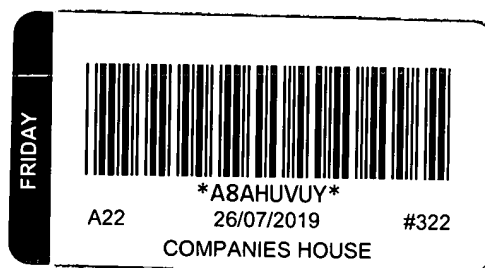




SANLAM WEALTH PLANNING UK LIMITED

Annual Report and Financial Statements
for the year ended 31 December 2018



Sanlam Wealth Planning UK Limited

Directors

J P Gibson

J C Polin

J D White

D J Mason

Secretary

J P Gibson

Auditors

Ernst & Young LLP

The Paragon

Counterslip

Bristol

BS1 6BX

Registered Office

St Bartholomew's House

Lewins Mead

Bristol

BS1 2NH

Registered Number

03879955

Sanlam Wealth Planning UK Limited

Strategic Report

The directors have pleasure in submitting their Strategic Report for the year ended 31 December 2018.

Principal activity, review of the business and future developments

The Company is a wholly owned subsidiary of Sanlam Wealth Planning Holdings UK Limited and operates as its FCA regulated division. The Company purchased Grennan Advisers Limited including its client database during the year. The principal activity continues to be the provision of restricted financial planning advice. This will continue to be the principal activity for the foreseeable future. Sanlam UK Limited remains committed to the Company's strategy and continues to support the business in what remain competitive market conditions.

The Company aims to continue with its growth plans next year whilst controlling costs in order to improve profitability. Growth plans focus on a combination of organic business development from the existing advisor base and recruitment of additional advisers, supported by non-organic activity on an opportunistic basis.

Incorporation

The Company is incorporated in England and Wales.

Principal risks and uncertainties

The Company's trading results are affected by consumer confidence, industry changes and economic conditions. These risks continue in the current market conditions and for the foreseeable future. The Company is exposed to the operational risk that it fails to meet its contractual and regulatory obligations. The company is also exposed to the risks associated with the Brexit vote. In the shorter term, Brexit is not expected to have much of an impact on the Company as its target client base is UK residents and there are no plans to move into Europe. Developments will be monitored and the Company is well prepared to take timely action.

Review of business

The profit for the year, after taxation, amounted to £59,928 (restated 2017: £1,092,860). Turnover decreased during the year largely due to a reduction in Defined Benefit Transfer business and a reduction in recurring revenue reducing towards the end of the year in line with lower market performance. Administrative expenses have increased during 2018 due to higher cost of sales with a number of advisers moving to be self-employed instead of employed which has a different remuneration structure as well as a revision of staff cost allocation throughout the wider group. The directors do not recommend a dividend this period (2017: £ nil).

Sanlam Wealth Planning UK Limited

Strategic Report continued

Restatement

The prior year comparatives have been restated as a result of an error identified in relation to the recoverability of the Company's trade debtors following a detailed review of the recoverability of debtors. This has impacted the turnover recognised as well as the debtors balance and has also had a small impact on administrative expenses. The prior year retaining earnings balance has also been restated since the recoverability of the debtors as at the start of 2017 has also been reassessed and corrected. The full impact of the restatement is disclosed in note 4.

By Order of the Board



J P Gibson
Director

22 July 2019

Sanlam Wealth Planning UK Limited

Directors' Report

The directors have pleasure in submitting their Annual Report and audited Financial Statements for the year ended 31 December 2018.

Directors, directors' interests and directors' qualifying third party indemnity provisions

The directors throughout the year were:

J P Gibson

A J F Morley (Resigned 8 March 2019)

J C Polin

J D White

D J Mason (Appointed 10 July 2018)

None of the directors have any interests in the shares of the Company.

In accordance with the requirements of section 234 of the Companies Act 2006, qualifying third party indemnity provisions are in force for the benefit of the directors of the Company and its associated companies.

A review of the business including likely future developments is included within the Strategic Report.

Risk Management

As noted in the Strategic Report, the main risks are that the Company's trading results are affected by consumer confidence, industry changes and economic conditions. The Company is also exposed to the operational risk that it fails to meet its contractual and regulatory obligations. The Company manages its risks through a process and control framework supplemented by proactive compliance and risk monitoring.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, risk management strategy and its key risk exposures are described in the Strategic Report and above. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain business outlook. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. A letter of support has also been provided by Sanlam UK Limited highlighting that they will continue to support the business for the 12 months from the date on which the accounts are signed. Accordingly, the directors continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Sanlam Wealth Planning UK Limited

Directors' Report continued

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware.

Having made enquiries of the other directors and the Company's auditor, each director has taken all steps that a director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Elective regime

In accordance with Section 485 of the Companies Act 2006, a resolution proposing the re-appointment of Ernst & Young LLP will be put to the annual general meeting.

By Order of the Board

J P Gibson
Director



22 July 2019

Sanlam Wealth Planning UK Limited

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 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 Wealth Planning UK Limited

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

Opinion

We have audited the financial statements of Sanlam Wealth Planning UK Limited for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, 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 2018 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 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.

Sanlam Wealth Planning UK Limited

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

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.

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.

Sanlam Wealth Planning UK Limited

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 strategic report or 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.

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.

Sanlam Wealth Planning UK Limited

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

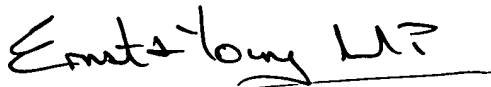
Auditor's responsibilities for the audit of the financial statements

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.

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

Richard Page (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
22 July 2019

Sanlam Wealth Planning UK Limited

Profit and Loss account for the year ended 31 December 2018

| | Note | 2018 £ | Restated 2017 £ |
|--|------|----------------------|-------------------------|
| TURNOVER | | 7,853,250 | 8,294,230 |
| Administrative Expenses | | <u>(7,810,638)</u> | <u>(7,199,556)</u> |
| OPERATING PROFIT | | 42,612 | 1,094,674 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | 42,612 | 1,094,674 |
| Tax on ordinary activities | 3 | 17,316 | (1,814) |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION / TOTAL COMPREHENSIVE PROFIT | | <u>59,928</u> | <u>1,092,860</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 passing through the profit and loss account.

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

Sanlam Wealth Planning UK Limited

Balance Sheet as at 31 December 2018

| | Note | 2018 £ | Restated 2017 £ |
|---|------|------------------|-----------------------|
| FIXED ASSETS | | | |
| Intangible assets | 5 | 429,350 | 41,239 |
| Tangible assets | 6 | 23,856 | 48,154 |
| | | <u>453,206</u> | <u>89,393</u> |
| CURRENT ASSETS | | | |
| Debtors | 7 | 6,231,823 | 4,160,241 |
| Cash at bank | | 721,125 | 1,904,704 |
| | | <u>6,952,948</u> | <u>6,064,945</u> |
| CURRENT LIABILITIES | | | |
| Creditors - amounts falling due within one year | 8 | 5,001,752 | 4,797,231 |
| | | <u>5,001,752</u> | <u>4,797,231</u> |
| NET CURRENT ASSETS | | | |
| | | <u>1,951,196</u> | <u>1,267,714</u> |
| Creditors: amounts falling due after more than one year | 9 | 932,367 | - |
| | | <u>932,367</u> | <u>-</u> |
| Provisions | 10 | 38,258 | 50,891 |
| NET ASSETS | | | |
| | | <u>1,433,777</u> | <u>1,306,216</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 2,750,010 | 2,750,010 |
| Capital contribution reserve | | 267,633 | 200,000 |
| Profit and Loss Account | | (1,583,866) | (1,643,794) |
| SHAREHOLDERS' FUNDS | | <u>1,433,777</u> | <u>1,306,216</u> |

Approved by the Board

22 July 2019

J P Gibson
Director



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

Registered Company Number: 03879955

Sanlam Wealth Planning UK Limited

Statement of Changes in Equity as at 31 December 2018

| | Share Capital | Capital contribution reserve | Profit and loss account | Total shareholders' funds |
|---|------------------|------------------------------------|----------------------------|---------------------------------|
| | £ | £ | £ | £ |
| Balance as at 31 December 2015 as previously reported | 2,750,010 | 267,633 | (1,849,829) | 1,167,814 |
| Prior year adjustment - correction of material error | | | (185,254) | (185,254) |
| Loss for the year after taxation / total comprehensive profit | - | | (701,571) | (701,571) |
| Movement on capital contribution reserve | | (33,817) | | (33,817) |
| Restated balance as at 1 January 2017 | 2,750,010 | 233,816 | (2,736,654) | 247,172 |
| Prior period adjustment in year | | | (172,898) | (172,898) |
| Profit for the year after taxation / total comprehensive profit | - | | 1,265,758 | 1,265,758 |
| Movement on capital contribution reserve | | (33,816) | | (33,816) |
| Restated balance as at 31 December 2017 | 2,750,010 | 200,000 | (1,643,794) | 1,306,216 |
| Profit for the year after taxation / total comprehensive profit | - | | 59,928 | 59,928 |
| Movement on capital contribution reserve | | 67,633 | | 67,633 |
| Balance as at 31 December 2018 | 2,750,010 | 267,633 | (1,583,866) | 1,433,777 |

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

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements

1. Accounting policies

These Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*).

Consolidation

Consolidated financial statements are not presented as the Company has availed itself of the exemption provisions under s400 of the Companies Act 2006.

Business Combinations

Acquisitions are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities assumed and the equity interests issued by the company. The consideration transferred also includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities recognised and assumed in a business combination are measured initially at their fair value at the acquisition date. Any contingent consideration to be transferred, whether in cash or as a convertible loan note, is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised either in profit and loss or as a charge in other comprehensive income. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Turnover

Turnover represents total income receivable by the Company for services provided. It is the amount derived from ordinary activities and is stated net of VAT and trade discounts. Income relating to new business (initial income) is recognised as income when the business is introduced.

Income earned on indemnity terms is included in the financial statements when it is considered due. A provision for clawbacks on income received on an indemnity basis is included within the financial statements.

There was only one revenue stream which is all generated in the United Kingdom.

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

Currency

The Company's functional currency and presentational currency is UK sterling (GBP).

Administrative expenses

Administrative expenses principally represent amounts in respect of staff resources and general overheads.

Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation has been provided so as to write off the cost of tangible fixed assets less estimated residual value, by equal installments over their estimated useful lives, at the following annual rates:

| | |
|----------------------------------|-------------|
| Leasehold improvements | 20% on cost |
| Fixtures, fittings and equipment | 20% on cost |

Intangible assets

The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets assessed as having finite lives are amortised over their useful economic life in equal annual instalments. When there is no reliable estimate for the life of the asset it is limited to 5 years. An annual impairment review is undertaken or whenever there is any indication that the intangible asset may be impaired, and any resulting adjustment to the intangible assets value is made as required. The amortisation expense on intangible assets is recognised within administrative expenses within the profit or loss account. Where there is a deferred or contingent element a liability is also recognised.

Leasing

Rentals on operating leases are charged to the Profit and Loss Account in the years in which they fall due.

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

Deferred Taxation

In accordance with FRS 102 Section 29 *Income Tax*, deferred tax is recognised on a full provision basis.

Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Taxation

Corporation tax payable is provided on taxable profits at the prevailing corporation tax rate. No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2018.

Pensions

The Company operates a defined contribution pension scheme. Contributions payable for the year are charged in the Profit and Loss Account.

Cash flow statement

The Company has taken advantage of the exemption given by FRS 102 Section 7 *Statement of Cash Flows*.

A cash flow statement is prepared by the ultimate parent undertaking that includes the cash flows of the company. Details of the ultimate parent undertaking are given in Note 18 to the Financial Statements.

Lapse provision

In the event of a clawback of indemnity income in respect of policies cancelled during the indemnity period the Company has an obligation to settle the liability. The provision is calculated as 10% of net indemnity income and is re-evaluated at the end of each accounting period.

Complaints Settlement provision

This provision covers direct and associated costs in respect of complaints where the exact quantum and number of complaints is unknown at the balance sheet date. The estimate is based upon past experience of upheld complaints and their average values. This estimate is corrected when the individual complaint values are separately clarified.

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

2. PROFIT ON ORDINARY ACTIVITIES

| | 2018 | 2017 |
|--|---------|--------|
| | £ | £ |
| The profit on ordinary activities before taxation before taxation is stated after charging : | | |
| Amortisation (note 4) | 112,376 | 20,618 |
| Depreciation (note 5) | 24,298 | 28,576 |
| Operating lease rentals - premises | 65,000 | 69,600 |
| Operating lease rentals - fixtures, fittings and equipment | - | 2,345 |
| Auditors Remuneration | | |
| - Audit Fees | 24,843 | 28,853 |
| - Other Assurance Services | 5,296 | 5,166 |

3. Taxation

Analysis of change in period

| | 2018 | <i>Restated</i> 2017 |
|---|-----------------|-------------------------|
| | £ | £ |
| Current Tax : | | |
| UK Corporation Tax on profits for the year | 15,737 | - |
| Foreign Corporation Tax on profits for the year | | |
| Adjustment in respect of prior periods | | |
| Total current tax | <u>15,737</u> | <u>-</u> |
| Deferred Tax : | | |
| Origination and reversal of timing differences | (33,053) | (5,384) |
| Recognition of deferred tax not previously recognised | - | 7,198 |
| Impact of change in tax rates | | |
| Total deferred tax | <u>(33,053)</u> | <u>1,814</u> |
| Total current tax charge | <u>(17,316)</u> | <u>1,814</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:

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

3. Taxation (continued)

| | 2018 | <i>Restated</i> 2017 |
|--|-----------------|-------------------------|
| | £ | £ |
| Profit on ordinary activities before taxation | <u>42,612</u> | <u>1,094,674</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax 19.00% (2017: 19.25%) | 8,096 | 210,725 |
| Effects of : | | |
| Expenses not deductible for tax purposes | 892 | 1,824 |
| Relief for losses brought forward (deferred tax not recognised) | - | (217,693) |
| Deferred tax not recognised | (17,005) | - |
| Remeasurement of deferred tax - change in UK tax rate | (9,299) | (240) |
| Recognition of deferred tax not previously recognised | - | 7,198 |
| Tax (credit) / charge for the year | <u>(17,316)</u> | <u>1,814</u> |

The company anticipates claiming £82,825 of group loss relief from the Sanlam UK group for which it will pay the tax value of the losses the above tax charge is reflective of this claim.

The prior year comparatives have been restated as a result of an error identified in relation to recoverability of trade debtors. As a result, the tax-adjusted loss b/fwd from the prior period has increased from £1,066,357 (noting that the 2017 statutory accounts incorrectly reflected £398,974) to £1,239,256. A similar restatement (£185,254 of additional expense) made to the year ended 31 December 2016 is not considered to have any immediate or future impact on the tax-adjusted losses, given that it is not possible to recognise this expenditure for tax purposes.

Tax rate changes

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017. Further changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016), reducing the UK corporation tax rate to 17% from 1 April 2020. This will reduce the company's future current tax charge accordingly. Any deferred tax assets or liabilities recognised are reflective of these rates.

Deferred Tax

The provision for deferred tax consists of the following deferred tax (assets)/liabilities

| | 2018 | 2017 |
|--------------------------------|-----------------|--------------|
| | £ | £ |
| Fixed asset timing differences | 70,689 | 1,814 |
| Tax losses carried forward | (98,297) | - |
| Other timing differences | (3,911) | - |
| Total | <u>(31,519)</u> | <u>1,814</u> |

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

3. Taxation (continued)

A deferred tax asset has been recognised in respect of only 50% of the £1,156,431 gross tax losses carried forward at the balance sheet date to reflect changes to the offset of brought forward losses for corporation tax purposes. No asset was recognised in the previous year owing to the uncertainty of future profitability. The gross tax-adjusted loss brought forward at 01.01.2018 was £1,239,256, following the restatement of the accounts for the period ended 31 December 2017.

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

4. Prior period restatement

Following a detailed review of the recoverability of debtors, errors were identified which arose from inaccurate debtor positions being reflected on the back office systems and hence inaccurate debtor reports being used to determine the year end position. This resulted in the year end debtor position being overstated. The key balance impacted was trade debtors with consequential impacts to revenue. As at 31 December 2018 the Company has adjusted trade debtors to bring it in line with projected collection and recoverability. The effect of restating the comparative information is summarised below. The correction at the beginning of the earliest period presented (31 December 2016) is presented below. The effect on the capital and reserves is presented within the Statement of Changes in Equity.

| | | 31/12/2016 (as previously reported) | Prior Year Adjustment (in relation to 2016 and prior years) | 31/12/2016 (restated position) |
|---------------|--|--|--|---|
| | | £ | £ | £ |
| Trade Debtors | | 869,290 | (185,254) | 684,036 |

| | 31/12/2017 (as previously reported) | Prior Year Adjustment (in relation to 2017) | Prior Year Adjustment (in relation to 2016 and prior years) | 31/12/2017 (restated position) |
|---------------|--|--|--|---|
| | £ | £ | £ | £ |
| Trade Debtors | 1,199,701 | (172,898) | (185,254) | 841,549 |

| | | Year ended 31/12/2016 (as previously reported) | Prior Year Adjustment (in relation to 2016 & prior years) | Year ended 31/12/2016 (restated position) |
|-------------------------|--|---|--|--|
| | | £ | £ | £ |
| Turnover | | 8,378,140 | (224,944) | 8,153,196 |
| Administrative Expenses | | (9,079,711) | 39,690 | (9,040,021) |

| | | Year ended 31/12/2017 (as previously reported) | Prior Year Adjustment (in relation to 2017) | Year ended 31/12/2017 (restated position) |
|-------------------------|--|---|--|--|
| | | £ | £ | £ |
| Turnover | | 8,445,209 | (150,979) | 8,294,230 |
| Administrative Expenses | | (7,177,637) | (21,919) | (7,199,556) |

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

5. Intangible assets

Client databases

£

Cost

| | |
|---------------------|----------------|
| At 1 January 2018 | 214,225 |
| Additions | 500,487 |
| At 31 December 2018 | <u>714,712</u> |

Amortisation

| | |
|--------------------------|----------------|
| At 1 January 2018 | 172,986 |
| Provided during the year | 112,376 |
| At 31 December 2018 | <u>285,362</u> |

Net book value

| | |
|---------------------|----------------|
| At 31 December 2017 | <u>41,239</u> |
| At 31 December 2018 | <u>429,350</u> |

6. Tangible assets

| | Short leasehold land and building £ | Fixtures, fittings and equipment £ | Total £ |
|-----------------------|---|---|----------------|
| Cost | | | |
| At 1 January 2018 | 59,615 | 304,189 | 363,804 |
| Additions | - | - | - |
| At 31 December 2018 | <u>59,615</u> | <u>304,189</u> | <u>363,804</u> |
| Depreciation | | | |
| At 1 January 2018 | 56,834 | 258,816 | 315,650 |
| Charged in year | 1,151 | 23,147 | 24,298 |
| At 31 December 2018 | <u>57,985</u> | <u>281,963</u> | <u>339,948</u> |
| Net book value | | | |
| At 31 December 2017 | <u>2,781</u> | <u>45,373</u> | <u>48,154</u> |
| At 31 December 2018 | <u>1,630</u> | <u>22,226</u> | <u>23,856</u> |

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

7. Debtors - amounts due within one year

| | 2018 | <i>Restated</i> 2017 |
|-----------------------------------|------------------|-------------------------|
| | £ | £ |
| Trade debtors | 695,842 | 841,549 |
| Prepayments | 126,139 | 151,816 |
| Balances due from group companies | 5,326,334 | 2,977,123 |
| Other debtors | 83,508 | 189,753 |
| | <u>6,231,823</u> | <u>4,160,241</u> |

Trade debtors have been restated as detailed in note 4.

8. Creditors - amounts falling due within one year

| | 2018 | 2017 |
|---------------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 512,119 | 553,805 |
| Other taxes and social security costs | 143,146 | 151,023 |
| Balances due to group companies | 3,997,017 | 2,759,650 |
| Subordinated loans | - | 1,000,000 |
| Accruals and deferred income | 167,352 | 329,099 |
| Other creditors | 182,118 | 3,654 |
| | <u>5,001,752</u> | <u>4,797,231</u> |

The subordinated loan has now been extended and is repayable by 31 December 2020. Further details are provided in note 9.

9. Creditors - amounts falling due after more than one year

| | 2018 | 2017 |
|---|----------------|----------|
| | £ | £ |
| Loans not wholly repayable within five years: | | |
| Subordinated loans | <u>932,367</u> | <u>-</u> |

During 2015 two subordinated loans (totalling £1,000,000) were issued which were repayable by 31 December 2018 and on which there was no interest. In 2017 these loans were shown in note 8 above. In 2018 these loans have been extended to be repayable by 31 December 2020. As these loans are now due after one year they are included in note 9. The amount included is the present value of the discounted cash flows of these loans which have been discounted at 3.5%. The difference between the original value of these loans and the present value is included within the capital contribution reserve (note 12).

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

9. Creditors - amounts falling due after more than one year continued

Loans not wholly repayable within five years:

| | | |
|-------------------------------|----------------|----------|
| Analysis of maturity of debt: | <u>932,367</u> | <u>-</u> |
|-------------------------------|----------------|----------|

10. Provisions

| | Complaints Settlement provision £ | Clawback provision £ | Total £ |
|----------------------|--|----------------------------|---------------|
| At 1 January 2018 | 25,870 | 25,021 | 50,891 |
| Release of provision | (95,405) | (60,451) | (155,856) |
| Provisions made | 90,857 | 52,366 | 143,223 |
| At 31 December 2018 | <u>21,322</u> | <u>16,936</u> | <u>38,258</u> |

A provision of £16,936 has been recognised for expected indemnity income claw back claims on indemnity products sold during the last four financial years. The provision is re-evaluated at the end of each accounting period.

The provision for complaints settlement has been recognised for potential claims that have been lodged as at the balance sheet date plus an additional provision for potential future claims.

11. Share capital

| | 2018 £ | 2017 £ |
|-----------------------------------|-----------|-----------|
| Authorised, Issued and Fully Paid | | |
| Ordinary shares of £1 each | 2,750,010 | 2,750,010 |

12. Capital contribution reserve

| | 2018 £ |
|--------------------------|----------------|
| At 1 January 2018 | 200,000 |
| Movement during the year | 67,633 |
| At 31 December 2018 | <u>267,633</u> |

The movement during the year is detailed in note 9.

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

13. Staff costs

The number of persons directly employed by the Company during the year was:

| | 2018 | 2017 |
|----------------------|-------------|-------------|
| | No. | No. |
| Administration staff | 41 | 45 |
| Advising staff | 28 | 27 |
| | <u>69</u> | <u>72</u> |

The aggregate payroll costs including costs recharged from other companies within the Sanlam UK group were:

| | 2018 | 2017 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,626,350 | 2,547,753 |
| Social security costs | 228,488 | 239,397 |
| Pension costs | 118,226 | 94,071 |
| | <u>2,973,064</u> | <u>2,881,221</u> |

14. Directors' emoluments

The directors are employed by, and receive their emoluments from, Sanlam UK Limited. Their total remuneration paid by Sanlam UK Limited for the year was £1,521,102 (2017: £1,469,104). The services to the Company provided by the directors holding office during the year were considered to be incidental to their other duties within the Sanlam UK Group and accordingly no remuneration has been apportioned to the Company for these directors during 2018.

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

15. Investment in subsidiaries

The Company purchased Grennan Advisers Limited ("GAL") for £500,847 during the year. The value paid related to the client database acquired and recognised as an intangible asset (note 5). The acquisition was structured to acquire the client database with the Company itself having no attributable value and therefore the shares of the GAL are valued at £nil.

In the opinion of the directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the underlying value of the business.

Subsidiary undertakings

| Subsidiary undertakings | Country of incorporation | Equity & votes held | Type of business |
|--------------------------|--------------------------|---------------------|--------------------|
| Grennan Advisers Limited | England & Wales | 100% | Financial Planners |

16. Other Financial Commitments

The total of future minimum lease payments is set out below :

| | Land and Buildings 2018 £ | Land and Buildings 2017 £ |
|--------------------------|---------------------------------|---------------------------------|
| Not later than one year | 42,000 | 60,375 |
| Within two to five years | 72,032 | 114,033 |

Sanlam Wealth Planning UK Limited

Notes to the Financial Statements continued

17. Related Parties

The Company has taken advantage of the exemption given by FRS 102 Section 33 *Related Party Disclosures* to wholly owned subsidiary undertakings, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties. The following information is showing the year end balances for all related parties.

| Group Company name | 2018 £ | 2017 £ |
|--|----------------|------------------|
| Sanlam UK Limited | (2,290,505) | (1,772,977) |
| Sanlam Life and Pensions Limited | (1,242,146) | (676,385) |
| English Mutual Limited | 1,799,045 | 1,666,886 |
| Sanlam Partnerships Limited | 290,761 | - |
| Sanlam Wealth Planning Holdings UK Limited | 2,304,161 | 310,238 |
| Sanlam Investments UK Limited | (51,544) | (76,370) |
| Sanlam Private Investments Limited | (412,822) | (310,288) |
| | <u>396,950</u> | <u>(858,896)</u> |

18. Controlling party

The ultimate parent undertaking, Sanlam Limited, is incorporated 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 its group Financial Statements are available on request from Sanlam Limited, 2 Strand Road, Bellville, South Africa (PO Box 1, Sanlamhof, 7532, South Africa). www.sanlam.co.za

The immediate parent undertaking is Sanlam Wealth Planning Holdings UK Limited.