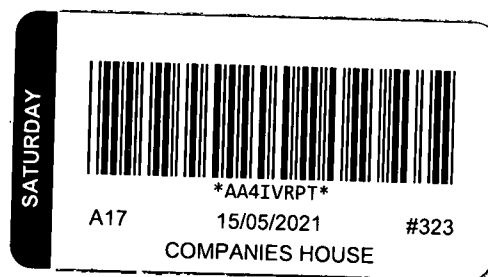




SANLAM SECURITIES UK LIMITED

Annual Report and Accounts
for the year ended 31 December 2020



Sanlam Securities UK Limited

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Sanlam Securities UK Limited

Company Information

Directors

J Polin

J White

N Fraser

D Mason

Registered Office

24 Monument Street

London

England

EC3R 8AJ

Bankers

Lloyds TSB Bank PLC

83 High Street

Sevenoaks

Kent, TN13 1LG

Statutory Auditor

Ernst & Young LLP

The Paragon

Counterslip

Bristol

BS1 6BX

Registered Number

1825671

Sanlam Securities UK Limited

Directors' Report

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

The principal activities of the Company are the provision of institutional sales, research, trading and private client broking.

The directors do not expect any changes in the principal activity of the Company in the foreseeable future.

Regulation

The Company is incorporated in England and Wales, and is regulated by the Financial Conduct Authority ("FCA"). The Company is part of the Sanlam Investment Holdings UK Limited Group (the "Group") for regulatory capital purposes, though the Company is still required to meet its own regulatory capital requirements.

The Company is classified as an IFPRU 50k limited licence firm. As at 31 December 2020, the Company had a CET1 Capital ratio of 74% (Minimum requirement 4.5%), T1 Capital ratio of 74% (Minimum requirement 6%) and a Total capital ratio of 74% (Minimum requirement 8%).

The Group has carried out its own assessment of the amount of capital required to cover its business needs and risks, as required to determine its Pillar 2 capital resources requirement. Based on this assessment the Group believes it has sufficient capital to meet its Pillar 1 and 2 capital resources requirements. The Pillar 3 disclosures are available on the Company's website at www.sanlam.co.uk/pillar-3-disclosure.

Results and dividends

The results for the year and financial position are set out on pages 13 and 14. No dividends were paid during the year (2019: £nil). The directors do not recommend a final dividend in respect of the year. The Company remained in a strong financial position as at 31 December 2020.

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.

Sanlam Securities UK Limited

Directors' Report (continued)

Going concern (continued)

The Directors have examined the Company's business activities, 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 a viable business proposition and robust strategic plan which is expected to continue and produce 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 above regulatory requirements and sufficient liquidity exists to meet liabilities as they fall due. Operationally the Company has adapted to employee remote working in response to the pandemic and there has been no adverse material impacts to customer outcomes.

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.

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:

N Fraser (appointed 5 May 2020, resigned 11 June 2020, reappointed 6 November 2020)

D Mason (appointed 14 October 2020)

Directors indemnities

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

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 audit information of which the Company's auditors are 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 auditors are aware of that information.

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

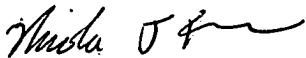
Sanlam Securities UK Limited

Directors' Report (continued)

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.

By Order of the Board



N Fraser
Director

13 May 2021

Strategic Report for the year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Business Review

Turnover increased in 2020 to £3,429,148 (2019: £2,301,598) and administrative expenses were higher at £1,613,859 (2019: £1,086,497). Profit for the financial year increased in 2020 to £1,472,805 (2019: £988,927), contributing to the increase in shareholder's funds to £6,481,718 (2019: £5,008,913). Increased transactional activity in response to increased market volatility has been the main driver of this improvement in performance.

The principal risks and uncertainties and future developments

The Company has established a risk management framework. This assesses each risk for the likelihood of its occurrence and its impact, after allowing for the controls in place. The Company continually monitors its current and future capital requirements through this risk management framework.

COVID-19

As well as the heavy human cost, Covid-19 presents a huge and ongoing challenge for many businesses. When the first lockdown came in, the Company adapted swiftly so that employees could operate effectively whilst working from home. By putting a high priority on employees' well-being, the Company ensured it could maintain an uninterrupted service to customers, colleagues and communities through this period of uncertainty.

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.

Market risk

A risk to the ongoing success of the Company is a major and sustained downturn in stock market levels, which would adversely impact trading revenue on execution only client books custodied by the Company. In some instances, market volatility can instead result in higher trading revenue due to increased trading while investors take advantage of volatile instrument pricing. The directors believe that, whilst current market conditions remain challenging, this presents a number of opportunities for a well-run business and that the Company will continue to win significant levels of new business whilst retaining tight control of its relatively low cost base.

Cyber risk

The information security threat landscape is constantly evolving and failure to prevent an information security threat from materialising is ever present. With the General Data Protection Regulation (GDPR) having now come into effect, specific and practical changes have been made to internal governance and processes to ensure operation in line with new regulation. The Company holds the ISO 27001 accreditation.

Sanlam Securities UK Limited

Strategic Report for the year ended 31 December 2020 (continued)

Reputational risk

The Company has an excellent reputation as a provider of high quality private client broking, institutional sales and research trading services. There is a risk that significant damage to reputation could arise from poor client service or regulatory censure and lead to the loss of existing clients as well as impacting on the ability to gain new clients. This risk is minimised through the maintenance of a culture of high ethical and professional standards. The Company's compliance department ensures conformity with the relevant regulations and statutes in our dealings with clients and the Company's processes and controls are also reviewed by the group internal audit function.

Regulatory risk

The Company's business is highly regulated and a breach of regulations could lead to a fine or disciplinary action against the Company. The Company monitors actual and impending changes in regulation in order to assess the impact on its business and plans to ensure any changes are implemented in a timely manner.

Competition risk

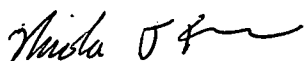
The Company operates in a competitive environment and faces the risk of client loss from a failure to respond to market changes. The Company seeks to minimise this risk through its investment in its staff. The Company regularly reviews and benchmarks its remuneration packages in order to retain and recruit high quality staff.

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 is no longer a member of the EU but is still subject to EU rules and remains 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.

By Order of the Board



N Fraser
Director

13 May 2021

Sanlam Securities UK Limited

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 in 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 year.

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

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

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

Sanlam Securities UK Limited

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

Opinion

We have audited the financial statements of Sanlam Securities 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 21, 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 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. 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.

Sanlam Securities UK Limited

Independent Auditor's report to the members of Sanlam Securities UK Limited (continued)

Conclusions relating to going concern (continued)

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 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.

Sanlam Securities UK Limited

Independent Auditor's report to the members of Sanlam Securities UK Limited (continued)

Matters on which we are required to report by exception (continued)

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 statement of directors' responsibilities set out on page 7, 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.

Sanlam Securities UK Limited

Independent Auditor's report to the members of Sanlam Securities 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 understood 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 permissions and 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.

Sanlam Securities UK Limited

Independent Auditor's report to the members of Sanlam Securities 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 non-compliance with laws and regulations affecting the financial statements and testing of non-standard journal entries posted during the period. Based upon our enquiries, we are not aware of any instances of 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, appearing to read "Ernst & Young UK", with a horizontal line underneath.

Richard Page (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

14 May 2021

Sanlam Securities UK Limited

Profit and Loss Account for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	2	3,429,148	2,301,598
Administrative expenses		<u>(1,613,859)</u>	<u>(1,086,497)</u>
Operating Profit		1,815,289	1,215,101
Interest receivable and similar income	3	<u>1,951</u>	<u>5,647</u>
Profit on ordinary activities before tax	4	1,817,240	1,220,748
Tax on profit on ordinary activities	7	<u>(344,435)</u>	<u>(231,821)</u>
Profit for the financial year		<u>1,472,805</u>	<u>988,927</u>

There are no recognised gains and losses other than those passing through the profit and loss account. All operations relate to continuing operations.

The notes on pages 16 to 27 form an integral part of these statements.

Sanlam Securities UK Limited

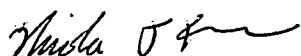
Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible fixed assets	9	2,566	9,075
Fixed asset investments	10	100	100
		<u>2,666</u>	<u>9,175</u>
CURRENT ASSETS			
Debtors: amounts falling due after one year	12	6,351	6,102
Debtors: amounts falling due within one year	11	5,627,440	4,350,822
Cash at bank		1,704,659	1,158,443
		<u>7,338,450</u>	<u>5,515,367</u>
Creditors: amounts falling due within one year	13	859,398	515,629
NET CURRENT ASSETS		<u>6,479,052</u>	<u>4,999,738</u>
Net assets		<u>6,481,718</u>	<u>5,008,913</u>
CAPITAL AND RESERVES			
Called up share capital	14	870,000	870,000
Share premium account	15	4,220,402	4,220,402
Profit and Loss Account	16	1,253,416	(219,389)
Capital contribution	17	137,900	137,900
SHAREHOLDERS' FUNDS		<u>6,481,718</u>	<u>5,008,913</u>

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

Approved by the Board

Company Number 1825671



N Fraser
Director

13 May 2021

Sanlam Securities UK Limited

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

	Called-up share capital	Share premium account	Profit and loss account	Capital contribution	Total equity
	£	£	£	£	£
Balance as at 1 January 2019	870,000	4,220,402	(1,208,316)	137,900	4,019,986
Profit for the year after taxation	-	-	988,927	-	988,927
Balance as at 31 December 2019	870,000	4,220,402	(219,389)	137,900	5,008,913
Profit for the year after taxation	-	-	1,472,805	-	1,472,805
Balance as at 31 December 2020	870,000	4,220,402	1,253,416	137,900	6,481,718

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 has risen to the operational and market challenges presented by Covid-19 throughout 2020. The Company's balance sheet is robust. Revenue and operational earnings remain resilient. The Company has responded well to the impacts from Covid-19 on operations, customers, colleagues and communities. The Directors are closely monitoring short and medium-term Covid-19 related factors, including employee and supplier-related issues.

The Directors have also considered specific Covid-19 stress scenarios at the overall UK Group level, which includes the impact of a further shock to equity markets and reduction in income along with possible management actions in response. Under these stress scenarios the Company's capital was projected to remain above regulatory requirements and sufficient liquidity existed to meet liabilities as they fall due.

In the remote scenario that Management actions do not complete and thereby Management is unable to deliver any mitigating actions the Company has the support and access to financial resources of its ultimate UK parent. This ready access to financial resources, is sufficient for the Company to meet its obligations for a period of 12 months from the date of approval of the financial statements.

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.

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Basis of preparation (continued)

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.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Turnover

Turnover represents stockbroking commissions received from clients (recognised at the time investment transactions are executed).

Interest income

Interest income is recognised as interest accrues using the effective interest method.

Administrative expenses

Administrative expenses principally represent amounts invoiced and incurred in respect of staff resources and general overheads to facilitate the administration of the Company. Amounts expensed are based on actual costs incurred or on predetermined recharges of allocated resources.

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 time of issuance of these financial statements. Deferred tax assets and liabilities are not discounted.

Functional and presentational currency

The functional and presentational currency is Sterling reflecting the fact that substantially all revenue is received in UK Sterling (GBP) and the Company's place of business is the United Kingdom.

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

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 & Loss Account.

Post-retirement benefits

The Company contributed to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amount charged to the Profit & Loss Account represents the contributions payable to the scheme in respect of the accounting year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates estimated to write off the cost of assets in equal instalments over their expected useful lives as follows:

Office equipment:	25% p.a.
Computer equipment:	33% p.a.
Office furniture:	10% p.a.

Fixed asset investments

Investments in subsidiaries are stated at cost less any provisions for impairment. Where the recoverable amount of the investment is less than the carrying amount, an impairment is recognised.

Debtors: amounts falling due within one year

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.

Debtors: amounts falling due after one year

Long 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.

Cash at bank

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

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.

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Cash flow statement

The Company has taken advantage of the exemption given by FRS 102 to subsidiary undertakings, where the Company is a member of a group where the parent prepares publicly available consolidated financial statements. A cash flow statement is prepared by the ultimate parent company that includes the cash flows of the Company. Details of the ultimate parent company are given in note 21 to the financial statements.

Judgements in applying accounting policies 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 in producing these financial statements.

2. Turnover

Turnover represents the amount in respect of commissions, excluding Value Added Tax and arises solely in the UK.

	2020	2019
	£	£
Commissions	3,429,148	2,301,598
	<u>3,429,148</u>	<u>2,301,598</u>

3. Interest receivable and similar income

	2020	2019
	£	£
Interest on bank deposits	1,951	5,647
	<u>1,951</u>	<u>5,647</u>

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2020	2019
	£	£
Staff costs (see note 5)	198,048	205,583
Depreciation	6,509	5,146
Foreign exchange loss	7,287	7,526
Auditor's Remuneration:		
- Audit fees	54,510	35,960
- Other assurance services	4,320	3,500

In 2020 and 2019 the audit fees have been paid by fellow subsidiary, Sanlam Private Investments (UK) Ltd and recharged to Sanlam Securities UK Limited.

5. Staff numbers and costs

All employees disclosed are employed and paid by fellow subsidiary, Sanlam Private Investments (UK) Ltd. The employees working on activities related to this Company have been recharged during the year.

Weekly average number of employees

	2020	2019
The average number of employees (including directors) during the period was:	4	4

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£	£
Salaries	165,253	170,119
Social security costs	19,383	26,115
Other pension costs	10,419	9,349
Other employee benefits	2,993	-
	<u>198,048</u>	<u>205,583</u>

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

6. Directors' Emoluments

The Company does not incur remuneration costs for directors employed elsewhere in the group. Disclosure of those remuneration costs can be found in the relevant employing group entities.

7. Tax on profit on ordinary activities

Analysis of tax charge in period	2020	2019
	£	£
Current tax		
UK Corporation tax at 19.00% (2019: 19.00%)	344,765	230,789
Deferred tax		
Origination and reversal of timing differences	511	1,032
Effect of change in tax rates	(841)	-
	<u>344,435</u>	<u>231,821</u>

It is anticipated that this tax charge will be relieved via group relief at submission stage. The company will pay the tax value for the losses at 19%.

Reconciliation of tax charge

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

	2020	2019
	£	£
Profit on ordinary activities before tax	1,817,240	1,220,748
Current tax charge at 19.00% (2019: 19.00%)	345,276	231,942
Effect of change in tax rate	(841)	(121)
	<u>344,435</u>	<u>231,821</u>

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 rate of tax used to recognise deferred tax 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 year end date, it has not been reflected. Any impact of this change is not expected to be material.

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

8. Deferred tax

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

	2020	2019
	£	£
Fixed asset timing differences - Non Current	6,351	6,102
Fixed asset timing differences - Current	1,124	1,043
	<u>7,475</u>	<u>7,145</u>

There are no unused tax losses or unused tax credits.

The net deferred tax asset relates to the reversal of timing differences on acquired tangible assets through capital allowances and depreciation.

This difference is expected to unwind at the substantively enacted UK corporation tax rate of 19% (2019: 17%). It is anticipated that £1,124 of this asset will reverse within the next 12 months.

9. Tangible fixed assets

	Computer Equipment	Office Furniture	Office equipment	Total
	£	£	£	£
<u>Cost</u>				
At 1 January and 31 December 2020	380,608	99,207	135,649	615,464
<u>Depreciation</u>				
At 1 January 2020	380,608	90,132	135,649	606,389
Charge for the year	-	6,509	-	6,509
At 31 December 2020	380,608	96,641	135,649	612,898
<u>Net Book Value</u>				
At 31 December 2020	-	2,566	-	2,566
At 31 December 2019	-	9,075	-	9,075

There are no assets held under finance leases or acquired under hire purchase contracts.

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

10. Fixed asset investments

Investment in subsidiary undertaking

	2020	2019
	£	£
Cost and net book value at the beginning and the end of the financial year	<u>100</u>	<u>100</u>

The Company owns 100 per cent of the issued share capital of Merchant Securities (Nominees) Limited, registered office Monument Place, 24 Monument Street, London EC3R 8AJ, a company incorporated in England & Wales, which has been dormant since incorporation. Its total capital and reserves amounted to £100 at the end of the year. Merchant Securities (Nominees) Limited acts as a nominee; holding client investments in trust so that the investments are protected against the affairs of the Company, are segregated from its assets and not consolidated. There were no client investments held in trust throughout the year.

11. Debtors: amounts falling due within one year

	2020	2019
	£	£
Amounts owed by group undertakings	5,345,388	3,825,379
Other debtors	182,974	189,251
Prepayments and accrued income	97,954	335,149
Deferred tax asset	1,124	1,043
	<u>5,627,440</u>	<u>4,350,822</u>

The deferred tax asset of £1,124 (2019: £1,043) arises on the tax written down value of tangible assets being more than the net book values due within one year.

12. Debtors: amounts falling due after one year

	2020	2019
	£	£
Deferred tax asset	6,351	6,102
	<u>6,351</u>	<u>6,102</u>

The deferred tax asset of £6,351 (2019: £6,102) arises on the tax written down values of tangible assets being more than the net book values.

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

13. Creditors: amounts falling due within one year

	2020	2019
	£	£
Taxes other than corporation tax	754	754
Amounts due to group undertakings	435,897	251,001
Corporation tax	344,016	230,039
Accruals and deferred income	78,731	33,835
	<u>859,398</u>	<u>515,629</u>

14. Called up share capital

	2020	2019
	£	£
Authorised:		
Number of Ordinary shares £1 each	870,000	870,000
	<u>870,000</u>	<u>870,000</u>
Allotted, called up and fully paid:		
870,000 Ordinary shares of £1 each	870,000	870,000
	<u>870,000</u>	<u>870,000</u>

15. Share premium account

	2020	2019
	£	£
At beginning and end of the financial year	4,220,402	4,220,402
	<u>4,220,402</u>	<u>4,220,402</u>

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

16. Profit and loss account

	2020	2019
	£	£
At beginning of the financial year	(219,389)	(1,208,316)
Profit for the year	1,472,805	988,927
At end of the financial year	<u><u>1,253,416</u></u>	<u><u>(219,389)</u></u>

17. Capital contribution

This represents the cost of shares granted to employees of the Company by the immediate parent entity.

	2020	2019
	£	£
At beginning and end of the financial year	137,900	137,900
	<u><u>137,900</u></u>	<u><u>137,900</u></u>

18. Reconciliation of movements in shareholders' funds

	2020	2019
	£	£
Opening shareholders' funds	5,008,913	4,019,986
Profit for the year	1,472,805	988,927
Closing shareholders' funds	<u><u>6,481,718</u></u>	<u><u>5,008,913</u></u>

19. Pensions

Staff are entitled, after a suitable period of service, to become members of Company sponsored pension arrangements. The arrangements comprise a defined contribution scheme and as at 31 December 2020 there were neither any arrears nor amounts paid in advance (2019: £Nil). The contributions paid by the Company during the year amounted to £10,419 (2019: £9,349).

20. Related party disclosures

At 31 December 2020, the Company was due £5,218,298 (2019: £3,447,789) from Sanlam Private Investments (UK) Ltd. Of this balance, the Company was due £1,429,602 (2019: £895,506) as a result of Commission trading through clients in Sanlam Private Wealth (Pty) Ltd. The Company was recharged employment costs of £198,048 (2019: £205,583) for staff providing services. This amount includes costs for employee benefits amounting to £2,993 (2019: £Nil). The Company was also recharged £264,000 (2019: £264,000) for the provision of central services and £59,084 (2019: £Nil) for other expenses paid by Sanlam Private Investments (UK) Ltd on behalf of the Company during the year. An amount of £861,039 was paid to Sanlam Private Investments (UK) Ltd during the year.

At 31 December 2020, the Company was due £127,090 (2019: £127,090) from Sanlam Private Investments (UK) Holdings Ltd.

At 31 December 2020, £100 (2019: £100) was payable to Merchant Securities (Nominees) Limited by the Company.

At 31 December 2020, £238,040 was payable to Sanlam UK Limited (2019: £250,500 due from) by the Company. This was in relation to operating expenses paid for by Sanlam UK Limited on behalf of the Company.

At 31 December 2020, £73,772 was payable to Sanlam Investments UK Limited (2019: £Nil) by the Company. This was in relation to operating expenses paid for by Sanlam Investments UK Limited on behalf of the Company.

At 31 December 2020, £5,377 was payable to Sanlam Private Wealth South Limited (2019: £Nil) by the Company. This was in relation to operating expenses paid for by Sanlam Private Wealth South Limited on behalf of the Company.

The Company pays a revenue share to Sanlam Private Wealth (Pty) Ltd for clients trading through the stockbroking desk. This commission is paid to Sanlam Private Investments UK Limited, with the revenue share then settled with Sanlam Private Wealth (Pty) Ltd. The Company paid £473,424 (2019: £280,550) to Sanlam Private Wealth (Pty) Ltd. At 31 December 2020, the balance due to Sanlam Private Wealth (Pty) Ltd was £118,608 (2019: £67,699).

At 31 December 2020, £Nil (2019: £183,202) was due to Sanlam Financial Services UK Limited from the Company.

Sanlam Securities UK Limited

Notes to the Financial Statements (continued)

21. Ultimate parent company

The Company's immediate parent company is Sanlam Private Investments (UK) Holdings Limited which is incorporated and registered in the United Kingdom. The Company's 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.