Registered in England and Wales No. 03087634

Skandia UK Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 December 2020

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS

D J L Eardley
K S Lee-Crossett
M O Satchel

COMPANY SECRETARY

Quilter CoSec Services Limited

BANKER

National Westminster Bank Plc
135 Bishopsgate
London
EC2M 3UR

REGISTERED OFFICE

Senator House
85 Queen Victoria Street
London
EC4V 4AB

REGISTERED NUMBER

England and Wales
No. 03087634

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
Savannah House
3 Ocean Way
Ocean Village
Southampton
SO14 3TJ
United Kingdom

STRATEGIC REPORT

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

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Skandia UK Limited (the "Company") forms part of the Quilter plc group (the "Group"). Quilter plc's ordinary shares are listed on the London and Johannesburg Stock Exchanges. Quilter plc provides the Company with strategic and governance oversight. The Company forms part of the head office function of Quilter plc group.

The principal activity of the Company is also that of a holding Company. No significant change in the nature of these activities has occurred during the year and the Directors believe that the activities of the Company will remain unchanged for the foreseeable future.

The results of the Company for the period are set out in the income statement on page 10.

QUILTER STRATEGY

Quilter aims to be the leading UK and cross-border full-service wealth manager, providing advice-led investment solutions and investment platforms, focusing on delivering good customer outcomes. The breadth of the Group's model helps to generate prosperity for customers by providing the services to develop suitable financial plans, manage customers' investments in risk-based solutions and by helping customers access modern wealth wrappers via the Group's platforms. The unbundled, open nature of Quilter plc's model, offering flexibility to use one, two or all three components, is a key competitive advantage, provides customers and their advisors with choice at every stage and imposes external market discipline on the Group's propositions. Quilter plc's purpose and strategy are underpinned by core beliefs, which include: the belief in the value of trusted face-to-face advice, that better choice for customers does not mean more choice, and modern, simple and transparent products should be easily accessible and good value, and that a Company's purpose goes beyond making a profit and should focus also on being a responsible business as well as a responsible investor. The Directors believe that the Group's competitive advantage lies in its strong positions in attractive markets and its ability to offer high quality solutions across each element of the value chain at a competitive, transparent and unbundled price. Quilter plc's strategic objectives include delivering on customer outcomes, Advice and Wealth Management growth, Wealth Platforms growth, and cost optimisation.

Management is confident in the Group's strategic path and growth prospects. Short-term market, economic and political uncertainty may temper momentum in near term flows and the level of assets under administration, but the Group operates in a large and fragmented market that has good long-term growth potential.

KEY PERFORMANCE INDICATORS (KPIs)

The Company's primary key performance indicator is IFRS profit after taxation. The profit for the year, after taxation, amounted to £52,496,000 (2019: profit after taxation £19,036,000).

Other internal KPIs used by management are dividends received, investment in subsidiaries and the return on investment (dividends received expressed as a percentage of investments in subsidiaries). Return on investment has increased as a result of additional dividends received from Old Mutual Financial Services (UK) Limited following a reduction of its share capital.

Key performance indicators table

	2020 £000	2019 £000
Dividends received	272,889	133,755[1]
Investment in subsidiaries	2,691,531	2,880,936
Return on investment	7.3%	4.6%[1]
IFRS profit after tax	52,496	19,036

[1]The comparative figures have been restated to show group relief taxation in excess of the prevailing rate as dividend received. Group relief received from OMF IOM Limited and OMFS GGP Limited in excess of the prevailing tax rate was previously presented within the income tax balance.

FINANCIAL POSITION AT THE END OF THE YEAR

The Company's net assets have increased from £153,720,000 to £194,102,000.

On 23 September 2020, the board of Skandia UK Limited approved a dividend payment of £12,114,000 to its immediate parent Quilter plc, paid 30 September 2020. During the year the Company carried out an impairment test on the carrying values of its investments in subsidiaries. The test highlighted a deficit in the fair values of OMF (IOM) Limited, OMFS GGP Limited and Old Mutual Financial Services (UK) Limited, and therefore impairments of £2,595,000, £1,803,000 and £185,007,000 have been recognised in the income statement in respect of these subsidiaries.

The impairments arose as a consequence of the Company's subsidiaries OMF (IOM) Limited, Old Mutual Financial Services (UK) Limited and OMFS GGP Limited distributing dividends. The paid dividends were greater in value than the respective entities' profits, which led to a reduction in net asset values below the cost of investment recorded in the financial statements of Skandia UK Limited.

During the year the Company received dividends totalling £272,889,000 (2019: £133,755,000, restated, please see note 1) and paid dividends totalling £12,114,000 (2019: £455,280,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy through its subsidiaries is subject to a number of risks. The key risks affecting the business are within note 1.

The Company has adopted the Enterprise Risk Management framework of the Group. This provides the framework for the monitoring, management and governance of risk, as detailed in note 1.

COVID-19

On 11 March 2020, COVID-19 was recognised by the World Health Organisation as a global pandemic. The Group's focus in managing the response to COVID-19 has been to ensure colleagues' health and safety, maintain operational resilience with high levels of client service, and providing good outcomes for shareholders. When the scale of the COVID-19 pandemic became apparent, the Group responded quickly to the challenges faced, with 98% of the Group's employees working remotely from late March 2020 and the accelerated delivery of IT and remote telephony solutions allowing Quilter plc to maintain high client service levels and to support customers and advisers.

The Group reviewed its financial budgets and operating plans in response to the challenges arising from COVID-19 and the unpredictable operating outlook. The Group is operationally resilient and remains focused on completing its principal strategic projects. The continued volatility in financial markets and the impact of more limited face-to-face contact within the advice segment is creating a challenging revenue environment and the Group has updated its future cash flows accordingly. Against this backdrop, the Group has undertaken a number of management actions to reduce expenses but has acknowledged that future operating margin outcomes will likely be below previous target guidance provided by management. The Group did not use the support measures made available to companies by the UK Government.

The COVID-19 pandemic has had, and is expected to continue to have, minimal financial impact on the Company's revenues as these are not directly impacted by market movements, this being solely investment return from subsidiaries and will not impact the Company's investment in subsidiary either.

SECTION 172 (1) STATEMENT

The Company is a wholly owned subsidiary of Quilter plc and therefore operates in line with the strategy, policies and practices that are set by the Quilter plc Board and are described in the Quilter plc Annual Report. The following statement should therefore be read in conjunction with the Quilter plc Annual Report 2020.

In order to ensure decision-making bodies within Quilter plc continue to take their decisions on a fully informed basis, the Group has taken steps to further embed management's and Directors' understanding of the responsibilities ascribed to Directors under section 172 (1) of the Companies Act 2006 at a Quilter plc level and across its management committees and subsidiaries including the Company. Quilter Corporate Secretariat continue to engage with management to explain the importance of the considerations referred to in section 172 (1) as part of good decision-making, to ensure that proposals coming to the Board contain appropriate information on the potential impact of business decisions on all stakeholders of the Company and other relevant matters. Examples of best practice have been provided and rolled out to the business, with further explanation and guidance on directors' duties to ensure that section 172 (1) considerations remain at the heart of the Group's decision-making at all levels.

The Directors of the Company are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 (1) of the Companies Act 2006 and acknowledge that effective and meaningful engagement with stakeholders is key to promoting the success of the Company. Given the activities of the Company, the key stakeholders are limited to the Company's sole shareholder, its subsidiaries and the environment. Consideration is given to these stakeholders when deliberating at Board meetings to the extent appropriate. Further details of how the Company has had regard for its stakeholders can be found in the Directors' Report.

On behalf of the board

M O Satchel
Director
28 September 2021

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 December 2020.

DIRECTORS
The names of the current Directors are listed on page 1. The Directors who have held office during the year are listed below:

D J L Eardley
K S Lee-Crossett
M O Satchel

All Directors are employed by, and receive their emoluments from, fellow Group undertakings. The Directors holding office during the year ended 31 December 2020 consider that their services to the Company are incidental to their other duties within the Group and accordingly no remuneration has been apportioned to this Company.

The Company Secretary during the period was Quilter CoSec Services Limited.

Qualifying third-party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2020 for the benefit of the Directors, and at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which may occur, (or have occurred) in connection with their duties/powers or office.

DIVIDENDS
During the year dividends totalling £12,114,000 were declared and paid (2019: £455,280,000).

EMPLOYMENT POLICIES
The Company had no employees during or at the end of the year (2019: nil).

FINANCIAL INSTRUMENTS
The financial risk management objectives and policies of the Company are disclosed in note 1.

POLITICAL DONATIONS
During the year the Company made no political donations (2019: £nil).

BUSINESS RELATIONSHIPS STATEMENT
The Company forms part of Quilter plc, with Quilter plc providing strategic and governance oversight to each of its subsidiaries. During the course of their decision-making the Board of the Company, together with the Board of Quilter plc, have considered their duties to stakeholders, including the need to foster business relationships.

An explanation of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year, has been set out in the report and accounts of the Quilter plc annual report, which does not form part of this report.

CLIMATE CHANGE
Another key development during the year was the formalisation of the Quilter climate change strategy which sets out an approach to measure, manage and reduce the Quilter Group's contribution to climate change both as a business and an investor. Quilter has committed to reduce its contribution to climate change and support the transition to a low carbon economy, achieved through continued transition to renewable energy sources, reduced travel and the highest standard carbon-offsets where required. Quilter recognises the Financial Stability Board's Taskforce for Climate-related Financial Disclosures (TCFD) as the leading framework for climate-related disclosures and are the process of aligning fully with TCFD by the end of 2021.

CORPORATE GOVERNANCE STATEMENT
Quilter plc is subject to the requirements of the 2018 UK Corporate Governance Code (the "Code") and complied with all its provisions during the year. The Company has chosen not to apply a governance code during the year. As a wholly owned subsidiary of Quilter plc, the Company has instead complied with the Quilter plc Group Governance Framework which sets out certain minimum standards and guidance for the governance framework of Quilter plc's subsidiaries. The Board's composition is comprised of Executive Directors and is consistent with the Quilter plc Group Governance Manual's requirements.

STATEMENT OF GOING CONCERN
The financial statements have been prepared on a going concern basis. The Company forms part of the Skandia UK sub-group of entities which have common control and directorships, and for this reason the board has reviewed this sub-group's projections for the next 12 months and beyond as a whole. The intra-group transactions for this sub-group aggregate to nil and transactions external to the sub-group are forecast to be cash-generating, and therefore the board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approving these financial statements.

DIRECTORS' REPORT (Continued)

DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Directors 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 Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The confirmation is given in accordance with the provisions of the Companies Act 2006.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has been appointed by the Company to hold office in accordance with s.485 of the Companies Act 2006.

On behalf of the board

M O Satchel
Director

28 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITES 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 regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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 the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Skandia UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Skandia UK Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKANDIA UK LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Directors' report

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 year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates and judgemental areas of the financial statements, such as the impairment assessment of investment in subsidiaries. Audit procedures performed by the engagement team included:

- Discussions with the Board, management, Quilter plc internal audit, senior management involved in the Quilter plc group's Risk and Compliance and legal functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Assessment of matters reported on the Quilter plc group's whistleblowing register that relate to the Company, including the quality and results of management's investigation of such matters.
- Reviewing Board minutes as well as relevant meeting minutes.
- Identifying and testing all material manual journal entries posted during the year.
- Reviewed and tested the significant judgements made in the impairment assessment of the investment in subsidiaries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

H Grainger

Helen Grainger (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
29 September 2021

INCOME STATEMENT
for the year ended 31 December 2020

	Notes	2020 £000	2019[1] Restated £000
Revenue			
Investment return	2	280,417	163,511
Total revenue		280,417	163,511
Expenses			
Finance cost	3	(102,954)	(114,293)
Impairment of investments in subsidiaries	5	(189,405)	(46,088)
Total expenses		(292,359)	(160,381)
(Loss)/profit before tax		(11,942)	3,130
Income tax	4	64,438	15,906
Profit for the year after tax		52,496	19,036

[1]The comparative figures have been restated to show group relief taxation in excess of the prevailing rate as dividend income. Group relief received from OMF IOM Limited and OMFS GGP Limited in excess of the prevailing tax rate was previously presented within the income tax balance.

All the above amounts in the current and prior year derive from continuing activities.

The notes on pages 15 to 25 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	2020	2019
	£000	£000
Profit for the year	52,496	19,036
Total comprehensive income for the year	52,496	19,036

The result for the current and prior year is attributable to the equity holders of the Company.

The notes on pages 15 to 25 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Notes	Share capital £000	Retained earnings £000	Total equity £000
Balance as at 1 January 2020		1	153,719	153,720
Profit for the financial year		-	52,496	52,496
Dividends paid	13	-	(12,114)	(12,114)
Balance at 31 December 2020		1	194,101	194,102

	Notes	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 January 2019		584,128	5,836	589,964
Profit for the financial year		-	19,036	19,036
Share capital reduction	12	(584,127)	584,127	-
Dividends paid	13	-	(455,280)	(455,280)
Balance at 31 December 2019		1	153,719	153,720

The notes on pages 15 to 25 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
at 31 December 2020

	Notes	2020 £000	2019 £000
Assets			
Investments in subsidiaries	5	2,691,531	2,880,936
Loans and advances	6	136,216	136,216
Deferred tax assets	9	40,028	1,321
Other receivables	7	1,913	6,498
Current tax assets	8	28,169	21,920
Total assets		**2,897,857**	**3,046,891**
Equity and liabilities			
Equity			
Share capital	12	1	1
Retained earnings		194,101	153,719
Total equity		**194,102**	**153,720**
Liabilities			
Interest bearing liabilities	10	2,637,958	2,824,124
Other payables	11	65,797	69,047
Total liabilities		**2,703,755**	**2,893,171**
Total equity and liabilities		**2,897,857**	**3,046,891**

The notes on pages 15 to 26 are an integral part of these financial statements.

The financial statements on pages 10 to 25 were authorised and approved by the Board of Directors on 28 September 2021 and signed on its behalf by:

M O Satchel
Director

Company registered number: 03087634

STATEMENT OF CASH FLOWS
for the year ended 31 December 2020

	2020 £000	2019[1] Restated £000
Cash flows from operating activities		
(Loss)/profit before tax:	(11,942)	3,130
Adjustments for non-cash:		
Impairment of investment in subsidiaries	189,405	46,088
Interest movements in profit before tax	95,426	84,537
Dividend income classified as investing activities	(272,889)	(133,755)
Tax received	19,482	16,183
Total net cash flows from operating activities	19,482	16,183
Cash flows from investing activities		
Dividends received from associated undertakings*	272,889	133,755
Interest received*	12,114	31,210
Total net cash from investing activities	285,003	164,965
Cash flows from financing activities		
Dividends paid *	(12,114)	(455,280)
Finance costs*	(107,784)	(115,868)
Proceed from repayment of debt	-	430,000
Repayment of debt*	(184,587)	(40,000)
Total net cash used in financing activities	(304,485)	(181,148)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at end of the year	-	-

*Transactions denoted with an asterisk have been presented as cash flows in the cash flow statement, however, no cash was transferred between entities and the amounts were settled by way of intercompany transactions. This presentation has been made as in the Directors' view this assists in understanding the business activity in the year.

[1]The comparative figures have been restated to present group relief in excess of the prevailing rate of taxation of £68,475,000 as dividend income, rather than tax received.

The notes on pages 15 to 25 are an integral part of these financial statements.

1 ACCOUNTING POLICIES

Skandia UK Limited ("the Company") is a private limited company limited by shares incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed in the company information section on page 1. The principal activities of the Company are disclosed in the strategic report.

Basis of preparation
The financial statements have been prepared and approved by the directors in accordance with the Companies Act 2006 and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis, prepared in sterling and are rounded in thousands. These are separate financial statements as the Company has elected under the Companies Act s.400 not to prepare consolidated financial statements.

The financial statements have been prepared on a going concern basis. The Company forms part of the Skandia UK sub-group of entities which have common control and directorships, and for this reason the board has reviewed this sub-group's projections for the next 12 months and beyond as a whole. The intra-group transactions for this sub-group aggregate to nil and transactions external to the sub-group are forecast to be cash-generating, and therefore the board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approving these financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as noted below.

Prior year restatement
The Company receives group relief from its subsidiaries OMF IOM Limited and OMFS GGP Limited. As reported in the 2019 financial statements, the element of group relief received in excess of the prevailing rate of taxation was presented within the income tax balance. The Company has revised the treatment for this excess of £68,475,000 in the comparative year and recorded as dividend income received.

The 2019 financial statements reported balance of investment return of £95,036,000 has been increased by £68,475,000, and is restated in the comparatives to £163,511,000. The 2019 reported balance of Income tax of £84,381,000 has been reduced by £68,475,000, and is restated in the comparatives to £15,906,000. There is no impact upon the statement of financial position at 31 December 2019, and therefore no balances have been restated.

Liquidity analysis of the statement of financial position
The Company's statement of financial position is in order of liquidity as is permitted by IAS 1 presentation of Financial Statements. For each asset and liability line item, those amounts expected to be recovered or settled after more than twelve months after the reporting date are disclosed separately in the notes to the consolidated financial statements.

Critical accounting estimates and judgements
The preparation of financial statements requires management to exercise judgement in applying accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Critical accounting estimates and judgements are those that involve the most complex or subjective assessments and assumptions. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant accounting guidance to make predictions about future actions and events. Actual results may differ significantly from those estimates.

The Company's critical accounting estimates are shown below and involve the most complex or subjective assessments and assumptions, which have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next financial year. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant accounting guidance to make predictions about future actions and events. Actual results may differ from those estimates.

Area	Critical accounting estimates	Note
Deferred tax – measurement	The recognition of deferred tax assets is subject to the estimation of future taxable profits, which is based on the Quilter plc group annual business planning process and in particular on estimated levels of assets under management, which are subject to a large number of factors including worldwide stock market movements and related movements in foreign exchange rates, together with estimates of net client cash flow, expenses and other charges. Tax planning is undertaken on a group-wide basis and the business plan, adjusted for known and estimated tax sensitivities, is used to determine the extent to which deferred tax assets are recognised. In general the Group assesses recoverability based on estimated taxable profits over a 3 year planning horizon.	9

1 ACCOUNTING POLICIES (CONTINUED)

New standards, amendments to standards, and interpretations adopted in these annual financial statements
There have been no new standards or interpretations which became effective 1 January 2020.

Amendments to standards:
The following amendments to the accounting standards, issued by the International Accounting Standards Board ("IASB") and endorsed by the EU, have been adopted by the Company from 1 January 2020 with no material impact on the Company's results, financial position or disclosures:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 *Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Material
- Amendments to *IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments*: Disclosures - Interest Rate Benchmark Reform.

Future standards, amendments to standards, and interpretations not early-adopted in the 2020 annual financial statements

Certain new standards, interpretations and amendments to existing standards have been published by the IASB that are mandatory for the Company's annual accounting periods beginning on or after 1 January 2021. The Company has not early adopted these standards, amendments and interpretations, and it is not expecting significant impact following implementation.

Financial instruments
Financial instruments cover a wide range of financial assets, including financial investments, loans and advances, other receivables and cash and cash equivalents and financial liabilities including, other payables and borrowings. Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Company. A financial liability is derecognised when the liability is extinguished.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets. Reclassifications are expected to occur infrequently.

Measurement
The classification of financial assets depends on (i) the purpose for which they were acquired, (ii) the business model in which a financial asset is managed, and (iii) its contractual cash flow characteristics. The standard has four categories, of which one is applicable to the Company: amortised cost. This classification determines the subsequent measurement basis. The following accounting policy applies to the subsequent measurement of financial assets.

Measurement basis	Accounting policies
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss ("FVTPL"):

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding on specified dates.

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration of the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

Loans and advances
Loans to Group companies are initially recorded at cost including transaction costs and are recognised on the date the funds are transferred. Subsequently, loans are stated at amortised cost using the effective interest rate method less any deduction for possible impairment.

1 ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, call deposits and other short-term deposits with an original maturity of three months or less.

All cash and cash equivalents are classified as amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method and are subject to the impairment requirements outlined below. The carrying amount of cash and cash equivalents approximates to their fair value.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Other financial liabilities are measured at amortised cost using the effective interest method.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less impairments. Where in the opinion of the directors there has been an impairment in the value of an asset, such impairment is recognised as a charge in the income statement. Where the impairment relates to a previous downward valuation, and where this was taken to other income in the income statement, any reversal of the downward revaluation will also be taken to other income.

Impairment of financial assets
The impairment model applies to financial assets measured at amortised cost. Financial assets at amortised cost include other receivables, loans and advances, cash and cash equivalents.

Under IFRS 9, credit loss allowances are measured on each reporting date according to a three-stage expected credit loss ("ECL") impairment model:

Performing financial assets:
Stage 1
From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date ("12-month ECL").

Stage 2
Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowance is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset ("Lifetime ECL").

The assessment of whether there has been a significant increase in credit risk requires considerable judgement, based on the lifetime probability of default ("PD"). Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated using the PD over the remaining lifetime of the asset.

Impaired financial assets:
Stage 3
When a financial asset is considered to be credit-impaired, the allowance for credit losses ("ACL") continues to represent lifetime expected credit losses, however, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

Application of the impairment model
The Company applies IFRS 9's ECL model to three main types of financial assets that are measured at amortised cost:
- Other receivables, to which the general three stage model (described above) is applied, whereby a 12 month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.
- Cash at amortised cost, to which the general three stage model (described above) is applied, whereby a 12 month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.
- Loans and advances at amortised cost, to which the general three stage model (described above) is applied, whereby a 12 month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

1 ACCOUNTING POLICIES (CONTINUED)

ECLs are a probability-weighted estimate of credit losses. ECLs for financial assets that are not credit-impaired at the reporting date are measured as the present value of all cash shortfalls. ECLs for financial assets that are credit-impaired at the reporting date are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions. The Company has implemented its impairment methodology for estimating the ACL, taking into account forward-looking information in determining the appropriate level of allowance. In addition it has identified indicators and set up procedures for monitoring for significant increases in credit risk.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes events such as significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event or the restructuring of a loan or advance by the Company on terms that the Company would not otherwise consider. The assumption that the credit risk for balances over 30 days significantly increases has been rebutted on the basis that some balances will go over 30 days in the normal course of the settlement cycle, and therefore, there is no increase in the credit risk.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs
Loans are written off (either partially or in full) when there is no realistic prospect of the amount being recovered. This is generally the case when the Company concludes that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Dividend income
Dividend income from investments is recognised when the shareholder's rights to receive payments have been established. .

Other receivables
Other receivables are non interest-bearing and are stated at amortised cost, which is not materially different to cost and approximates to fair value.

Interest bearing liabilities
Interest bearing liabilities are recognised initially as the proceeds received, net of transaction costs incurred. Subsequent to initial recognition, they are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Other payables
Other payables are short-term, non interest-bearing and are stated at amortised cost, which is not materially different to cost and approximates to fair value.

Interest expense
Interest expense reflects the underlying cost of borrowing as incurred, based on the effective interest method.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset's carrying amount.

1 ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. The taxable income for the year is determined in accordance with enacted legislation and taxation authority practice for calculating the amount of tax payable.

Current tax is charged or credited to the income statement, except when it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax

Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between reported and tax values of assets and liabilities. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax liabilities are not discounted.

Deferred tax assets are recognised for all temporary timing differences to the extent that it is probable that taxable profit will be available against which the deductible temporary timing difference can be utilised.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Risk management framework

The Company has adopted the Quilter plc Enterprise Risk Management ("ERM") framework which comprises core components such as:

- the corporate governance arrangements which set out the way that the organisation is structured and managed;
- a set of Strategic Risk Appetite Principles that provide guidance on its attitude toward key areas of risk and support
- the ongoing management and oversight of risk;
- the processes involved in the identification, measurement, assessment, management and monitoring of risk, including assignment of risk owners and risk reporting; and
- the culture and behaviour that is exhibited and the associated reward mechanisms.

The ERM framework aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner. In this way Quilter seeks to ensure that risk and capital implications are considered when making strategic and operational decisions, and to ensure that Quilter's risk profile is understood and managed on a continuous basis within the agreed risk appetite.

Capital Management

As a member of the Quilter Group, the Company applies Quilter Group capital management policy.

The Group manages its capital with a focus on capital efficiency and effective risk management. The capital management objectives are to maintain the Group's ability to continue as a going concern while supporting the optimisation of return relative to the risks. The Group ensures that it can meet its expected capital and financing needs at all times having regard to the Group's business plans, forecasts, strategic initiatives and regulatory requirements in all businesses in the Group. Capital forecasts have been reviewed regularly during 2020 in response to the emerging impacts of the COVID-19 pandemic which has evolved over the year end and, where appropriate, management actions have been taken in response to these forecasts.

The Group's overall capital risk appetite is set with reference to the requirements of the relevant stakeholders and seeks to:

- maintain sufficient, but not excessive, financial strength to support stakeholder requirements;
- optimise debt to equity structure to enhance shareholder returns; and
- retain financial flexibility by maintaining liquidity including unutilised committed credit lines.

The primary sources of capital used by the Company are equity shareholders' funds of £194,102,000 (31 December 2019: £153,720,000). The Company retains sufficient capital resources to continue as a going concern and support its operations with any surplus capital distributed as a dividend.

1 ACCOUNTING POLICIES (CONTINUED)

Operational risk

The Company defines operational risk as the risk of failure of people, processes, systems or external events which results in financial loss, damage to brand/reputation or adverse regulatory intervention or government or regulatory fine.

Operational risk includes all risks resulting from operational activities which the Company undertakes excluding strategic risks and risks resulting from being part of a wider group of companies. Given the Company's limited operational activities it is not exposed to a significant level of operational risk.

From a Company perspective, the material risks faced by the Company itself are described below.

Credit and counterparty risk
Credit and counterparty is the risk of adverse movements in credit spreads (relative to the reference yield curve), credit ratings or default rates leading to a deterioration in the level or volatility of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency.

The Company is exposed to credit and counterparty risk primarily arising from the investment of its shareholder funds.

Market risk
Market risk is defined as the risk of an adverse change in the level or volatility of market prices of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency.

Quilter plc has established a market risk policy which sets out the market risk management governance framework, permitted and prohibited market risk exposures, maximum limits on market risk exposures, management information and stress testing requirements. As a member of the Quilter plc Group, the Company applies this policy.

Interest rate risk
Interest rate risk is defined as the risk of a deviation of the actual interest rates from the expected interest rates, resulting in the potential for a negative impact on earnings or capital and / or reduced solvency.

An exposure exists as a result of a small number of loans that are linked to an underlying variable interest rate, such as LIBOR, and so the value of these interest payments will vary if the underlying interest rate changes. It also has a small number of loans that have fixed interest rates, where the present value of these loans would vary in the event of a change in interest rates. The Company monitors the impact of interest rate changes on its financial position, with the risk managed in line with the Group's Market Risk Policy.

The Company is exposed to limited interest rate risk except in respect of loans to and from group undertakings.

Liquidity risk
Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due.

The liquidity strategy is to maintain sufficient liquidity within the Company such that it can meet its target liquidity requirement, as defined by the Group's liquidity policy, at all times.

Sensitivity tests
Sensitivity analysis has been performed by applying the following parameters to the statement of financial position and income statement as at the reporting date.

Interest rate sensitivity
The impact of an increase and decrease in market interest rate of 1% (e.g. if the current interest rate is 5% the test allows for the effects of an immediate change to 4% and 6%) is assessed.

An increase in interest rate of 1% would have decreased profit and shareholders' equity by £17,407,000 (2019: decrease £17,423,000) after tax; an equal change in the opposite direction would have increased profit by £17,407,000 (2019: increase £17,423,000) after tax. The reduction in profit would however be limited to the amount of interest received.

2 INVESTMENT RETURN

	2020	2019 Restated
	£000	£000
OMF (IOM) Limited	77,764	124,901
Old Mutual Financial Services (UK) Limited	185,396	851
OMFS (GGP)Limited	9,729	8,003
Dividends received from subsidiaries	272,889	133,755
Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)	7,528	29,756
Interest received from fellow group undertakings	7,528	29,756
Total investment return	280,417	163,511

Auditor's remuneration paid to PricewaterhouseCoopers LLP, of £5,000 (2019: Paid to KPMG LLP £8,802), is borne by Quilter Business Services Limited, a fellow group company. Auditors' remuneration for audit services consists of fees in respect of the statutory audit. There are no non-audit fees.

3 FINANCE COST

	2020	2019
	£000	£000
OMF (IOM) Limited	92,801	103,311
OMFS (GGP) Limited	10,153	10,982
Interest paid to subsidiaries	102,954	114,293

4 INCOME TAX

	2020	2019 Restated
	£000	£000
Income tax credit		
Current tax credit		
Current year corporation tax credit	(18,131)	(16,061)
Prior year corporation tax (credit)/charge	(7,600)	-
Deferred tax (credit)/charge		
Deferred tax (credit)/charge	(38,707)	155
Tax credit on loss on ordinary activities	(64,438)	(15,906)
Factors affecting tax credit for the period		
Loss/(profit) before taxation	(11,942)	3,130
Tax at standard rate of 19% (2019: 19%)	(2,269)	595
Effects of:		
Non-taxable income	(51,849)	(25,413)
First time recognition of deferred tax assets	(38,552)	-
Other	(155)	155
Prior year adjustments	(7,600)	-
Impairment of subsidiaries not tax deductible	35,987	8,757
Total taxation for the year	(64,438)	(15,906)

Factors that may affect future charges
Since 1 April 2017 the main rate of UK corporation tax has been 19%. A reduction to 17% from 1 April 2020 was enacted in 2016; this change was subsequently revoked, and the rate remains at 19%. On 3 March 2021, the Chancellor of the Exchequer announced in the budget a future tax increase in corporation tax from 19% to 25%, effective 1 April 2023. The Company has recognised a £38,552,000 deferred tax asset in respect of accrued interest expense.
At 31 December 2019, the Directors exercised their judgement concluding that the tax treatment of the accrued interest expenses was an uncertain tax position. Following full disclosure to the tax authorities and after assessing recoverability against forecast future group profits, the Company reassessed the accounting tax position at 31 December 2020 and recognised a deferred tax asset.

5 INVESTMENTS IN SUBSIDIARIES

	2020 £000	2019 £000
Carrying value at 1 January		
At the beginning of the year	2,880,936	2,927,024
Impairment	(189,405)	(46,088)
Carrying value at 31 December	2,691,531	2,880,936

In accordance with the requirements of IAS 36 *Impairment of Assets*, the investments in subsidiaries are tested annually for impairment by comparing the carrying value of the underlying investment to the recoverable value, being the higher of the value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value.

During the year the Company carried out an impairment test on the carrying values of its investments in subsidiaries. The test highlighted a deficit in the fair values of OMF (IOM) Limited, OMFS (GGP) Limited and Old Mutual Financial Services (UK) Limited, and therefore impairments of £2,595,000, £1,803,000 and £185,007,000 have been recognised in the income statement in respect of these subsidiaries.

The 2019 impairment test highlighted a deficit in the fair values of OMF (IOM) Limited, OMFS (GGP) Limited, Old Mutual Financial Services (UK) Limited and Old Mutual Europe GmbH Limited and therefore impairments of £41,241,000, £3,152,000, £1,304,000 and £391,000 have been recognised in the income statement respectively.

As the recoverable amount of the Company's investments in subsidiaries is based on net asset values of the investments, there are no critical accounting estimates that impact their valuation and are therefore not subject to any sensitivity analysis.

At 31 December 2020, the Company held direct and indirect interests in the following entities, which are wholly owned:

Name	**Nature of business**	**Country of residence**	**Registered Office address**
Old Mutual Financial Services (UK) Limited	Holding company	England & Wales	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
OMFS (GGP) Limited[1]	Holding company	England & Wales	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
OMLA Holdings Limited[2]	Holding company	England & Wales	Senator House, 85 Queen Victoria Street, London, EC4V 4AB
OMF (IOM) Limited	Financing company	Isle of Man	King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 INU
Old Mutual Europe GmbH	Holding company	Germany	Thurn-und-Taxis-Platz 6, 60313, Frankfurt am Main, Germany
Skandia Retail Europe Holding GmbH	Holding company	Germany	Thurn-und-Taxis-Platz 6, 60313, Frankfurt am Main, Germany

[1]The Company holds a direct investment in OMFS (GGP) Limited of 90.39%, plus an indirect investment of 9.61%.
[2]The Company holds a 100% ownership in OMLA Holdings, a dormant company within the Group.

6 LOANS AND ADVANCES

	2020 £000	2019 £000
Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)	136,216	136,216

The Company has a loan with Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited), which repaid £430,000,000 during 2019 to reduce the outstanding loan to £136,216,000. Interest is charged on the basis of 5.512% per annum on the loan which is held at amortised cost. The carrying amount approximates to fair value which is valued as the principal amount repayable. The loan facility has no specified time limit.

7 OTHER RECEIVABLES

	2020 £000	2019 £000
Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)	1,913	6,498

Amounts receivable are at amortised cost, unsecured and repayable on demand. The carrying amount approximates to fair value which is valued as the principal amount repayable.

8 CURRENT TAX ASSETS

	2020 £000	2019 £000
Current tax assets	28,169	21,920

All amounts are current.

9 DEFERRED TAX ASSETS

The following are the deferred tax balances recognised by the Company and the movements thereon, during the current and prior reporting period.

	Tax losses carried forward £000	Other carried forward £000	Total £000
Asset at 1 January 2019	1,476	-	1,476
Movement in the year	(155)	-	(155)
Asset at 31 December 2019	1,321	-	1,321
Movement in the year	155	38,552	38,707
Asset at 31 December 2020	1,476	38,552	40,028

Since 1 April 2017 the main rate of UK corporation tax has been 19%. A reduction to 17% from 1 April 2020 was enacted in 2016; this change was subsequently revoked, and the rate remains at 19%. On 3 March 2021 the Chancellor of the Exchequer announced in the budget a future increase in corporation tax from 19% to 25%, effective 1 April 2023. If this change in tax rate had been enacted at 31 December 2020, the impact would have increased the deferred tax asset by £6,000,000.

The Company has not provided a deferred tax asset in respect of brought forward losses of £50,000,000 (2019: £50,000,000) available to be surrendered to other Group companies as based on the three year planning horizon the utilisation of these losses is not reasonably foreseeable. If recognised at the UK corporation tax rate in force as at 31 December 2020 of 19%, this would have increased deferred tax assets as at that date by £9,500,000 (2019: £9,500,000).

The recognition of deferred tax assets is subject to the estimation of future taxable profits of the Group, which is based on the annual business planning process over a three-year planning horizon, and in particular on estimated level of assets under management. Deferred tax assets have been recognised to the extent that they are supported by the Group's business plans. The sensitivity of these assets is such that any decrease in Group profitability over the assessment period would result in a write down of these deferred tax assets.

A deferred tax asset or liability is recognised to the extent that temporary differences are expected to reverse in the foreseeable future.

10 INTEREST BEARING LIABILITIES

	2020 £000	2019 £000
OMFS GGP Limited [1, 2]	557,106	742,445
OMF (IOM) Limited [3]	2,080,852	2,081,679
	2,637,958	2,824,124

[1] The Company has a term loan of £673,129,000 (2019: £673,129,000) with OMFS (GGP) Limited that expires on 30 September 2021. Interest is charged at 1.51%.

[2] The Company has a £300,000,000 revolving credit facility with OMFS (GGP) Limited. The facility is recallable on demand (31 December 2020: £69,317,000 drawn, 31 December 2019: £68,871,000 drawn). Interest is charged on the facility at LIBOR.

[3] The Company has a loan note with OMF (IOM) Limited for £1,844,000,000 and deferred interest on this balance. Interest is LIBOR plus 4.05030% margin and the loan has a maturity date of 29 June 2027.

11 OTHER PAYABLES

	2020 £000	2019 £000
OMLA Holdings Limited	46,637	46,637
OMFS GGP Limited	20	30
OMF (IOM) Limited	19,140	22,380
	65,797	69,047

Amounts borrowed are at amortised cost, unsecured and repayable on demand. The carrying amount approximates to fair value which is valued as the principal amount repayable.

12 SHARE CAPITAL

	2020 £000	2019 £000
Issued		
1,000 ordinary shares of £1 each (2019: 1,000 ordinary shares of £1 each)	1	1
	1	1

In the prior year, the Company reduced its share capital from £584,127,000 to £1,000, with a corresponding increase in retained earnings.

On 28 September 2019 a reduction of 584,127,332 ordinary shares of £1 each and 20 shares of £0.05 was approved by the board.

13 DIVIDENDS

	2020 £000	2019 £000
Dividends paid		
2019 dividends paid to Quilter plc (4.33p per share)	-	25,280
2019 dividends paid to Quilter plc (43,000,000p per share)	-	430,000
2020 dividends paid to Quilter plc (12,114,000p per share)	12,114	-
Dividends paid to immediate parent	12,114	455,280

14 RELATED PARTY TRANSACTIONS

Details of balances and other transactions with related parties are disclosed in notes 2, 3, 6, 7, 10, 11 and 13.

Transactions with key management personnel, remuneration and other compensation
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Key management personnel transactions
Key management personnel of the Company and members of their close family have undertaken transactions with the Company or an entity within the Quilter Group in the normal course of business.

The products within the Company and Quilter Group are available to all employees of the Company on preferential staff terms, the impact of which is immaterial to the Company's financial statements. During the year ended 31 December 2020, key management personnel and their close family members contributed £155,000 (2019: £163,000) to pensions and investments (in both internal and external funds). The total value of investments in pensions investment products by key management personnel serving at any point during the year and their close family members was £1,563,000 (2019: £1,346,000, restated from nil) at the end of the year. The prior year comparatives have been restated due to the subsequent identification of additional investments in Group products associated with key management personnel in the year.

15 FINANCIAL AND CAPITAL COMMITMENTS

There are no material financial and capital commitments at 31 December 2020 (2019: £nil) other than the revolving credit facility disclosed in note 10.

16 CONTINGENT LIABILITIES

Tax

The Company is committed to conducting its tax affairs in accordance with appropriate tax legislation. However, this involves forming a view of interpretations of tax law which could be challenged by revenue authorities. This may include the first-time recognition of a deferred tax asset on accrued interest expenses as in set out in Notes 4 and 9 to these accounts.

There were no contingent liabilities at 31 December 2019.

17 EVENTS AFTER THE REPORTING DATE

There are no events that have occurred, between the reporting date and the date of the financial statements have been authorised for issue, that require disclosure.

18 ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent is Quilter plc a company registered in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is Quilter plc, the ultimate parent company and controlling party, registered in England and Wales. The financial statements are available from:

The Company Secretary
Quilter plc
Senator House
85 Queen Victoria Street
London
EC4V 4AB