

**SUFFOLK LIFE PENSIONS LIMITED**

Annual Report and Financial Statements for  
the year ended  
31 December 2019

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## Company information

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<b>Directors</b>	Dan Cowland Greg Kingston Chris Macdonald (Chair) Jane Ridgley Nigel Rodgers Will Self Ian Stone
<b>Company Secretary</b>	Dan Cowland
<b>Registered Office</b>	153 Princes Street Ipswich Suffolk IP1 1QJ
<b>Company Registration</b>	01180742
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

## Strategic Report

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The directors present their Strategic Report for the year ended 31 December 2019.

### Fair review of the business

Profit and total comprehensive income for 2019 was £4,979k compared with £4,838k for 2018. Suffolk Life Pensions Limited (“the Company”) continued to grow its fee income generated from the administration of SIPP’s and similar self-invested pension products.

Total revenue for the year was £24,476k (2018: £22,800k).

The Company incurred costs relating to directorate and senior management changes of £210k (2018: £226k) in certain operational areas of the business and this is disclosed in note 4. There were further non-recurring costs in the year for non-recurring IT costs in relation to the upgrade of the virtual banking £10k (2018: nil).

The Company is part of the Curtis Banks group of companies (“the Group”), all of which are incorporated in England and Wales and have a 31 December year end.

The Company retains a strong balance sheet with £14.3m of total equity compared to £12.1m at 31 December 2018. Cash balances remain strong at £12.2m compared to £11.1m at 31 December 2018.

The Company continues to provide administration services for Suffolk Life Annuities Limited’s existing products.

The assets of the products under the Suffolk Life Appropriate SIPP, of which the Company is the administrator, are legally owned by the trustee of the scheme, Suffolk Life Trustees Limited, a wholly owned subsidiary of the Company. The funds held for these products at the year-end amounted to £10,426m (2018: £9,154m). A further £4m (2018: £3m) of assets are held within non-participating investment contracts provided by Suffolk Life Annuities Limited, a fellow group company, of which this company is also the administrator.

The Company aims to improve efficiency in all areas of its operations through cost reduction, process re-engineering, motivating and retaining talented people who are committed to the Company’s goals, and by working closely with business partners to deliver effective distribution channels. Customer service remains a top priority.

### Principal risks and uncertainties

The current and emerging risks to the Company have been fully assessed and mitigated to every extent possible and full risk registers are maintained. The key area of risk facing the Company is seen to be cyber risk, which also encompasses financial crime and fraud. The Company needs to ensure sufficient protection for customer data given the increasing threat and complexity of cyber risk attacks on IT systems. The nature of these attacks is constantly evolving, as evidenced by the volume of Ransomware attacks and phishing emails which required additional vigilance and focus. The Company utilises third party providers, such as online identity and ensuring the Company’s due diligence process are robust, it cannot fully mitigate the risk, and the threat has become increasingly prevalent in the form of investor and pension liberation scams.

Oversight of risk management across the Company is performed by the Group Risk Committee, chaired by a Non-Executive Director of Curtis Banks Group PLC. The committee’s role is to ensure the effectiveness of the overall risk framework and that key risks to the Group and the Company are being identified and assessed relative to the appetite, and monitored and controlled in line with the Curtis Banks Group Risk Appetite. Ongoing monitoring and tracking mitigating actions is then delegated to the Group Risk, Audit & Compliance Committee (GRACC) and the Group Asset & Liability Committee (Group ALCO).

Specifically, with regards to financial risk management, the Company has taken an exemption available under FRS 101 not to disclose the requirements of IFRS 7 Financial Instruments: Disclosures in relation to financial risk management within the financial statements. The Company manages financial risk in a similar way to the Group and detailed disclosure on how the Group manages financial risk is included in the consolidated financial statements of the ultimate parent company Curtis Banks Group PLC.

**Strategic Report (continued)**

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**Key performance indicators**

The directors utilise a range of measures in their ongoing assessment of the Company's performance. The key measures along with their full year results are detailed below:

	<b>Year ended 31-Dec-19</b>	<b>Year Ended 31-Dec-18</b>
Revenue (£'000)	24,476	22,800
Operating profit before non-recurring costs and amortisation (£'000)	6,893	6,123
Number of pensions administered	35,894	36,392
Number of commercial properties administered	3,661	3,614

On behalf of the board



Will Self  
Director  
19 March 2020

## Directors' Report

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The directors present their report and audited financial statements for the year ended 31 December 2019.

### Principal activities

The Company's principle activity during the year continued to be the provision and administration of Self-Invested Pension products with a portfolio of over 35,000 plans and Assets Under Administration of £10.426bn

### Results and dividends

The Statement of Comprehensive Income for the year is set out on page 9.

During the year interim dividends of £3,600k were declared and paid.

The Directors' Report does not include a fair review of the business, details of the risks and uncertainties and future developments, as this information is documented within the Strategic Report as required under s414C(11) of The Companies Act 2006.

### Future developments and events after the reporting date

Future developments of relevance to the Company and events after the reporting date can be found within the Fair Review of the Business section of the Strategic Report.

### Directors

The following directors have held office since 1 January 2019 and up to the date on which the financial statements were signed:

Renata Chester	(Resigned 31 December 2019)
Dan Cowland	(Appointed 3 December 2019)
Greg Kingston	
Chris Macdonald (Chair)	(Appointed 17 September 2019)
Jane Ridgley	
Nigel Rodgers	
Will Self	
Ian Stone	
Paul Tarran	(Resigned 30 September 2019)

### United Kingdom employees

It is the Company's policy to treat its staff without discrimination and to operate equal opportunity and employment practices designed to achieve this end. It is the aim of the Company to employ a workforce which reflects the diverse community within which it operates. Furthermore, it is the Company's policy to give full and fair consideration to applications for employment made by disabled persons, to continue, wherever possible, the employment of staff who become disabled and to provide equal opportunities for the training and career development of disabled staff. The Company's approach to recruitment, promotion, training or any other benefit is on the basis of aptitude and ability with all staff helped and encouraged to develop their full potential.

The Company places considerable value on the involvement of its staff in the business, recognising that to succeed, the Company needs to empower its staff to develop skills and experiences they need to thrive and deliver to its customers. The Company aims to establish and maintain a culture that values lifelong learning and development amongst its staff who are actively encouraged to train and develop through both structured and 'on the job' training. All vacancies are filled internally whenever possible.

Consultation with staff or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all staff are aware of the financial and economic performance of their business units and of the Company as a whole. Employee Forums are in operation across all locations and they continue to ensure that consultation with staff is inclusive, open and equitable

## **Directors' Report (continued)**

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### **United Kingdom employees (continued)**

Staff are remunerated with packages designed to align the interests of staff with those of shareholders, with an appropriate portion of total remuneration dependent on performance. In 2019, staff were given the further opportunity to participate in a variety of share schemes, designed to encourage their participation in the ongoing success of the Group.

Communication with all staff continues through regular electronic and face-to-face updates from the directors, scheduled departmental meetings and regular one-to-one meetings between staff and their managers. Internal surveys are carried out on a regular basis to assess staff satisfaction levels - these are now aligned across the Group and reviewed by the directors with the aim of maximising the engagement of staff and addressing concerns at an early stage.

### **Corporate and social responsibility**

The Company actively encourages support of charities and community organisations and activities throughout each of its offices. All offices regularly hold fund raising events for local charities or those charities where staff that have connections or have had need of those charities. As well as encouraging and funding the events, the Group also gives further support through a variety of means, including matching contributions to the relevant charities.

### **Financial risk management**

The Company's approach to risk management is described in the Strategic Report of these financial statements.

### **Directors' indemnity**

As permitted by the Articles of Association, the directors have qualifying indemnity cover totalling £10,000,000 which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and up to the date of approval of the financial statements.

### **Going concern**

The directors have prepared the financial statements on a going concern basis, as in their opinion the Company is able to meet its obligations as they fall due for at least 12 months from the date of approval of the financial statements. This opinion is based on detailed forecasting for the following 12 months based on current and expected market conditions together with current performance levels.

### **Auditors and disclosure of information to auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Each of the directors, who held office at the date the Directors' Report is approved, confirms that:

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) he/she has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of all relevant audit information and to establish that the Company's auditors are aware of such information.

This confirmation is given in accordance with Section 418 of the Companies Act 2006.

### **Section 172**

From the perspective of the Board, as a result of the Group governance structure, the matters that it is responsible under Section 172 (1) of the Companies Act 2006 have been considered to an appropriate extent by the Group Board in relation to both the Group & the Company. To the extent necessary for an understanding of the development, performance and position of the entity, an explanation of how the Group Board has considered the matters set out in s172 (for the Group and for the Company) is set out on page 24 of the Group's annual report, which does not form part of this report.

**Directors' Report (continued)**

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**Employees**

From the perspective of the board, as a result of the group governance structure (whereby the entity board is embedded within the group board), the group board has taken the lead in carrying out the duties of a board in respect of the company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the company during the financial year). The board of the company has also considered relevant matters where appropriate. An explanation of how the group board has carried out these responsibilities (for the group and for the entity) is set out on page 24 of the Group's annual report, which does not form part of this report.

**Other stakeholders**

Similarly, from the perspective of the board, as a result of the group governance structure (whereby the entity board is embedded within the group board), the group board has taken the lead in carrying out the duties of a board in respect of the company's other stakeholders. The board of the company has also considered relevant matters where appropriate. An explanation of how the directors on the group board 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, is set out (for the group and for the entity) on page 24 of the Group's annual report, which does not form part of this report.

**Statement of directors' responsibilities**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

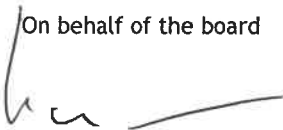
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates 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 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. 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a 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.

On behalf of the board



Will Self  
Director  
19 March 2020

# ***Independent auditors' report to the members of Suffolk Life Pensions Limited***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Suffolk Life Pensions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **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.

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

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

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. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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### **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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 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 Directors' Report.

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## **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 set out on page 6, 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.

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](http://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.

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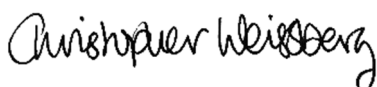
## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

- we have not received 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.



Christopher Weissberg (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
19 March 2020

**Statement of Comprehensive Income**  
**For the year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Revenue		24,476	22,800
Administrative expenses		(17,583)	(16,677)
<b>Operating profit before non-recurring costs and amortisation</b>		<b>6,893</b>	<b>6,123</b>
Non-recurring costs	4	(216)	(273)
Amortisation	11	(561)	(326)
<b>Operating profit</b>		<b>6,116</b>	<b>5,524</b>
Other investment income	6	59	96
Finance income	8	73	65
Finance cost	9	(131)	(4)
<b>Profit before taxation</b>		<b>6,117</b>	<b>5,681</b>
Tax on profit	10	(1,138)	(843)
<b>Profit and total comprehensive income for the year</b>		<b>4,979</b>	<b>4,838</b>

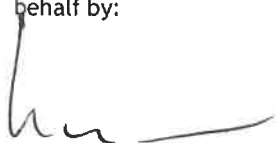
The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 - 31 form part of these financial statements.

**Statement of Financial Position**  
**As at 31 December 2019**

	Note	2019 £'000	2018 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11	3,690	3,637
Property, plant and equipment	12	5,382	580
Deferred tax assets	14	572	270
		9,644	4,487
<b>Current assets</b>			
Trade and other receivables	15	2,807	2,609
Cash and cash equivalents	16	12,198	11,135
		15,005	13,744
<b>Total assets</b>		24,649	18,231
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	17	1,979	2,156
Deferred income		3,593	3,400
Lease liabilities		263	-
Current tax liability		559	499
		6,394	6,055
<b>Non-current liabilities</b>			
Lease liabilities		3,916	-
		3,916	-
<b>Total liabilities</b>		10,310	6,055
<b>Net assets</b>		14,339	12,176
<b>Equity attributable to owners of the parent</b>			
Issued capital	18	3,485	3,485
Equity share based payments	19	1,468	853
Retained earnings		9,386	7,838
<b>Total equity</b>		14,339	12,176

The financial statements on pages 9-31 were approved by the Board of Directors on 19 March 2020 and were signed on its behalf by:



Will Self

Director

Company registration number: 01180742

**Statement of Changes in Equity**  
**For the year ended 31 December 2019**

	Issued capital	Equity share based payments	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000
<b>At 1 January 2018</b>	3,485	333	6,591	10,409
Profit and total comprehensive income for the year	-	-	4,838	4,838
Share based payments	-	520	-	520
Deferred tax on share based payments	-	-	9	9
Ordinary dividends paid	-	-	(3,600)	(3,600)
<b>At 31 December 2018</b>	<u>3,485</u>	<u>853</u>	<u>7,838</u>	<u>12,176</u>
Profit and total comprehensive income for the year	-	-	4,979	4,979
Share based payments	-	615	-	615
Deferred tax on share based payments	-	-	169	169
Ordinary dividends paid	-	-	(3,600)	(3,600)
<b>At 31 December 2019</b>	<u><u>3,485</u></u>	<u><u>1,468</u></u>	<u><u>9,386</u></u>	<u><u>14,339</u></u>

## Notes to the financial statements

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### 1 Corporate information

The Company is a private limited company, limited by shares and incorporated and domiciled in England. The financial statements are presented in pounds sterling, with all values rounded to the nearest thousand pounds except when otherwise indicated.

The nature of the Company's operations and its principal activities are set out in the Strategic Report.

The Company forms part of a wider group of companies (the "Group") whose ultimate parent company is Curtis Banks Group PLC.

### 2 Significant accounting policies

The following principal accounting policies have been used consistently in the preparation of the financial statements.

#### Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit or loss and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share-based payment*
- b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*
- c) the requirements of IFRS 7 *Financial Instruments: Disclosures*
- d) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*
- e) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 *Revenue from Contracts with Customers*
- f) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
  - i. paragraph 79(a)(iv) of IAS 1 *Presentation of Financial Statements*
  - ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*
  - iii. paragraph 118(e) of IAS 38 *Intangible Assets*
- g) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 *Presentation of Financial Statements*.
- h) the requirements of IAS 7 *Statement of Cash Flows*
- i) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- j) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*
- k) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- l) the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*

## Notes to the financial statements (continued)

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### 2 Significant accounting policies (continued)

#### New standards adopted by the Company

The accounting policies adopted in the preparation of these financial statements for the year ended 31 December 2019 are consistent with those followed in the preparation of last year's financial statements except for the adoption of the provisions of IFRS16 Leases.

The Company has adopted IFRS16 Leases, which became effective 1 January 2019, in presenting its results for the year ended 31 December 2019. The Company has applied the modified retrospective method in doing so which requires recognition from 1 January 2019 without the need to restate comparative amounts prior to this date. Right-of-use assets for property leases have been measured on transition as if the new rules have always been applied.

The new standard eliminates the classification, under IAS17, of leases by lessees as either operating (off balance sheet) or finance leases (on balance sheet). Instead, applying IFRS16, the company is required to recognise both an asset and a liability on the balance sheet where a right-of-use asset exists. For the current reporting period, property leases are the only leases within the Company that fall under the definition of IFRS16 as right-of-use assets.

The Company, in applying IFRS16, has followed the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The right-of-use asset represents the lessee's right to use the underlying lease for the duration of the lease term. When the Company has the option to invoke a break clause in a lease, management uses its judgement to determine whether or not an option to invoke a break clause would be reasonably certain to be exercised or not. The liability reflects the lessee's contractual obligation to make payments to the lessor throughout the lease term, using a discounted cash flow model. The Company recognises a depreciation charge and a lease interest charge in the profit and loss account throughout the lease term.

As a result of leases held, the following changes are reflected in the financial statements on adoption of IFRS16 at 1 January 2019:

- Right-of-use assets increase by £4,690k
- Liabilities increase by £4,690k

The right-of-use assets are included in note 12 - Property, plant and equipment.

A reconciliation is provided below between the future aggregate minimum lease payments under non-cancellable operating leases attributable to shareholder reserves that were disclosed in the Company's financial statements for the year ended 31 December 2018, and the liabilities increase of £4,690k stated above.

	Company £'000
Operating lease commitments disclosed as at 31 December 2018	855
Adjustments as a result of a different treatment of extension and termination options Discounted using the lessee's incremental borrowing rate as of 1 January 2019	4,595 (760)
Lease liability recognised as at 1 January 2019	<u>4,690</u>

In the year to 31 December 2019 the implementation of IFRS16 has had an immaterial effect on the Statement of Comprehensive Income.

## Notes to the financial statements (continued)

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### 2 Significant accounting policies (continued)

#### Going concern

The Company is required to assess whether it has sufficient resources to continue its operations and to meet its commitments for the foreseeable future and at least 12 months from the date of approval of these financial statements. The directors have prepared the financial statements on a going concern basis, as in their opinion the Company is able to meet its obligations as they fall due. This opinion is based on detailed forecasting for the following 12 months from date of approval based on current and expected market conditions together with current performance levels.

#### Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange of control of the acquiree's business, plus any costs directly attributable to the business combination. Any deferred consideration is included as part of the initial fair value, with a corresponding liability being recognised. The acquiree's identifiable assets, liabilities and contingent liabilities that meet conditions for recognition under IFRS 3 Business Combinations are recognised at their fair value at the acquisition date.

#### Segment reporting

All business arose in the United Kingdom. In the opinion of the directors, the Company operates in a single business segment, being that of administration of personal pension schemes.

#### Pensions

The Company contributes to a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Statement of Comprehensive Income in the year they are payable.

#### Research and development

Research expenditure is written off to the Statement of Comprehensive Income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over a four year period during which the Company is expected to benefit.

#### Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The ultimate parent company's, Curtis Banks Group PLC, consolidated financial statements are presented in 'Pound Sterling (GBP)' ('£'), which is also the Company's functional and presentational currency.

No foreign currency transactions occurred during the year. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains or losses on translation are included in 'Investment return'.

## Notes to the financial statements (continued)

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### 2 Significant accounting policies (continued)

#### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activity. Revenue is shown net of value added tax ("VAT"), returns, rebates and discounts and after eliminating sales within the Company. The Company applies the 5 step model under IFRS 15 Revenue from Contracts with Customers to recognition of revenue as follows:

- Step 1: Identify the contract(s) with a customer

The Company's customers are deemed to be the underlying SIPP & SSAS members regardless of whether the Company is providing services under a third party administration agreement or direct to its own clients.

- Step 2: Identify the performance obligations in the contract

Performance obligations are understood to be the individual components of SIPP & SSAS administration as detailed on the Company's products' terms and conditions and fee schedules. Annual renewal fees are deemed to comprise multiple individual obligations. However, each of these obligations represents a continuous service over the same annual period and can therefore be viewed collectively as one obligation for the purpose of revenue recognition. Obligations under set up fees and transaction fees are deemed to be short term in nature (three months or less).

- Step 3: Determine the transaction price

The transaction price is deemed to be that shown in the Company's products' terms and conditions and fee schedules against each individual fee item which includes interest turn on client funds. Transaction prices for individual components of the annual renewal fee are not separable as the combined set of obligations represents a continuous service over the same annual period.

- Step 4: Allocate the transaction price to the performance obligations in the contract

The result of judgements made in Step 2 and Step 3 mean that transaction prices are allocated in substance to fee items included in the Company's product's terms and conditions and fee schedules, as these also wholly reflect the individual performance obligations.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Set up, and initial transaction fees, as well as ad hoc transaction fees are recognised as the work is completed and performance obligations satisfied, net of VAT.

Annual renewal fees are invoiced in advance and recognised, net of VAT, evenly over the year to which they relate, and held as deferred income at the year-end where the annual fee period spans multiple accounting periods.

Fees which are received in arrears are accrued over the period in which services are provided and performance obligations are satisfied.

All brought forward deferred income is recognised in current year as no revenue is over twelve months.

## Notes to the financial statements (continued)

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### 2 Significant accounting policies (continued)

#### Revenue recognition (continued)

Any interest received in excess of that payable to clients is retained by the Company and is included within revenue. Interest income receivable by the Company is recognised as it accrues.

The timing of satisfaction of performance obligations under contracts with SIPP & SSAS members does not bear any relevance to the typical timing of payment for such services. The typical timing of payment is on or after the related fee invoice is issued.

#### Intangible assets - Purchased Client Portfolios

Purchased client portfolios are included in the Statement of Financial Position at cost to the Company less accumulated amortisation and provisions for impairment.

The carrying value of client portfolios is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount. The carrying value of client portfolios is also reviewed for impairment annually at each reporting date.

Client portfolios are amortised on a straight line basis over their estimated useful life of 20 years.

#### Intangible assets - Computer Software

Computer software is included in the Statement of Financial Position at cost to the Company less accumulated amortisation and provisions for impairment.

The carrying value of computer software is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount. The carrying value of computer software is also reviewed for impairment annually at each reporting date.

Where software costs are separately identifiable and measureable, they are capitalised at cost and amortised on a straight line basis over their expected useful life of 4-5 years.

## Notes to the financial statements (continued)

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### 2 Significant accounting policies (continued)

#### Property, plant and equipment

Property, plant and equipment are included in the Statement of Financial Position at cost to the Company less accumulated depreciation and provisions for impairment.

The carrying value of property, plant and equipment is reviewed for impairment if events or circumstances change and indicate that the carrying values may not be recoverable. In this event the values are written down to the recoverable amount.

This accounting policy now includes a statement clarifying how right-of-use assets are treated in the Company's financial statements. Right-of-use assets are treated in a consistent manner to other asset types.

Property, plant and equipment is depreciated on a straight line basis at rates sufficient to write off the cost less estimated residual values of individual assets over their estimated useful lives. The depreciation rates for the principal categories of assets are as follows:

Leasehold improvements	4 years	straight-line
Computer equipment	4 years	straight-line
Office equipment, fixtures & fittings	4 years	straight-line
Right of use assets	Expected underlying lease length of between 2 and 12 years	

#### Non-current asset investments

Non-current asset investments are stated at cost less provision for impairment.

#### Impairment

The Company reviews the carrying value of its assets at each Statement of Financial Position date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If the carrying value of its assets is impaired, the carrying value is reduced through a charge to the Statement of Comprehensive Income. The loss rates are considered the key source of estimation uncertainty because the impact of a change in these could result in a material change in the expected credit loss.

#### Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, the trade receivables have been grouped based on shared credit risk characteristics and overall credit quality.

Trade receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same.

## Notes to the financial statements (continued)

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### 2 Significant accounting policies (continued)

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

#### Share capital

Ordinary shares are classified as equity.

#### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently held at amortised cost using the effective interest method.

#### Current and deferred income tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax comprises tax payable on current period profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous periods. Current tax is recognised in the Statement of Comprehensive Income unless it relates to items which are recognised in other comprehensive income. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent that it is probable that future taxable profits will arise against which the losses can be utilised. Deferred tax is charged or credited to 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 other comprehensive income. Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

Management regularly assess the likelihood that deferred tax assets will be recovered from future taxable income. No deferred tax asset is recognised when Management believe that it is more likely than not that a deferred asset will not be realised.

#### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-tax discount rate.

## Notes to the financial statements (continued)

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### 2 Significant accounting policies (continued)

#### Non-recurring costs

Non-recurring costs are classified as such when the nature of the expense is significant and expected to be a 'one-off' business event or activity that does not form part of usual day-to-day operations. Where costs are classified as non-recurring due to their nature, these are described in full within a note to the financial statements.

#### Leases

This accounting policy has been updated to clarify that following introduction of IFRS 16, leases of property, plant and equipment are no longer classified as finance leases.

Leases of property, plant and equipment are assessed as to whether a right-of-use relationship exists and are classified as property, plant and equipment when this criteria is satisfied. The resulting lease obligations are included in liabilities. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Interest and finance costs associated with lease liabilities on right-of-use assets are expensed to the consolidated statement of comprehensive income within total finance costs.

Assets and liabilities arising from a lease where a right-of-use relation exists are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, less any lease incentive payments receivable, and include amounts following lease extension options where there is reasonable certainty of extension. There are no other types of payments or variable amounts included. Lease payments are allocated between principal and finance cost. The finance cost is charge to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Lease payments are discounted using the interest rate implicit in the lease where possible. However, this cannot currently be readily determined for any of the leases that the Company holds in respect of right-of-use assets. The Company therefore uses an incremental borrowing rate similar to what it would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

The Company has no short-term leases or low value assets that may be considered as short term leases. All of the Company's leases where a right-of-use relationship exists relate to commercial property assets. The Company has no other classes of right-of-use assets such as equipment or vehicles.

All other leases are classified as operating leases. Rentals payable under operating leases, net of lease incentives, are charged to the consolidated statement of comprehensive income on a straight-line basis over the year of the lease.

## Notes to the financial statements (continued)

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### 2 Significant accounting policies (continued)

#### Share based payments

Curtis Banks Group PLC, the ultimate parent company, operates several share based payment schemes, under which certain employees within the Curtis Banks group receive part of their remuneration for the financial year in the form of options to purchase shares in Curtis Banks Group PLC.

The share options granted become exercisable at varying future dates. If certain conditions are met, following the vesting period, employees will be eligible to exercise their option at an exercise price determined on the date the share options are granted. Assumptions regarding the fair value of Curtis Banks Group PLC's shares and assumptions regarding employee fluctuation are taken into account when measuring the value of share-based payments for employees, which are required to be accounted for in accordance with IFRS 2 Share-based payments.

The resulting staff costs under each share based payment scheme are recognised pro rata in the Statement of Comprehensive Income to reflect the services rendered as consideration during the vesting period.

The fair value of share options granted is determined by applying the Black Scholes model. The model utilises inputs for the risk free rate, expected volatility in share price, dividend yield and the current share price at market value, which are factors determined on the date the share options are granted.

## Notes to the financial statements (continued)

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### 3 Critical accounting estimates and judgements

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.

In preparing the financial statements the Company has selected and applied various accounting policies which are described in the notes to the financial statements. In order to apply these accounting policies the Company has made estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Key areas of estimation uncertainty are disclosed below:

#### Client portfolios

Client portfolios acquired are amortised over their useful economic life (UEL) which management estimate to be 20 years. This estimated UEL is based upon management's historical experience of similar portfolios and expectation of the future persistency of the portfolio. The reasonableness of this estimated is assessed annually by comparison to actual lapse rates and consideration of factors that may affect it in the future, for example, changes to products.

Additionally, the Company reviews and judges whether acquired client portfolios show any indicators of impairment at least on an annual basis by considering actual versus forecast lapse rates and comparing the carrying value and recoverable amount. An impairment would exist where the recoverable amount determined is less than the carrying value of the asset.

Assessing recoverable amount through value in use comprises an estimation of future cash flows expected to arise from each client portfolio, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset, together with an estimated rate of attrition for each portfolio. The estimation of future cash flows is derived by taking the current earnings before tax, interest, depreciation and amortisation ("EBITDA") margin of the Company and applying this against forecast revenue from the relevant client portfolio. The key source of estimation uncertainty arises from the attrition rates used because the recoverable amount is most sensitive to this assumption. A 20% increase to the attrition rate assumption would result in no change to the carrying value of the book. A 40% increase to the attrition rate assumption would result in a cumulative £26k decrease in the carrying value of client portfolios.

## Notes to the financial statements (continued)

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### 3 Critical accounting estimates and judgements (continued)

#### IFRS 9 impairment

Trade and other receivables are impaired based on the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables. The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The group uses estimation in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history of shared credit risk characteristics and days past due, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### 4 Non-recurring costs

Non-recurring costs include the following significant items:

	2019 £'000	2018 £'000
EPML acquisition costs	(4)	47
Costs relating to directorate and senior management changes	210	226
Non-recurring IT costs	10	-
	<u>216</u>	<u>273</u>

The Company continued to incur legal and professional costs, professional indemnity excess costs and other provisions in connection with the acquisition of EPML. EPML restructuring costs comprise staff and office costs in connection with the closure of the old EPML office and setting up of new administration teams in Ipswich.

Costs relating to directorate and senior management changes comprise staff and other costs in connection with continuing department restructures following the purchase of Suffolk Life by Curtis Banks Group PLC.

#### 5 Profit for the year

Profit and total comprehensive income for the year is arrived at after:

	2019 £'000	2018 £'000
<b>Charging:</b>		
Amortisation of intangible assets	561	326
Depreciation of property, plant and equipment	767	251
Auditors remuneration:		
-audit of the financial statements of the Company	91	65
-audit related assurance services	-	8

## Notes to the financial statements (continued)

## 6 Other investment income

	2019 £'000	2018 £'000
Rental income	59	96
	<u>59</u>	<u>96</u>

## 7 Employees and directors

	2019 £'000	2018 £'000
Wages and salaries	8,952	8,105
Social security costs	895	799
Other pension costs	1,142	1,073
Share based payment costs	615	520
	<u>11,604</u>	<u>10,497</u>

The monthly average number of employees during the year was:

	2019	2018
Directors	7	8
Administration	323	293
	<u>330</u>	<u>301</u>

Details of emoluments (including pension) paid to the directors are as follows:

	2019 £'000	2018 £'000
<b>Total emoluments paid to directors:</b>		
Wages and salaries	326	352
Compensation for loss of office	38	-
Social security costs	41	43
Post-employment costs	13	21
Share-based incentive awards	93	113
<b>Total directors' compensation</b>	<u>511</u>	<u>529</u>

	2019 £'000	2018 £'000
<b>Highest paid director</b>		
Aggregate emoluments and benefits of highest paid director	70	93
Company pension contributions to money purchase schemes	3	2

All employees and directors' contracts of service (with the exception of the non-executive directors of the ultimate parent company, Curtis Banks Group PLC) are with either Curtis Banks Limited or Suffolk Life Pensions Limited. The employees and directors' remuneration expenses and included in the Statement of Comprehensive Income of the respective company with which their contract of service exists.

The ultimate parent company discloses the full consolidated remuneration for each director of the ultimate parent company.

Short term employee benefits include wages and salaries, long term employee benefits include Share-based incentive awards. The highest paid director did not exercise any share options during the year.

## Notes to the financial statements (continued)

## 8 Finance income

	2019 £'000	2018 £'000
Interest income	73	65
	<u>73</u>	<u>65</u>

## 9 Finance costs

	2019 £'000	2018 £'000
Bank and other interest paid	6	4
Interest and finance costs on lease liabilities	125	-
	<u>131</u>	<u>4</u>

## 10 Tax on profit

	2019 £'000	2018 £'000
<b>Current year tax</b>		
UK Corporation tax	1,272	914
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(134)	(71)
<b>Total tax</b>	<u>1,138</u>	<u>843</u>
	2019 £'000	2018 £'000
<b>Factors affecting the tax charge for the year</b>		
Profit before taxation	6,117	5,681
Profit before tax multiplied by standard rate of UK Corporation tax of 19.00% (2018: 19.00%)	1,162	1,079
Effects of:		
Adjustment in respect of prior years	(54)	(145)
Utilisation of unprovided tax loss	(168)	(108)
Non-deductible expenses	1	1
Other tax adjustments	197	16
<b>Total tax charge</b>	<u>1,138</u>	<u>843</u>

## Notes to the financial statements (continued)

## 11 Intangible assets

	Purchased Client Portfolios £'000	Computer software £'000	Total £'000
<b>Cost</b>			
At 1 January 2019	3,795	875	4,670
Additions	-	614	614
Disposals	-	-	-
<b>At 31 December 2019</b>	<b>3,795</b>	<b>1,489</b>	<b>5,284</b>
<b>Amortisation</b>			
At 1 January 2019	(704)	(329)	(1,033)
Charge for the year	(190)	(371)	(561)
Charge on disposals	-	-	-
<b>At 31 December 2019</b>	<b>(894)</b>	<b>(700)</b>	<b>(1,594)</b>
<b>Net book value</b>			
31 December 2018	3,091	546	3,637
<b>31 December 2019</b>	<b>2,901</b>	<b>789</b>	<b>3,690</b>

## Client Portfolio acquisitions

Client portfolios represent individual client portfolios acquired through business combinations and accounted for under the acquisition method. The directors consider that there is no impairment to assets as at the year end. The client portfolios are being amortised over a period of 20 years.

On 9 November 2012, the Company entered into an agreement to acquire a number of Self Invested Personal Pensions ("SIPPs") from Pointon York SIPP Solutions Limited, a UK pensions' provider. The remaining amortisation period is 13 years 10 months.

On 30 April 2013, the Company entered into an agreement to acquire a number of SIPPs from Pearson Jones PLC, a UK pensions' provider. The remaining amortisation period is 14 years 4 months.

On 22 May 2013, the Company entered into an agreement to acquire a number of SIPPs from Origen Investment Services Limited, a UK pensions' provider. The remaining amortisation period is 14 years 4 months.

On 14 July 2016, the Company entered into an agreement to acquire part of the business and assets of European Pensions Management Limited (EPML), a former UK pensions provider (now in Special Administration). The remaining amortisation period is 17 years 6 months.

## Notes to the financial statements (continued)

## 12 Property, plant, and equipment

	Computer equipment	Office equipment, fixtures, and fittings	Right of use asset	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2019	2,470	1,163	-	3,633
Arising on transition to IFRS16	-	-	4,690	4,690
Additions	806	73	-	879
Disposals	(172)	-	-	(172)
<b>At 31 December 2019</b>	<b>3,104</b>	<b>1,236</b>	<b>4,690</b>	<b>9,030</b>
<b>Depreciation</b>				
At 1 January 2019	(2,166)	(887)	-	(3,053)
Charge for the year	(227)	(97)	(443)	(767)
Charge on disposals	172	-	-	172
<b>At 31 December 2019</b>	<b>(2,221)</b>	<b>(984)</b>	<b>(443)</b>	<b>(3,648)</b>
<b>Net book value</b>				
31 December 2018	304	276	-	580
<b>31 December 2019</b>	<b>883</b>	<b>252</b>	<b>4,247</b>	<b>5,382</b>

## 13 Investments

## Direct subsidiaries

The company owned 100% of the following subsidiary undertakings at the end of the year for 2019 and 2018.

	Ordinary shares at cost	Net book value	Nominal value of ordinary shares
	£	£	£
Suffolk Life Trustees Limited	100	100	100
Total	100	100	100

The principal activity of the subsidiary undertaking is that of a trustee company.

The subsidiary undertaking is 100% owned by Suffolk Life Pensions Limited, has only one class of issued ordinary shares, and is registered in England and Wales.

The directors consider the value of this investment to be supported by its underlying assets.

The subsidiary undertaking has a 31 December financial year end.

**Notes to the financial statements (continued)**

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**13 Investments (continued)****Indirect subsidiaries**

The company indirectly owns the following subsidiaries at the end of the year for 2019 and 2018. These were 100% owned by Suffolk Life Trustees Limited.

The indirect subsidiaries EPPL P1062 Limited and EPPL P1088 Limited were dissolved via voluntary strike-off on 14 August 2018.

The indirect subsidiaries EPPL P1051 Limited and European Pensions Properties Limited were dissolved via voluntary strike-off on 18 September 2018.

The indirect subsidiary EPPL P1047 Limited was dissolved via voluntary strike-off on 20 November 2018.

The indirect subsidiary EPPL P1060 Limited will be dissolved via voluntary strike-off on 4 June 2019.

	Ordinary shares at cost	Net book value	Nominal value of ordinary shares
	£	£	£
EPPL P1056 Limited	1	1	1
Total	<u>1</u>	<u>1</u>	<u>1</u>

The principal activity of the indirect subsidiary undertakings is that of a trustee company.

The indirect subsidiary undertakings are wholly owned by Suffolk Life Trustees Limited. They have only one class of issued ordinary shares, and are registered in England and Wales.

The directors consider the value of these investments to be supported by their underlying assets.

The indirect subsidiary undertakings have a 31 December financial year end.

The subsidiaries are exempt from audit under the requirements of S479 of the Companies Act 2006.

All subsidiaries have the registered office address: 153 Princes Street, Ipswich, Suffolk, IP1 1QJ.

## Notes to the financial statements (continued)

## 14 Deferred tax assets

## Deferred income tax

As a result of the taxation position set out in note 10, a deferred tax asset has arisen as follows:

	2019 £'000	2018 £'000
Deferred tax on temporary differences	572	270
	<u>572</u>	<u>270</u>

The deferred tax provision with respect to temporary differences is analysed as follows:

	2019 £'000	2018 £'000
Temporary differences on depreciation of plant and equipment	431	94
	<u>431</u>	<u>94</u>

## 15 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	670	505
Other receivables	54	71
Amounts owed by Group undertakings	684	635
Prepayments and accrued income	1,399	1,398
	<u>2,807</u>	<u>2,609</u>

Trade receivables are amounts due from customers for services performed in the normal course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of the consideration due. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method. Information about the Company's impairment policies is provided in note 2 to the financial statements.

Due to the short term nature of the trade receivables, their carrying amount is considered to be the same as their fair value.

## Notes to the financial statements (continued)

## 16 Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	12,198	11,135
	<u>12,198</u>	<u>11,135</u>

## 17 Trade and other payables

	2019 £'000	2018 £'000
Trade payables	112	313
Amounts owed to group undertakings	6	8
Taxes and social security cost	100	86
Other payables	102	88
Accruals	1,659	1,661
	<u>1979</u>	<u>2,156</u>

All amounts shown under trade and other payables fall due for payment within one year. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to their short term nature.

## 18 Issued capital

	2019 £'000	2018 £'000
<b>Allotted, issued, and fully paid</b>		
Ordinary shares of £1 each	3,485	3,485
	<u>3,485</u>	<u>3,485</u>

	2019 Number	2018 Number
<b>Number of ordinary shares</b>		
Ordinary shares of £1 each authorised	3,484,770	3,484,770
Ordinary shares of £1 each issued	<u>3,484,770</u>	<u>3,484,770</u>

There is one class of ordinary shares. The ordinary shares rank equally for voting purposes. On a show of hands each member shall have one vote and on a poll each member shall have one vote per share held. Each ordinary share ranks equally for any dividend declared and rank equally for any distribution made on a winding up.

**Notes to the financial statements (continued)****19 Equity share based payments**

Curtis Banks Group PLC, the ultimate parent company, seeks to facilitate equity ownership by employees of the Company through schemes that encourage and assist the purchase of shares in Curtis Banks Group PLC.

The Group operates several share option and share award plans. Employees of the Company participate in the Save As You Earn scheme (“SAYE”), the Long Term Incentive Plan (“LTIP”), and the Company Share Option Plan scheme (“CSOP”). Awards granted under these schemes vest over periods of 3 years.

The weighted average exercise price of all options outstanding at 31 December 2019 was 200.7p.

The following table reflects further information about share options outstanding as at the end of the year:

<b>Scheme Name</b>	<b>Exercise Price</b>	<b>Latest Exercise Date</b>
SAYE Share options scheme 2016	288.88p	01/02/2020
SAYE Share options scheme 2017	213.60p	01/02/2021
SAYE Share options scheme 2018	268.80p	01/02/2022
SAYE Share options scheme 2019	244.8p	01/02/2023
CSOP Share Option Scheme	201.00p	26/06/2027
LTIP Long Term Incentive Plan 2017	0.00p	26/10/2027
LTIP Long Term Incentive Plan 2018	0.00p	05/10/2028

**20 Commitments**

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Intangible assets	878	-
Total	<u>878</u>	<u>-</u>

**21 Pension costs - defined contribution**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Contributions payable by the Company for the year	<u>1,142</u>	<u>1,073</u>

**22 Dividends**

	<b>2019</b> <b>£'000</b>	<b>2018</b> <b>£'000</b>
Ordinary share dividends paid	<u>3,600</u>	<u>3,600</u>
	<u>3,600</u>	<u>3,600</u>

The dividends paid in 2019 and 2018 were £3,600k (103.31p per share) and £3,600k (103.31p per share) respectively.

## **23 Contingent liabilities**

As reported previously, the Company has been in correspondence with HMRC regarding processes and documentation in respect of in specie contributions. HMRC have alleged that incorrect procedures were followed and is seeking to reclaim tax reliefs granted and interest thereon. This is an industry wide issue affecting other SIPP operators and is being challenged by the industry as a whole. It is not possible to determine when this matter will be resolved and the outcome and impact are not known at this stage. The Company does not believe that the net exposure arising from this will be material to the Company.

## **24 Related parties**

### **Administration services agreement**

Under a service agreement (“the agreement”), Suffolk Life Pensions Limited provides an administration service to Suffolk Life Annuities Limited, a fellow group company for administration of pension products. The agreement specifies the amounts payable to Suffolk Life Pensions Limited in respect of administration expenses.

The amount of this service charge was £9,905k (2018: £9,034k) and outstanding charges of £667k (2018: £622k) as at 31 December 2019 in respect of this service agreement.

## **25 Control**

Suffolk Life Pensions Limited is a wholly owned subsidiary of Suffolk Life Group Limited, a company incorporated in England and Wales.

The ultimate parent company is Curtis Banks Group PLC, a company incorporated in England and Wales - the ultimate controlling party which consolidates the financial statements of the Company as at 31 December 2019. These financial statements therefore provide information about the Company as an individual undertaking. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. Copies of the financial statements of the ultimate holding company as at 31 December 2019, Curtis Banks Group PLC, are available on the Group website, [www.curtisbanks.co.uk](http://www.curtisbanks.co.uk) or from the Company Secretary at the Registered Office, 3 Temple Quay, Bristol, BS1 6DZ.