

SUFFOLK LIFE PENSIONS LIMITED

**Annual Report and Financial Statements for
the year ended
31 December 2020**

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Company information

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

Strategic Report

The directors present their Strategic Report for the year ended 31 December 2020.

Fair review of the business

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. Suffolk Life Pensions Limited ("the Company") continued to grow its fee income generated from the administration of SIPPs and similar self-invested pension products.

Total revenue for the year was £25,269k (2019: £24,476k) driven by an increase in SIPP fees raised. During the year ended 31 December 2020 further integration took place between the Company and the wider Group. As part of this activity, property administration work from Curtis Banks Limited has been centralised within one office location under Suffolk Life Pensions Limited. Consequently, the number of properties administered by the Company reported as a KPI has materially increased year on year as are now being administered by the Company via an intercompany agreement with Curtis Banks Limited. Revenue is expected to further increase in the current year as the full year effect of fees from these properties now administered by the Company are recognised.

During the year the Company invested in a new strategic treasury solution with a global provider of back office operational cash management software. Costs associated with this investment that did not meet the criteria for capitalisation have been treated as non-recurring administrative cost and totalled £194k (2019: £10k). There were further non-recurring administrative costs relating to directorate and senior management changes of £24k (2019: £210k) in certain operational areas of the business. The Company has also recognised a provision of £95k in relation to claims by HMRC over in-specie contributions and treated this amount as a non-recurring administrative cost during the year ended 31 December 2020. These costs are further described within note 4 to the financial statements.

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 £11,813m (2019: £10,426m). A further £4m 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 retains a strong balance sheet with £10.9m of total equity compared to £14.3m at 31 December 2019. Cash balances reduced slightly to £7.6m compared to £12.2m at 31 December 2019. At 31 December 2020 the Company was holding 152% of the required regulatory capital.

Profit and total comprehensive income for 2020 was £4,017k compared with £4,979k for 2019. Profitability has reduced slightly due to increases in FCA levies and the operational burden of implementing BCP measures as a result of COVID-19 during the year. The Company expects that challenging conditions will continue in the short term, as new business generation continued to be hampered by restrictions from social distancing requirements. However, the Company remains well placed to deliver profitable growth in the medium term through 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.

Impairment charges totalling £192k against the intangible asset relating to client portfolios have been recognised during the year (2019: £nil). This relates to changes in the estimate of future cash flows expected on these assets over their remaining useful economic lives owing to increased uncertainty over the longevity of the current low interest rate environment.

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. As at the signing date of these financial statements there remains significant uncertainty over how the current COVID-19 outbreak will unfold, and what government measures will be maintained or introduced. The main risks to the Company are considered to be staff welfare and maintaining continuity of service for our clients. All SIPP fees levied are fixed sterling charges and are not a percentage based charge on the value of the underlying assets held within the SIPP, so the Company is not directly affected by the recent increase in volatility in the financial markets arising from COVID-19. The Company updated its interest rate retention policy and fee structure on its SIPPs in February 2021 to help further mitigate risk.

The other 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 main risks arising are interest rate risk, credit risk, and liquidity risk. Each of these risks is discussed in detail below. There is deemed to be minimal concentration risk present due to revenue generation being spread over a high volume of individual customers, and minimal interest rate risk as the Company has no borrowings.

The Company monitors its financial risk management based upon sound economic objectives and good corporate practice. No hedging transactions have taken place during the years presented. Financial assets principally comprise trade and other receivables, cash and short-term deposits, which arise directly from its operations. Financial liabilities principally comprise trade and other payables, deferred consideration and borrowings.

Interest rate risk

Interest rate risk is the risk that the Company will sustain losses from adverse movements in interest bearing assets. There is an exposure to interest rates on banking deposits held in the ordinary course of business. The value of financial instruments on the Company's statement of financial position exposed to interest rate risk was £7,640k (2019: £12,198k) comprising cash and short-term deposits. This exposure is monitored to ensure that the Company is maximising its interest earning potential within accepted liquidity and credit constraints. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are also made for varying periods of between one day and 30 days depending on the immediate cash requirements of the Company and earn interest at the respective term deposit rates.

In addition, a source of revenue is based on the value of client cash under administration. The Company has an indirect exposure to interest rate risk on these cash balances held for clients. The Company manages this risk through a central treasury function which monitors client cash and interest rate movement on a monthly basis.

Strategic Report (continued)**Principal risks and uncertainties (continued)****Credit risk**

The Company trades only with third parties it recognises as being creditworthy. In addition, receivable balances are monitored continually.

The maximum credit risk exposure of the Company's financial instruments in the event of other parties failing to perform their obligations is considered to be equal to the carrying amount of such financial instruments included within the statement of financial position. Given the nature of the Company's operations, it does not have significant concentration of credit risk in respect of shareholder trade receivables, with exposure spread over a large number of customers.

The Company's approach to managing credit risk is based on its credit quality ratings, where a set of policies and procedures are in place to recover fee debt based on individual SIPP liquidity. This underlying level of liquidity in each of the Company's clients' SIPPs is mostly driven by the clients' use of the SIPP and what they choose to invest in.

The terms and conditions attached to the Company's SIPP products include a requirement to maintain a minimum cash balance from which the Company normally draws fees when due. Where cash is not immediately available, assets from the SIPP are disinvested in order to settle fees. The Company also requests fees direct from clients where necessary.

The Company charges fixed fees for its services reducing its exposure to changes in macroeconomic factors which may otherwise impact a percentage basis point fee charging model.

Liquidity risk

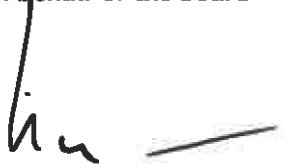
This is the risk that the Company may be unable to meet its liabilities as and when they fall due. The Company monitors its risk to a shortage of funds by considering the maturity of its financial assets (e.g. trade receivables, other financial assets) and projected cash flows from operations. As part of these projections, the Company also monitors anticipated capital expenditure and the expected timing of settlement of financial liabilities. The Company is a highly cash generative business and maintains sufficient cash to fund its foreseeable trading requirements.

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:

	Year ended 31-Dec-20	Year Ended 31-Dec-19
Revenue (£'000)	25,269	24,476
Operating profit before non-recurring administrative costs, amortisation and impairment (£'000)	5,961	6,893
Number of pensions administered	36,169	35,894
Number of properties administered	5,985	3,661

On behalf of the board



Will Self
Director

23 April 2021

Directors' Report

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

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 36,000 plans (2019: over 35,000 plans) and Assets Under Administration of £15.0bn (2019: £10.4bn).

Results and dividends

The Statement of Comprehensive Income for the year is set out on page 11.

During the year interim dividends of £7,500k were declared and paid (2019: £3,600k).

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 2020 and up to the date on which the financial statements were signed:

Dan Cowland	
Greg Kingston	(Resigned 25 July 2020)
Chris Macdonald (Chair)	
Jane Ridgley	
Nigel Rodgers	
Will Self	
Ian Stone	(Resigned 12 February 2021)

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)

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 2020, 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.

Section 172 (1)

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 32 of the Group's annual report, which does not form part of this report.

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.

In the case of each director in office at the date the directors' report is approved:

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) 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.

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

Directors' Report (continued)

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, 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board



Will Self

Director

23 April 2021



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

Report on the audit of the financial statements

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 2020 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, which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and 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.

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.

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 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 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 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 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, 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 law and regulatory requirements, 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 of inappropriate journal entries to improve the profitability of the company. Audit procedures performed included:

- Discussions with the Board of Directors and with management (including those involved within the Finance function, Internal Audit, Legal, Risk and Compliance), including consideration of their processes for identifying and responding to the risk of fraud, and any known or suspected instances of fraud or non-compliance with laws and regulations both within the company and any associated service organisations;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board of Directors;
- Identifying and testing journal entries, including those posted with unexpected account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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.



Adam Beasant (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

23 April 2021

**Statement of Comprehensive Income
For the year ended 31 December 2020**

	Note	2020 £'000	2019 £'000
Revenue	4	25,269	24,476
Non-recurring administrative costs	5	(314)	(216)
Amortisation and impairment	12	(560)	(561)
Other administrative expenses		(19,308)	(17,583)
Administrative expenses		(20,182)	(18,360)
Operating profit before non-recurring administrative costs, amortisation and impairment		5,961	6,893
Non-recurring administrative costs		(314)	(216)
Amortisation and impairment		(560)	(561)
Operating profit		5,087	6,116
Other investment income	7	37	59
Finance income	9	28	73
Finance cost	10	(128)	(131)
Profit before taxation		5,024	6,117
Tax on profit	11	(1,007)	(1,138)
Profit and total comprehensive income for the year		4,017	4,979

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

The notes on pages 14 - 33 form part of these financial statements.

Statement of Financial Position
As at 31 December 2020

	Note	2020 £'000	2019 £'000
ASSETS			
Non-current assets			
Intangible assets	12	3,737	3,690
Property, plant and equipment	13	4,826	5,382
Deferred tax assets	15	198	572
		<u>8,761</u>	<u>9,644</u>
Current assets			
Trade and other receivables	16	5,034	2,807
Cash and cash equivalents	17	7,640	12,198
Current tax asset		140	-
		<u>12,814</u>	<u>15,005</u>
Total assets		<u>21,575</u>	<u>24,649</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	18	2,249	1,979
Deferred income		4,524	3,593
Lease liabilities		236	263
Provisions	24	95	-
Current tax liability		-	559
		<u>7,104</u>	<u>6,394</u>
Non-current liabilities			
Lease liabilities		3,560	3,916
		<u>3,560</u>	<u>3,916</u>
Total liabilities		<u>10,664</u>	<u>10,310</u>
Net assets		<u>10,911</u>	<u>14,339</u>
Equity attributable to owners of the parent			
Issued capital	19	3,485	3,485
Equity share based payments	20	1,700	1,468
Retained earnings		5,726	9,386
Total equity		<u>10,911</u>	<u>14,339</u>

The financial statements on pages 11-33 were approved by the Board of Directors on 23 April 2021 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 2020

	Issued capital £'000	Equity share based payments £'000	Retained earnings £'000	Total Equity £'000
At 1 January 2019	3,485	853	7,838	12,176
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)
At 31 December 2019	3,485	1,468	9,386	14,339
Profit and total comprehensive income for the year	-	-	4,017	4,017
Share based payments	-	232	-	232
Deferred tax on share based payments	-	-	(177)	(177)
Ordinary dividends paid	-	-	(7,500)	(7,500)
At 31 December 2020	3,485	1,700	5,726	10,911

Notes to the financial statements

1 Corporate information

The Company is a private limited company, limited by shares and incorporated in the United Kingdom and domiciled in England and Wales. 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.

(a) 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)

2 Significant accounting policies (continued)

(b) New standards adopted by the Company

No new accounting standards were adopted by the Company during the year ended 31 December 2020.

(c) 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.

The Directors have also considered the impact of a number of severe but plausible events that could impact the business, such as the COVID-19 pandemic, and are satisfied that this opinion remains unchanged.

(d) 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.

Notes to the financial statements (continued)

2 Significant accounting policies (continued)

(e) 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.

(f) 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.

(g) 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.

(h) 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'.

(i) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activity. Revenue is shown net of value added tax ("VAT"), returns, rebates and discounts and after eliminating sales within the Group. The Group 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 Group's customers are deemed to be the underlying SIPP & SSAS members regardless of whether the Group 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 Group'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

Notes to the financial statements (continued)

2 Significant accounting policies (continued)

The transaction price is deemed to be that shown in the Group'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 Group'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, including certain property annual fees and property acquisition fees, are accrued over the period in which services are provided and performance obligations are satisfied.

Any interest received in excess of that payable to clients is retained by the Group and is included within revenue. Interest income receivable by the Group 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.

(j) 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.

Notes to the financial statements (continued)

2 Significant accounting policies (continued)

(k) 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 measurable, they are capitalised at cost and amortised on a straight line basis over their expected useful life of 4-5 years.

(l) 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 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:

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	

(m) Non-current asset investments

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

(n) 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.

Notes to the financial statements (continued)

2 Significant accounting policies (continued)

(o) 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.

(p) 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.

(q) Share capital

Ordinary shares are classified as equity.

(r) 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.

Notes to the financial statements (continued)

2 Significant accounting policies (continued)

(s) 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.

(t) 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.

(u) 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.

(v) Leases

Rentals payable under operating leases, net of lease incentives, are charged to the Statement of Comprehensive Income on a straight-line basis over the year of the lease. Where property lease contracts contain guaranteed minimum incremental rental payments, the total committed cost is determined and is amortised on a straight-line basis over the life of the lease.

Notes to the financial statements (continued)

2 Significant accounting policies (continued)

(w) 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.

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.

One key source of estimation uncertainty is the level of future interest income expected, and in particular the longevity of the current low interest rate environment. Another key source of estimation uncertainty arises from the attrition rates used. The recoverable amount is most sensitive to both of these assumptions.

Notes to the financial statements (continued)

3 Critical accounting estimates and judgements (continued)

A 20% increase to the attrition rate assumption would result in a cumulative £164k decrease in the carrying value of client portfolios. A 40% increase to the attrition rate assumption would result in a cumulative £315k decrease in the carrying value of client portfolios.

A 2% decrease in the EBITDA margin assumption would result in a cumulative £123k decrease in the carrying value of client portfolios. A 4% decrease in the EBITDA margin assumption would result in a cumulative £255k decrease in the carrying value of client portfolios.

IFRS 9 impairment

The loss allowances for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of credit risk characteristics, days past due, existing market conditions as well as forward looking estimates at the end of each reporting period. 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.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss rate is determined by reference to the underlying level of liquidity in each of the Company's clients' SIPPs because clients' fees are normally settled directly from their SIPP cash holdings. A lower level of liquidity in the SIPP, or indeed illiquidity, indicates reduced credit quality in the related trade receivable balance. 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.

Where trade and other receivables have been outstanding for more than six years, amounts are deemed to have no reasonable expectation of recovery and are written off. Changes in macroeconomic factors may impact the Company's clients' use of the SIPP and cause the level of liquidity in the SIPP to increase or decrease.

A 10% increase in loss rates estimated at the year end would reduce profit before tax by £170k while a 10% decrease in loss rates estimated at the year end would increase profit before tax by £106k.

The Company charges fixed fees for its services reducing its exposure to changes in macroeconomic factors which may otherwise impact a percentage basis point fee charging model.

4 Revenue

Revenue is wholly derived from activities undertaken within the United Kingdom and comprises the following categories:

	2020 £'000	2019 £'000
Fees	21,314	20,429
Interest income	3,955	4,047
	<u>25,269</u>	<u>24,476</u>

Notes to the financial statements (continued)

5 Non-recurring administrative costs

Non-recurring administrative costs include the following significant items:

	2020 £'000	2019 £'000
EPML acquisition costs	1	(4)
Costs relating to directorate and senior management changes	24	210
Treasury solution implementation	194	10
In-specie contributions	95	-
	314	216

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

During the year ended 31 December 2020, the Company invested in a new strategic treasury solution with a global provider of back office operational cash management software. The investment is designed to innovate and improve the Company's treasury management function through provision of a system that provides a multibank facility. Costs associated with this investment that did not meet the criteria for capitalisation have been treated as non-recurring administrative cost.

As previously reported, 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 has been challenged by the sector as a whole. Following a favourable ruling for HMRC in a case affecting another SIPP operator, and having taken further legal advice, the Directors now consider it more likely than not that some cost associated with this issue will be incurred by the Company. See provisions note 23 for further detail.

Notes to the financial statements (continued)

6 Profit for the year

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

	2020 £'000	2019 £'000
Charging:		
Amortisation and impairment of intangible assets	560	561
Depreciation of property, plant and equipment	870	767
Auditors remuneration:		
-audit of the financial statements of the Company	95	91

7 Other investment income

	2020 £'000	2019 £'000
Rental income	37	59
	<u>37</u>	<u>59</u>

8 Employees and directors

	2020 £'000	2019 £'000
Wages and salaries	10,677	8,952
Social security costs	1,104	895
Other pension costs	1,285	1,142
Share based payment costs	231	615
	<u>13,297</u>	<u>11,604</u>

The monthly average number of employees during the year was:

	2020	2019
Directors	7	7
Administration	374	323
	<u>381</u>	<u>330</u>

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

	2020 £'000	2019 £'000
Total emoluments paid to directors:		
Wages and salaries	329	326
Social security costs	51	41
Compensation for loss of office	-	38
Post-employment costs	13	13
Share-based incentive awards	45	93
Total directors' compensation	<u>439</u>	<u>511</u>

Notes to the financial statements (continued)

8 Employees and directors (continued)

	2020 £'000	2019 £'000
Highest paid director		
Aggregate emoluments and benefits of highest paid director	76	70
Company pension contributions to money purchase schemes	1	3

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 are included in the Statement of Comprehensive Income of the respective company with which their contract of service exists.

During the year ended 31 December 2020, 4 directors (2019: nil) including the highest paid director exercised options under Long Term Incentive Plan share based payment schemes.

The above disclosure reflects the proportional value of services received from the directors by Curtis Banks Limited. The ultimate parent company discloses the full consolidated remuneration for each of these directors in its consolidated financial statements. Short term employee benefits include wages and salaries. Long term employee benefits include share-based incentive awards.

9 Finance income

	2020 £'000	2019 £'000
Interest income	28	73
	<u>28</u>	<u>73</u>

10 Finance costs

	2020 £'000	2019 £'000
Bank and other interest paid	3	6
Interest and finance costs on lease liabilities	125	125
	<u>128</u>	<u>131</u>

Notes to the financial statements (continued)**11 Tax on profit**

	2020	2019
	£'000	£'000
UK Corporation tax		
Current tax	808	1,326
Over provision in previous years	-	(54)
	<u>808</u>	<u>1,272</u>
Deferred tax		
Origination and reversal of temporary differences	199	(134)
	<u>1,007</u>	<u>1,138</u>
Total tax		
	<u>1,007</u>	<u>1,138</u>
Factors affecting the tax charge for the year		
Profit before taxation	5,024	6,117
Profit before taxation multiplied by standard rate of UK Corporation tax of 19.00% (2019: 19.00%)	955	1,162
Effects of:		
Group relief surrendered	(101)	-
Adjustment in respect of prior years	-	(54)
Utilisation of unprovided tax loss	-	(168)
Non-deductible expenses	-	1
Other tax adjustments	153	197
	<u>1,007</u>	<u>1,138</u>
Total tax charge		
	<u>1,007</u>	<u>1,138</u>

The 2020 Budget announced that UK Corporation Tax would remain at 19% from 1 April 2020 rather than reduced to 17% as originally planned in the 2016 Budget. Following the most recent post year end budget announcement, the rate is expected to remain at 19% before rising to 25% on 1 April 2023.

Notes to the financial statements (continued)

12 Intangible assets

	Purchased Client Portfolios £'000	Computer software £'000	Total £'000
Cost			
At 1 January 2019	3,795	875	4,670
Additions	-	614	614
At 1 January 2020	3,795	1,489	5,284
Additions	-	607	607
At 31 December 2020	3,795	2,096	5,891
Accumulated Amortisation			
At 1 January 2019	(704)	(329)	(1,033)
Charge for the year	(190)	(371)	(561)
At 1 January 2020	(894)	(700)	(1,594)
Charge for the year	(184)	(184)	(368)
Impairment	(192)	-	(192)
At 31 December 2020	(1,270)	(884)	(2,154)
Net book value			
31 December 2018	3,091	546	3,637
31 December 2019	2,901	789	3,690
31 December 2020	2,525	1,212	3,737

Client Portfolio acquisitions

Client portfolios represent individual client portfolios acquired through business combinations and accounted for under the acquisition method. 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 12 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 13 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 13 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 16 years 6 months.

Impairment charges totalling £192k against the intangible asset relating to certain client portfolios have been recognised during the year (2019: £nil). This relates to changes in the estimate of future cash flows expected on these assets over their remaining useful economic lives owing to increased uncertainty over the longevity of the current low interest rate environment.

Notes to the financial statements (continued)

13 Property, plant, and equipment

	Computer equipment	Office equipment, fixtures, and fittings	Right of use asset	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019	2,470	1,163	-	3,633
Arising on transition to IFRS 16	-	-	4,690	4,690
Additions	806	73	-	879
Disposals	(172)	-	-	(172)
At 1 January 2020	3,104	1,236	4,690	9,030
Additions	311	3	-	314
At 31 December 2020	3,415	1,239	4,690	9,344
Accumulated Depreciation				
At 1 January 2019	(2,166)	(887)	-	(3,053)
Charge for the year	(227)	(97)	(443)	(767)
Charge on disposals	172	-	-	172
At 1 January 2020	(2,221)	(984)	(443)	(3,648)
Charge for the year	(330)	(101)	(439)	(870)
At 31 December 2020	(2,551)	(1,085)	(882)	(4,518)
Net book value				
31 December 2018	304	276	-	580
31 December 2019	883	252	4,247	5,382
31 December 2020	864	154	3,808	4,826

14 Investments

Direct subsidiaries

The company owned 100% of the following subsidiary undertakings at the end of the year for 2020 and 2019.

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

The company indirectly owns the following subsidiaries at the end of the year for 2020 and 2019. These were 100% owned by Suffolk Life Trustees Limited.

	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.

15 Deferred tax assets**Deferred income tax**

Deferred tax assets have been recognised for the following types of temporary differences and unused tax losses.

	2020 £'000	2019 £'000
Brought forward asset	572	270
Net change in temporary differences on equity share based payments	(376)	303
Net change in temporary differences on plant and equipment	2	(1)
Carried forward asset	<u>198</u>	<u>572</u>

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

	2020 £'000	2019 £'000
Temporary differences on equity share based payments	55	431
Temporary differences on depreciation of plant and equipment	143	141
	<u>198</u>	<u>572</u>

Notes to the financial statements (continued)**16 Trade and other receivables**

	2020 £'000	2019 £'000
Trade receivables	1,123	892
Other receivables	190	54
Amounts owed by Group undertakings	2,482	684
Loss allowance	(390)	(222)
Prepayments and accrued income	1,629	1,399
	<u>5,034</u>	<u>2,807</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.

17 Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	7,640	12,198
	<u>7,640</u>	<u>12,198</u>

18 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	177	112
Amounts owed to group undertakings	70	6
Taxes and social security cost	225	100
Other payables	105	102
Accruals	1,672	1,659
	<u>2,249</u>	<u>1,979</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.

Notes to the financial statements (continued)**19 Issued capital**

	2020	2019
	£'000	£'000
Allotted, issued, and fully paid		
Ordinary shares of £1 each	3,485	3,485
	<u>3,485</u>	<u>3,485</u>

	2020	2019
	Number	Number
Number of ordinary shares		
Ordinary shares of £1 each authorised	3,484,770	3,484,770
	<u>3,484,770</u>	<u>3,484,770</u>
Ordinary shares of £1 each issued	3,484,770	3,484,770

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.

20 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 ("SS"), the Long Term Incentive Plan ("LTIP"), the Company Share Option Plan scheme ("CSOP") and the Executive Bonus Scheme ("EBS"). Awards granted under these schemes vest over periods of 3 years.

The weighted average exercise price of all options outstanding at 31 December 2020 was 213.67p.

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

Scheme Name	Exercise Price	Latest Exercise Date
SS16	288.88p	01/02/2020
SS17	213.60p	01/02/2021
SS18	268.80p	01/02/2022
SS19	244.80p	01/02/2023
SS20	212.80p	01/02/2024
CSOP16A	267.00p	26/06/2027
CSOP16B	201.00p	15/12/2026
CSOP17	260.00p	25/06/2027
CSOP20	217.00p	08/04/2030
LTIP17	0.00p	26/10/2027
LTIP18A	0.00p	18/09/2028
LTIP18B	0.00p	05/10/2028
LTIP20A	217.00p	14/09/2030
LTIP20B	217.00p	14/09/2030
EBS20	0.00p	08/04/2030

Notes to the financial statements (continued)**21 Commitments**

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

	2020 £'000	2019 £'000
Intangible assets	508	878
Total	508	878

22 Pension costs - defined contribution

	2020 £'000	2019 £'000
Contributions payable by the Company for the year	1,285	1,142

23 Dividends

	2020 £'000	2019 £'000
Ordinary share dividends paid	7,500	3,600
	7,500	3,600

The dividends paid in 2020 and 2019 were £7,500k (215.22p per share) and £3,600k (103.31p per share) respectively.

24 Provisions

As previously reported, 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 has been challenged by the sector as a whole. Following a favourable ruling for HMRC in a case affecting another SIPP operator, and having taken further legal advice, the Directors now consider it more likely than not that some cost associated with this issue will be incurred by the Company.

The total exposure for affected clients is estimated at £150k inclusive of interest. However, in recognition of the possibility that some clients may have insufficient assets to settle their share of the cost, the Company has recognised a provision of £95k and treated this amount as a non-recurring administrative cost during the year ended 31 December 2020.

25 Related parties

Administration services agreement

Under a service 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 £9,760k (2019: £9,905k) and outstanding charges of £1,533k (2019: £1,055k) as at 31 December 2020 in respect of this service agreement.

Under another service agreement, Suffolk Life Pensions Limited provides an administration service to Curtis Banks Limited, a fellow group company, for administration of properties within pension products. The agreement specifies the amounts payable to Suffolk Life Pensions Limited in respect of administration expenses. The amount of this service charge during the year ended 31 December 2020 was £567k (2019: £nil) and, along with an obligation assumed for future servicing, amounts totalling £885k as at 31 December 2020 (2019: £nil) were due from Curtis Banks Limited.

Dunstan Thomas

Curtis Banks Group PLC acquired Dunstan Thomas on 3 August 2020. Dunstan Thomas is a FinTech company which provides technology and business solutions for wealth managers, platforms and providers. In respect of Suffolk Life Pensions Limited, Dunstan Thomas provides system maintenance and support for the Company's SIPP administration systems.

The amount payable for these services from Dunstan Thomas during the year comprised £277k of capital expenditure and £298k of operational expenditure in relation to maintenance and support (2019: £nil) of which outstanding amounts of £70k remained (2019: £nil) as at 31 December 2020. No comparative is disclosed as Dunstan Thomas was not a related party of Suffolk Life Pensions Limited until 2020.

26 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 2020. 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 2020, Curtis Banks Group PLC, are available on the Group website, www.curtisbanks.co.uk or from the Company Secretary at the Registered Office, 3 Temple Quay, Bristol, BS1 6DZ.

