

# **Skipton Financial Services Limited**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2022**

**Registered number 02061788**

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Skipton Financial Services Limited  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
31 December 2022

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## Directors' Report

The Directors present their Directors' Report and Financial Statements for the year ended 31 December 2022.

### Principal activities

On 1 August 2016, following Financial Conduct Authority (FCA) approval, the majority of the trade and assets of the Company were sold to the ultimate parent undertaking, Skipton Building Society ("the Society"). The Company continues to receive recurring income from a small number of providers. The principal activity of the Company is to continue to collect and process the recurring income due from the remaining providers efficiently and effectively.

### Directors

The Directors who served during the year were:

M G A Leach  
A P Bottomley  
R S D M Ndawula

Messrs Bottomley and Ndawula are also Directors of the ultimate parent undertaking Skipton Building Society.

### Directors' indemnities

The Directors have the benefit of a Directors' and Officers' liability insurance, which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity, purchased by Skipton Building Society and applicable to the Directors of the Company, was in force throughout the last financial period and is currently in force. The insurance does not provide cover where a Director has acted fraudulently or dishonestly.

### Political contributions

The Company made no contributions for political purposes in the year (2021: £nil).

### Going concern

The Financial Statements of the Company have been prepared on the going concern basis, which the Directors believe to be appropriate for the following reasons.

On 1 August 2016, following FCA approval, the majority of the trade and assets of the Skipton Financial Services ("the Company") were sold to the ultimate parent undertaking, Skipton Building Society ("the Society"), however the Company will continue to receive legacy recurring income and is expected to be profit making for the foreseeable future. In addition, at 31 December 2022 and up to the date the Financial Statements are issued, the Company has sufficient capital resources and liquid assets to meet its financial obligations as they fall due. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future.

### Dividends

An equity dividend of £462,724 has been paid in 2022 (2021: £564,925) which represents £0.29 per share.

### Principal risks and uncertainties

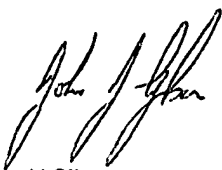
The principal risks and uncertainties of the Company are monitored by the Financial Advisers Operational Risk Group which operates in accordance with the Skipton Building Society Group Operational Risk Management framework.

## Directors' Report 2022 (continued)

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board



**JJ Gibson**  
Secretary  
The Bailey  
Skipton  
BD23 1DN  
13 March 2023

## **Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable United Kingdom law and regulations, the Directors are also responsible for preparing a Directors' Report that complies with that law and those regulations. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SKIPTON FINANCIAL SERVICES LIMITED

### Opinion

We have audited the financial statements of Skipton Financial Services Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemption from the requirements to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the regulations, licence conditions and supervisory requirements of the Financial Conduct Authority ('FCA').
- We understood how Skipton Financial Services Limited is complying with those frameworks by making enquiries of management, and those responsible for legal and compliance matters. In addition to reviewing the company's Board minutes, we also performed a review of regulatory correspondence and reviewed minutes of the parent entity's Board and Board Risk Committee meetings held which cover all subsidiaries; and gained an understanding of the company's approach to governance, demonstrated by the parent company's review of the Group's Operational Risk Framework and internal control processes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the entity level controls that the company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud.

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- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiries of legal counsel and executive management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Steven Robb, (Senior Statutory Auditor),  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Leeds  
13 March 2023

**Statement of Comprehensive Income**  
for year ended 31 December 2022

	Notes	2022 £	2021 £
Revenue		1,057,361	1,224,014
Cost of sales		(213,534)	(187,259)
<b>Gross profit</b>		<b>843,827</b>	<b>1,036,755</b>
Administrative expenses	4	(265,663)	(313,521)
<b>Operating profit</b>		<b>578,164</b>	<b>723,234</b>
Interest receivable	6	30,387	363
<b>Profit before tax</b>		<b>608,551</b>	<b>723,597</b>
Taxation	7	(110,919)	(109,580)
<b>Profit for the year</b>		<b>497,632</b>	<b>614,017</b>
<b>Total comprehensive profit for the year</b>		<b>497,632</b>	<b>614,017</b>
<b>Attributable to:</b>			
<b>Equity shareholders</b>		<b>497,632</b>	<b>614,017</b>

The profit for the current year and for the previous comparative financial year was derived wholly from continuing operations.

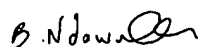
The Income Statement is prepared on a historical cost basis.

The notes on pages 12 to 18 form part of these Financial Statements.

**Balance Sheet**  
at 31 December 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Deferred tax assets	8	141,137	158,119
		141,137	158,119
<b>Current assets</b>			
Cash and cash equivalents		96,923	117,592
Prepayments and accrued income		9,680	1,386
Receivables from related parties	9	2,958,271	2,923,027
Current tax asset		14,063	14,204
		3,078,937	3,056,209
<b>Total assets</b>		<b>3,220,074</b>	<b>3,214,328</b>
<b>Creditors: Amounts falling due within one year</b>			
Current tax liabilities		-	-
Other payables	10	94,411	107,333
		94,411	107,333
<b>Net current assets / (liabilities)</b>		<b>2,984,526</b>	<b>2,948,876</b>
<b>Total assets less current liabilities</b>		<b>3,125,663</b>	<b>3,106,995</b>
<b>Creditors: Amounts falling due after one year</b>			
Provisions	11	56,234	72,475
		56,234	72,475
<b>Net assets</b>		<b>3,069,429</b>	<b>3,034,520</b>
<b>Capital and reserves</b>			
Called up share capital	12	1,570,000	1,570,000
Reserves		1,499,429	1,464,520
		3,069,429	3,034,520
<b>Total liabilities and equity</b>		<b>3,220,074</b>	<b>3,214,328</b>

These Financial Statements were approved by the Board of Directors on 13 March 2023 and were signed on its behalf by:



**R S D M Ndawula**  
Director



**M G A Leach**  
Director

Company Registration number 02061788

The notes on pages 12 to 18 form part of these Financial Statements.

**Statement of Changes in Equity**  
at 31 December 2022

	2022			2021		
	Share Capital	Retained Earnings	Total	Share Capital	Retained Earnings	Total
	£	£	£	£	£	£
At 1 January	1,570,000	1,464,521	3,034,521	1,570,000	1,415,428	2,985,428
Profit for the financial year	-	497,632	497,632	-	614,017	614,017
Equity dividends paid	-	(462,724)	(462,724)	-	(564,924)	(564,924)
<b>At 31 December</b>	<b>1,570,000</b>	<b>1,499,429</b>	<b>3,069,429</b>	<b>1,570,000</b>	<b>1,464,521</b>	<b>3,034,521</b>

The notes on pages 12 to 18 form part of these Financial Statements.

## Notes to the Financial Statements

### 1 Accounting policies

Skipton Financial Services Limited (the "Company") is a company incorporated and domiciled in the UK. The registered office of Skipton Financial Services Limited is The Bailey, Skipton, North Yorkshire, BD23 1XT.

#### a) Basis of accounting

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' in conformity with the requirements of the Companies Act 2006. The Company financial statements have been prepared under the historical cost convention and on a going concern basis.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1g).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Note 3 to the accounts sets out details of any new accounting standards and interpretations which are either relevant to the Company and have been adopted by the Directors in preparing these Financial Statements, or are not yet effective as at 31 December 2022.

The Company is exempt from the requirement to prepare a strategic report under the small companies' regime.

#### Transition to FRS 101

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

- The requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- 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 a wholly owned member of the group;
- The requirements of IFRS 7 Financial Instruments: Disclosures.

#### Going concern

The financial position of the Company is described in the Company Financial Statements on pages 9 and 10.

The Company's business activities are set out in the Directors' Report on page 3.

In the opinion of the Directors the Company has adequate financial resources to meet its financial obligations as they fall due. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully. The Directors also have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period to 13 March 2024 which is the next 12 month period, and for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

#### Currency presentation

The Financial Statements are presented in pounds sterling and have been rounded to the nearest pound.

## Notes to the Financial Statements (*continued*)

### 1 Accounting policies (*continued*)

#### b) Revenue recognition

Revenue predominantly comprises of trail commission and renewal income that is received from product providers on existing products. This income will continue unless the customer appoints a new agent or terminates the contract with the provider. Agency relationships exist for all revenue recognised by the Company, as such the amount of revenue recognised is equal to the amount of commission received. Due to uncertainty over the timing and value of revenue, the Company recognises all revenue when the monies are received.

#### c) Taxation

Income tax on the profits for the year comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income. Current tax is the expected tax payable on the income for the year, using tax rates enacted or substantially enacted on the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax recognises temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor income and expenditure. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### d) Cash and cash equivalents

Cash and cash equivalents balances on 31 December 2022 compromise cash in hand (£96,923) and on demand deposits with the ultimate parent undertaking (£2,958,271).

#### e) Provisions

Provisions are recognised in respect of investment advice reflecting an estimated cost of reviewing each complaint and an estimate of any subsequent compensation payments. These amounts are recognised in the Statement of Comprehensive Income and as a liability within the Balance Sheet. When a subsequent event causes the amount of provision to decrease, the decrease in provisions is recognised through the Statement of Comprehensive Income.

#### f) De-recognition of financial assets and liabilities

Financial assets are de-recognised when the contractual right to cashflows expire, or the financial asset is transferred to another party and the right to receive cashflows is also transferred.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or has expired.

## Notes to the Financial Statements (*continued*)

### 1 Accounting policies (*continued*)

#### g) Key judgements and estimates

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities.

The Company also has to make judgements in applying its accounting policies which affect the amounts recognised in the Financial Statements.

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. The key areas of judgement are set out below:

#### *Provisions*

The Company has made a judgement on the basis for provisions. The regulated complaints provision is based upon historic experience. The investment advice provision is calculated based on an estimate of number of customers with a complaint upheld and then the loss incurred per customer complaint upheld. The estimate is based upon historic experience and management judgement. The loss incurred is impacted by movements in the financial markets.

#### *Deferred tax asset*

The write off of the goodwill in 2016 resulted in a deferred tax asset. It is anticipated that there will be sufficient future taxable profits to fully utilise this up to the deferred tax asset's expected reversal in 2027.

### 2 Segmental reporting

The Company comprises one division whose principal activity is to collect legacy recurring income.

### 3 Adoption of new and revised International Financial Reporting Standards

The Company adopted during the year the following amendments to existing accounting standards, which did not have a material impact on these financial statements:

- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Reference to the Conceptual Framework (Amendments to IFRS 3); and
- Fees in the '10 per cent' test for derecognition of financial liabilities (Amendments to IFRS 9).

#### *Standards issued but not yet effective*

A number of new and amended accounting standards and interpretations will be effective for future reporting periods, none of which has been early adopted by the Company in preparing these financial statements. These new and amended standards and interpretations, details of which are set out below, are not expected to have a material impact on the Company's financial statements:

- IFRS 17 Insurance Contracts;
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

## Notes to the Financial Statements *(continued)*

### 4 Administrative expenses

	2022	2021
	£	£
Auditor and associates remuneration and expenses:		
Audit services (excludes VAT)	22,360	20,250
Other assurance services (excludes VAT)	10,004	9,713
Investment advice provision (Note 11)	(16,216)	4,160
FCA Levy and fees	24,199	39,386
Shared services recharge	151,568	163,350
Staff costs recharge	68,472	70,885
Other administrative expenses	5,276	5,777
	<b>265,663</b>	<b>313,521</b>

### 5 Staff numbers and cost

The average number of persons employed by the Company, including Directors, during the year, analysed by category, was Nil (Nil in 2021).

From 1 August 2016 all staff members are employed by the ultimate parent undertaking and provide services to Skipton Group companies. As a result, their services have been included in amounts recharged to the Company by the ultimate parent undertaking and are included in cost of sales (2022: £179,116; 2021: £148,928) and other administrative expenses (2022: £68,472; 2021: £70,885).

### 6 Interest receivable

	2022	2021
	£	£
Received from parent undertaking	30,387	363
	<b>30,387</b>	<b>363</b>

The Company is exposed to movements in interest rates on intercompany balances and monitors this exposure on a continuous basis.

### 7 Taxation

#### a) Analysis of the charge in the year

	2022	2021
	£	£
<b>Current tax expense/(credit)</b>		
Current tax charge	93,937	115,796
Adjustments for prior years	-	-
<b>Total current tax</b>	<b>93,937</b>	<b>115,796</b>
 <b>Deferred tax expense</b>		
Current year	21,688	21,688
Effect of changes in tax rates	(4,706)	(27,904)
<b>Total deferred tax</b>	<b>16,982</b>	<b>(6,216)</b>
 <b>Tax expense</b>	<b>110,919</b>	<b>109,580</b>

## Notes to the Financial Statements (*continued*)

### 7 Taxation (continued)

#### b) Reconciliation of tax charge

A reconciliation between the tax charge on profit before tax at the standard UK Corporation tax rate to the actual current tax charge is as follows:

	2022 £	2021 £
Profit on ordinary activities before tax	608,551	723,597
Tax on profit on ordinary activities at UK standard corporation rate of 19.00% (2021: 19.00%)	115,625	137,483
Effects of:		
- adjustment to tax charge in respect of previous periods	-	-
- effects of other tax rates changes	(4,706)	(27,903)
<b>Tax charge</b>	<b>110,919</b>	<b>109,580</b>

### 8 Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using the enacted tax rate expected to apply when these differences are expected to reverse.

The movement in the deferred tax asset during the year was as follows:

	2022 £	2021 £
At 1 January	158,119	151,903
Statement of Comprehensive Income charge (Note 7)	(16,982)	6,216
At 31 December	<b>141,137</b>	<b>158,119</b>

The deferred tax asset relates to the items below:

	2022 £	2021 £
Intangible assets	141,137	158,119
	<b>141,137</b>	<b>158,119</b>

The deferred tax asset is considered to be recoverable in full.

Where deferred tax balances are expected to reverse before 1 April 2023, they have been calculated at the currently enacted corporation tax rate of 19%. The corporation tax rate increase from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021 and deferred tax balances that are expected to reverse after this date have been calculated at 25%.

### 9 Receivables from related parties

	2022 £	2021 £
Receivables from the Parent Company	2,958,271	2,923,027
	<b>2,958,271</b>	<b>2,923,027</b>

The Company deposits long term liquidity with the Society via the Society's Treasury function. A minimum of £100,000 is deposited at any one time, on overnight term. The deposits are usually rolled over on maturity along with capitalised interest.

## Notes to the Financial Statements (*continued*)

### 10 Other payables

	2022 £	2021 £
Due to ultimate parent undertaking	68,228	69,323
Accruals	26,183	38,010
	<b>94,411</b>	<b>107,333</b>

### 11 Provisions

	2022 £	2021 £
Provision in respect of investment advice complaints and compensation	56,234	72,475
	<b>56,234</b>	<b>72,475</b>

The provision in respect of investment advice reflects the cost of reviewing each complaint and an estimate of any subsequent compensation and/or redress payments. These provisions are expected to be utilised within the next three years.

The movements on the provisions during the year were as follows:

	2022 Investment advice £	2021 Investment advice £
At 1 January	72,475	71,513
Amounts utilised during the year	(25)	(3,198)
Charge/(credit) to Statement of Comprehensive Income during the year	(16,216)	4,160
<b>At 31 December</b>	<b>56,234</b>	<b>72,475</b>

### 12 Share capital

	2022 £	2021 £
<b>Equity</b>		
Allotted, called up and fully paid share capital		
1,570,000 ordinary shares of £1 each	1,570,000	1,570,000
<b>At 31 December</b>	<b>1,570,000</b>	<b>1,570,000</b>

### 13 Pensions

In May 2011, the Company entered into a Scheme Apportion Arrangement with the trustees of the scheme(s) and the Society whereby the "Section 75 debt" of the Company was reduced to £100 with the remainder being apportioned to the Society. The Company subsequently ceased to participate in the scheme(s) and paid the Section 75 debt due of £100. The Company therefore has no further legal liability to pay contributions to the scheme(s) under any circumstances. Deficit contributions were being recharged to the Company under an internal agreement with the Society based on the proportion of active members who were employees of the Company at the time of closure to future accrual. These payments ceased when the staff were transferred to the Society under the TUPE regulations. As a result, no amounts were paid into the defined contribution pension scheme by the Company in the year (2021: Nil) and no amounts were paid into the defined benefit pension scheme by the Company in the year (2021: Nil).

The full Pension note disclosure is detailed in the Annual Report and Accounts of the Society.

## Notes to the Financial Statements (*continued*)

### 14 Related party transactions

Following the transition to FRS 101, the Company has taken advantage of disclosure exemptions in relation to requirements of IAS 24 *Related Party Disclosures*, to disclose related party transactions entered into between two or more members of a group, as set out in note 1a).

### 15 Ultimate parent undertaking

The Company's financial statements are consolidated into the consolidated financial statements of Skipton Building Society (the Company's ultimate parent undertaking) as at 31 December 2022. Those accounts are available online from 15 March 2023 at [www.skipton.co.uk/about-us](http://www.skipton.co.uk/about-us) or on request from:

The Secretary  
Skipton Building Society  
The Bailey  
Skipton

North Yorkshire  
BD23 1DN