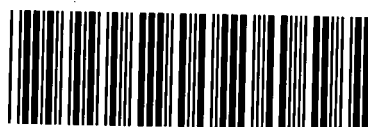


# **OM Residual UK Limited**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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# **OM Residual UK Limited**

## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **BOARD OF DIRECTORS**

C C Thiar

A F Strater

N B Kader

### **COMPANY SECRETARY**

Petershill Secretaries Limited

### **REGISTERED OFFICE**

5<sup>th</sup> Floor

Wework No.1 Poultry

1 Poultry

London

EC2R 8EJ

### **REGISTERED NUMBER**

England and Wales No. 03591559

### **AUDITOR**

BDO LLP

55 Baker Street

London

W1U 7EU

### **OTHER INFORMATION**

The Company is a member of the Old Mutual Limited Group of Companies (the "Group")

## **OM Residual UK Limited**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report and the audited financial statements of OM Residual UK Limited ('the Company') for the year ended 31 December 2021.

As permitted by Section 414C (11) of the Companies Act 2006, the business review and principal activities, and principal risks and uncertainties of the Company, are disclosed within the Strategic Report.

#### **DIRECTORS**

The names of the directors currently holding office are set out on Page 1. The directors that have held office during the year are set out below:

C C Thiar

P Forsythe (resigned 31 May 2021)

A V Mcpherson (resigned 30 June 2021)

A F Strater

N B Kader (appointed 1 July 2021)

#### **DIVIDENDS**

£11,500,000 in dividends have been declared and paid in the year (2020: £11,000,000).

#### **EMPLOYMENT POLICIES**

The Company had no employees at the end of the year (2020: Nil). All employees joined and left the Company during the 2021 financial year.

All directors are or were employed by fellow Group undertakings post June 2021. The directors emoluments disclosed in note 4 relates to all employee and redundancy costs incurred by the Company in the current financial year until June 2021. This disclosure also includes a portion of the employment costs and an additional amount in relation to amounts already provided for in Old Mutual Business Services that were taken over by the Company. No remuneration was apportioned to the company post June 2021.

#### **DIRECTORS' LIABILITY INSURANCE AND INDEMNITIES**

Directors' and Officers' Liability Insurance is taken out by Old Mutual Limited for the benefit of the directors and Officers of the Company. The Company has also granted indemnities to one or more of its directors in respect of liabilities incurred as a result of their office, to the extent permitted by UK law. Those indemnities were in force throughout 2021 and remain so up to the date of this report.

#### **STATEMENT OF DISCLOSURE OF INFORMATION TO THE AUDITOR**

In preparing these financial statements, each of the directors in office at the date of approval confirm the following:

- So far as each Director is 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 in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **STATEMENT OF GOING CONCERN**

The financial statements have been prepared on a going concern basis. The financial performance and position of the Company (and its cash flows) have been considered for the next 12 months and beyond and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months. The Company has not experienced any financial impact as a result of the ongoing Covid-19 pandemic and, in light of the operations and nature of the entity, no impact is anticipated to emerge that is impacting the going concern assessment.

By order of the Board

*A Strater*

**A F Strater**

Director  
5<sup>th</sup> Floor  
Wework No.1 Poultry  
1 Poultry  
London  
EC2R 8EJ

Date: 08 November 2022

**BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The Company is a standalone, operating subsidiary of Old Mutual Limited with no subsidiaries. Its principal activity is to hold investments and oversee the remaining interests of Old Mutual Limited in the United Kingdom.

In March 2021, in anticipation of the proposed closure of Old Mutual Business Services Limited (OMBS), the Company agreed to assume the service company responsibilities previously performed by OMBS and received a cash payment to cover future expenses related to this role.

**RESULTS FOR THE YEAR**

The results of the Company for the year are set out in the Statement of Comprehensive Income on page 8. Details of dividends to the ultimate parent company are set out in Note 13.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties of the Company arise from the Company's contingent liabilities in respect of matters such as potential litigation, and warranties and indemnities relating to past acquisitions and disposals. However, the board of the Company considers the possibility of any of these contingent liabilities arising as being remote.

**KEY PERFORMANCE INDICATORS ("KPIs")**

The Company's directors are of the opinion that the KPIs for the Company are best represented by the results set out in the Statement of Comprehensive Income on page 8. These are represented by the investment income of £1,093,000 (2020: net loss of £5,427,000), which were generated from the investments of £6,291,000 (2020: £5,271,000) and cash balances of £19,636,000 (2020: £30,404,000).

**SECTION 172 STATEMENT**

The directors of the Company are required to give an annual statement which describes how the directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when discharging their duty under that section. Under section 172 of the Companies Act 2006, the directors of a company must act in the way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, they should have regard to other factors, including but not limited to: (a) the likely consequences of any decision in the long term; (b) the interests of the company's employees; (c) the need to foster the company's business relationships with suppliers, customers and others; (d) the impact of the company's operations on the community and the environment; (e) the desirability of the company maintaining a reputation for high standards of business conduct; and (f) the need to act fairly as between members of the company.

The directors of the Company are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 and acknowledge that effective and meaningful engagement with stakeholders and employees is key to promoting the success of the company. Given the activities of the Company (and in particular the fact that it has no employees or customers) the key stakeholders are limited to the Company's sole shareholder, suppliers, the community, and the environment. Consideration is given to these stakeholders when deliberating at Board meetings to the extent appropriate.

By order of the Board

*A Strater*

**A F Strater**  
Director

5<sup>th</sup> Floor  
Wework No.1 Poultry  
1 Poultry  
London  
EC2R 8EJ  
Date: 08 November 2022

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the United Kingdom;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **OM Residual UK Limited**

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OM RESIDUAL UK LIMITED**

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### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of OM Residual UK Limited ("the Company") for the year ended 31 December 2021 which comprise Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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

### *Independence*

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.

### **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.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OM RESIDUAL UK LIMITED**

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**Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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.

**Responsibilities of Directors**

As explained more fully in the Statement of Directors Responsibilities, 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.

*Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- agreement of the financial statement disclosures to underlying supporting documentation;
- our response to significant audit risks (valuation of investments, completeness of cash balances and transactions, going concern and management override of controls) are intended to sufficiently address the risk of fraudulent manipulation. Specifically we review and consider adjustments made to the financial statements, unusual or unexpected journal postings, the application of accounting policies, and the appropriateness of the basis on which investments are valued;
- communication of the relevant identified laws and regulations and potential fraud risks to all engagement team members, discussion of how and where these might occur and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- enquiries of management;
- review of minutes of board meetings throughout the period;

## OM Residual UK Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OM RESIDUAL UK LIMITED

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- obtaining and understanding of the legal and regulatory framework applicable to the Company's operations; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

*Alexander Barnes*

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Alexander Barnes (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
Date: 08 November 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



**OM Residual UK Limited**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2021**

		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>			
Interest income		4	104
Investment income		890	111
Other income	2	1,912	75
Unrealised gain on investment		182	-
Realised gain on investment		17	-
		<b>3,005</b>	<b>290</b>
<b>EXPENSES</b>			
Operating expenses and administrative expenses	3	(1,759)	(12)
Foreign exchange loss		-	(263)
Unrealised loss on investment		-	(4,051)
Realised loss on investment		-	(1,328)
		<b>(1,759)</b>	<b>(5,654)</b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>1,246</b>	<b>(5,364)</b>
Taxation	5	-	3,267
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>1,246</b>	<b>(2,097)</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>		<b>1,246</b>	<b>(2,097)</b>

The notes on pages 12 to 20 are an integral part of these financial statements

# OM Residual UK Limited

## STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
<b>CURRENT ASSETS</b>			
Investments and securities	6	6,291	5,271
Trade and other receivables	7	664	2
Intercompany loans	8	433	-
Cash and cash equivalents	9	19,636	30,404
<b>TOTAL ASSETS</b>		<b>27,024</b>	<b>35,677</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	(148)	(2)
Deferred income	11	(1,455)	-
<b>TOTAL LIABILITIES</b>		<b>(1,603)</b>	<b>(2)</b>
<b>NET ASSETS</b>		<b>25,421</b>	<b>35,675</b>
<b>EQUITY</b>			
Share capital	12	4,942	4,942
Retained earnings		20,479	30,733
<b>TOTAL EQUITY</b>		<b>25,421</b>	<b>35,675</b>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors:

*A Strater*

**A F Strater**  
Director

Company registration number: 03591559

The notes on pages 12 to 20 are an integral part of these financial statements.

**OM Residual UK Limited**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Number of shares issued and fully paid 000	Share capital £000	Retained earnings £000	Total £000
Shareholder's equity at beginning of the year	4,942	4,942	30,733	35,675
<b>Total comprehensive income for the year</b>	-	-	1,246	1,246
Profit for the year	-	-	1,246	1,246
<b>Transactions with owners</b>	-	-	(11,500)	(11,500)
Dividends for the year	-	-	(11,500)	(11,500)
<b>Shareholder's equity at end of the year</b>	4,942	4,942	20,479	25,421

**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Number of shares issued and fully paid 000	Share capital £000	Retained earnings £000	Total £000
Shareholder's equity at beginning of the year	4,942	4,942	43,830	48,772
<b>Total comprehensive income for the year</b>	-	-	(2,097)	(2,097)
Loss for the year	-	-	(2,097)	(2,097)
<b>Transactions with owners</b>	-	-	(11,000)	(11,000)
Dividends for the year	-	-	(11,000)	(11,000)
<b>Shareholder's equity at end of the year</b>	4,942	4,942	30,733	35,675

The notes on pages 12 to 20 are an integral part of these financial statements.

**OM Residual UK Limited**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £000	2020 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	1,246	(5,364)
Group tax receipt	-	3,026
Changes in working capital	(344)	-
Other non-cash movements in operating assets and liabilities	(2,794)	5,673
<b>Net cash inflow from operating activities</b>	<b>(1,892)</b>	<b>3,335</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redemption of financial investments	15	-
Proceeds on sale of investments	-	4,294
Acquisition of financial investments	(458)	-
<b>Net cash inflow from investing activities</b>	<b>(443)</b>	<b>4,294</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to:		
- Group company	(11,500)	(11,000)
Intercompany loan advanced	(433)	-
Funding payment received from group company	3,500	-
<b>Net cash outflow from financing activities</b>	<b>(8,433)</b>	<b>(11,000)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,768)</b>	<b>(3,371)</b>
Cash and cash equivalents at beginning of the period	30,404	33,775
<b>Cash and cash equivalents at end of the year</b>	<b>19,636</b>	<b>30,404</b>

The notes on pages 12 to 20 are an integral part of these financial statements.

**1. ACCOUNTING POLICIES**

**Basis of preparation**

The Company is a private company, limited by shares and is incorporated in England and Wales and domiciled in the UK. The Financial Statements have been prepared on a going concern basis and approved by the Directors in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared in Sterling and are rounded into thousands. The principal accounting policies are set out below.

**Statement of going concern**

The financial statements have been prepared on a going concern basis. The financial performance and position of the Company (and its cash flows) have been considered for the next 12 months and beyond and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months. The Company has not experienced any direct financial impact as a result of the ongoing Covid-19 pandemic and, in light of the operations and nature of the entity, no impact is anticipated to emerge that is impacting the going concern assessment.

**Foreign currencies**

The Company's presentation currency is Pounds Sterling (£).

Transactions in foreign currencies are converted into the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at rates of exchange ruling at the Balance Sheet date. Exchange gains and losses on the translation and settlement during the period of foreign currency monetary assets and liabilities are recognised in the income statement.

**Impairment of assets**

The carrying amounts of the Company's investments were reviewed at each reporting date to determine whether there was any indication of impairment. If any indication existed, the asset's recoverable amount was estimated. An impairment loss was recognised whenever the carrying amount of an asset or its cash-generating unit exceeded its recoverable amount. Impairment losses were recognised in profit or loss in the Statement of Comprehensive Income. The recoverable amount was the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows were discounted to their present value using a pre-tax discount rate that reflected market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows had not been adjusted.

**Financial assets**

**Classification**

The Company classifies its financial assets as those to be measured subsequently at fair value through profit or loss. Gains and losses are recorded in profit or loss.

**Recognition and derecognition**

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

**1. ACCOUNTING POLICIES (CONTINUED)**

**Financial assets (continued)**

**Fair Value hierarchy**

Fair values are determined according to the following hierarchy:

Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets. Instruments classified as Level 1 generally comprise listed equity securities, government securities and other listed debt securities and similar instruments, actively traded pooled investments, certain quoted derivative assets and liabilities, listed borrowed funds and investment contract liabilities linked to Level 1 pooled investments and other assets.

Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable. Instruments classified as Level 2 generally comprise unlisted equity and debt securities where the valuation is based on models involving no significant unobservable data. This includes certain loans and advances, certain privately placed debt instruments, third party interests in consolidated funds and amounts owed to bank depositors.

Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable. Instruments classified as Level 3 generally comprise unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active, including certain inactive pooled investments, and derivatives embedded in certain portfolios of insurance contracts where the derivative is not closely related to the host contract and the valuation contains significant unobservable inputs.

**Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

**Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

**Deferred tax**

Deferred tax is provided using the Balance Sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the Balance Sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity. A deferred-tax asset is recognised only to the extent that it is probable that future taxable income will be available, against which the unutilised tax losses and deductible temporary differences can be used. Deferred-tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

In certain circumstances, as permitted by accounting guidance, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profit.

**Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the end of the financial year.

**Share capital**

Ordinary share capital (including perpetual preferred callable securities) are classified as equity if they are non-redeemable by the shareholder and any dividends are discretionary and coupon payments are recognised as distributions within equity.

**1. ACCOUNTING POLICIES (CONTINUED)**

**Dividends**

Interim dividends payable to the ultimate parent company are authorised by the directors of the Company.

**Interest income**

Interest income is recognised on an accruals basis using the effective interest method.

**Other income**

Other income relates to recharges from Old Mutual PLC.

**Interest expense**

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

**Dividend income**

Dividends receivable from equity investments are recognised in the period in which the dividends are declared and approved at the general meeting.

**Standards, amendments to standards, and interpretations adopted in the 2021 annual financial statements**

There were no new standards, amendments to standards or interpretations that were applicable to the 2021 financial statements that had a material impact on the reported results.

At the date of authorisation of these financial statements there are no standards, amendments to standards and interpretations which are expected to have a material impact on the financial statements on adoption.

# OM Residual UK Limited

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

### 2. OTHER INCOME

Other income relates to recharges to Old Mutual Alternative Investments (Pty) Ltd of £193,143 and the administration fee charged to Old Mutual Business Services Ltd of £1,718,560 released to the Statement of Comprehensive Income from the Deferred Income Liability.

The deferred income was released in line with the Administration Agreement between OM Residual UK Ltd and Old Mutual Business Services Ltd. The Administration Fee income was a funding payment to enable OM Residual UK Ltd to incur agreed operational costs in the current and following financial year. The deferred income is released to the income statement as these expenses are incurred.

### 3. OPERATING EXPENSES AND ADMINISTRATIVE EXPENSES

Administration expenses are made up of:

	2021 £000	2020 £000
Employment costs (Note 4)	989	-
Office rental	89	-
Professional fees	554	1
Bank charges	1	1
Travel expenses	13	-
Insurance	12	-
Training expenses	12	-
Audit fees	78	-
General operating costs	11	10
	<b>1,759</b>	<b>12</b>

Included in the Audit fees expense are fees payable to the Company's auditor for OM Group UK Limited £14,000 and OM Finance USD Limited £8,000.

### 4. EMPLOYMENT COSTS

	2021 £000	2020 £000
Salaries and wages	832	-
Social security costs	140	-
Pension costs	17	-
	<b>989</b>	<b>-</b>

The average number of persons (including directors) employed by the Company during the year was:

	2021 No	2020 No
Management	3	-
Other	2	-
	<b>5</b>	<b>-</b>



# OM Residual UK Limited

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

### 4. EMPLOYMENT COSTS (CONTINUED)

	2021 £000	2020 £000
<b>Directors' emoluments</b>		
The total emoluments paid to directors by the Company were as follows:		
Remuneration / Fees	1,071	-
	<u>1,071</u>	<u>-</u>

The highest paid director's emoluments were as follows:

	2021 £000	2020 £000
<b>Emoluments of the highest paid director</b>		
The total emoluments paid by the Company to the highest paid director were as follows:		
Emoluments	609	-
	<u>609</u>	<u>-</u>

Some of the directors in office during the year are or were also directors of other subsidiaries within the Old Mutual Group.

	2021 £000	2020 £000
Payments for loss of office paid to former directors	-	-

All directors are or were employed by fellow Group undertakings post June 2021. The directors' emoluments disclosed above relates to all employee and redundancy costs incurred by the Company in the current financial year until June 2021. This disclosure also includes a portion of the employment costs and an additional amount in relation to amounts already provided for in Old Mutual Business Services that were taken over by the Company. No remuneration was apportioned to the company post June 2021.

# OM Residual UK Limited

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

### 5. TAXATION

	2021 £000	2020 £000
Income tax credit		
Current year	-	(3,267)
<b>Total current tax credit</b>	<b>-</b>	<b>(3,267)</b>

### RECONCILIATION OF INCOME TAX CREDIT

Profit/(loss) before taxation	1,246	(5,364)
Tax at standard rate of 19% (2020: 19%)	236	(1,019)
Effects of:		
Capital allowances in excess of depreciation	(81)	-
Deferred tax not recognised	8	(39)
Non-taxable income	(154)	(21)
Tax risk provision movement	-	(3,267)
Group relief	28	10
Capital items	(37)	1,069
<b>Total tax credit for the year</b>	<b>-</b>	<b>(3,267)</b>

The Company's unrecognised deferred tax assets carried forward are disclosed below, in accordance with the Company's accounting policies (see Note 1).

	2021 £000	2020 £000
Losses	103,373	86,126
Other short-term temporary differences	34,381	29,472
<b>Total</b>	<b>137,754</b>	<b>115,598</b>
At 2021: 25% (2020: 19%)	34,439	21,964

The directors are of the opinion that there is insufficient evidence to ensure that there will be sufficient taxable profits available in future periods against which the above potential deferred tax assets can be fully utilised.

### Factors that may affect future charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the balance sheet date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

# OM Residual UK Limited

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

### 6. INVESTMENTS IN SECURITIES

	2021 £000	2020 £000
Equity securities	6,291	5,271
	<u>6,291</u>	<u>5,271</u>

Equity securities represent interests in Old Mutual Limited. The company acquired additional investments in Legg Mason Partners, Spring Capital Partners II and Nedbank Group Limited during the year.

The fair value of financial assets held at fair value through profit or loss is determined by reference to their quoted bid price at the reporting date (level 1).

### 7. TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000
Other debtors	615	-
Prepayments and accrued income	49	2
	<u>664</u>	<u>2</u>

Other debtors at 31 December 2021 include a receivable balance of £509,000 due from the Old Mutual Plc Employee Share Trust, which is a related party.

### 8. INTERCOMPANY LOANS

	2021 £000	2020 £000
Amounts owed by related undertakings	433	-

Amounts owed by related undertakings relate to loans to Old Mutual Emerging Markets (Pty) Ltd (OMEM). The intercompany loan is unsecured, interest-free and not subject to fixed terms of repayment.

### 9. CASH AND CASH EQUIVALENTS

	2021 £000	2020 £000
Cash at bank	19,636	30,404

The Statement of Cash Flows has been prepared based on the sum of the Company's bank and bank overdraft balances, as presented above.

# OM Residual UK Limited

## NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021

### 10. TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Accruals	148	-
Amounts owed to related undertakings	-	2
	<u>148</u>	<u>2</u>

### 11. DEFERRED INCOME

	2021 £000	2020 £000
Deferred income	<u>1,455</u>	-

The deferred income liability originated from the Administration Agreement entered between OM Residual UK Ltd and Old Mutual Business Services Ltd during the 2021 financial year. Administration Fee income of £1,718,560 was released from this liability to the Statement of Comprehensive Income during 2021.

### 12. SHARE CAPITAL

	2021 £000	2020 £000
<b>ISSUED AND FULLY PAID</b>		
4,942,048 (2020: 4,942,048) Ordinary shares of £1 (2020: £1)	<u>4,942</u>	<u>4,942</u>

### 13. DIVIDENDS

	2021 £000	2020 £000
Cash dividends to Old Mutual Limited: £2.32 (2020: £2.23) per £1 ordinary share	<u>11,500</u>	<u>11,000</u>

**14. RELATED PARTY TRANSACTIONS**

Details of balances and other transactions with related parties are disclosed in Notes 2, 6, 7, 8, 10 and 11.

**Key management personnel**

Directors' emoluments are presented separately in Note 4.

**15. FINANCIAL INSTRUMENT RISK**

The Company is exposed to limited liquidity and credit risk given its assets are largely cash and cash equivalents.

Market risk is the potential impact on earnings of unfavourable changes in foreign exchange rates, prices and market volatilities. Investment risk arises from changes in the fair value of financial assets. The Company is exposed to market risk in respect of its investments in Old Mutual Limited shares of £4,864,786 (2020: £5,270,935). A 10% weakening of the share price will result in a decrease in the Company's equity holders' funds of £486,479 (2020: £527,094).

The Company is exposed to currency risk in respect of USD-denominated balances of \$15,145,000 (2020: \$19,149,000) included in cash and cash equivalents. A 10% weakening of the US Dollar conversion rate to Sterling would result in a decrease in the Company's equity holder's funds of £1,018,000 (2020: £1,274,000).

**16. CAPITAL MANAGEMENT**

Any potential future distributions by the Company will need to take into account, inter alia, the undertaking given to the Court in connection with the approval of the First Scheme of Arrangement, future developments and assessments by the Board of the Company, at such a point in time, of liabilities and contingent liabilities, in line with the directors' fiduciary duties.

Total equity attributable to equity holders is managed as capital and there are no externally imposed capital requirements of the Company.

**17. CONTINGENT LIABILITIES**

**Travelers guarantee**

On 13 March 2018, the Company announced that The Travelers Companies, Inc. and St. Paul Fire and Marine Insurance Company ("Travelers") had lodged a claim in the United States District Court for the Southern District of New York in relation to pre-existing plc Head Office legacy items relating to previously disposed of US assets. The Company continues to believe that this claim was without merit. The Company further announced on 9 April 2018 that Travelers had withdrawn all of the remedies they were claiming and that Old Mutual Limited, which became the new holding company of the Company on 26 June 2018, had agreed, inter alia, to provide an intragroup guarantee to the Company in the circumstances where the Company is unable to satisfy the obligations in respect of the legacy items which were the subject of the claim, which obligations the Company believes are highly remote.

**Liabilities from Residual plc legacy items**

The Company routinely monitors and reassesses contingent liabilities arising from pre-existing Residual plc legacy items such as litigation, and warranties and indemnities relating to past acquisitions and disposals.

**18. CONTROLLING PARTY**

**Immediate and Ultimate Parent Company**

Old Mutual Limited, registered in South Africa, is the ultimate and immediate parent undertaking. The largest and smallest group in which the results of the Company are consolidated is Old Mutual Limited. Its financial statements are available from:

The Secretary, Old Mutual Limited, Mutualpark, Jan Smuts Drive, Pinelands, Cape Town, 7405, South Africa.