

Registration number: 8878241

Standard Advisory London Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Standard Advisory London Limited

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6 to 8
Statement of Directors' Responsibilities	9
Independent Auditor's Report to the Members of Standard Advisory London Limited	10 to 12
Statement of Financial Position	13
Income Statement	14
Statement of Other Comprehensive Income	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 to 48

Standard Advisory London Limited

Company Information

Directors

S P Ridley (Chair)

G M Vogel (Chief Executive)

I E Lawrence (Non-Executive)

R T F Poole (Non-Executive)

T J Lancaster (Executive)

Company secretary G Shaw-Taylor

Registered office 20 Gresham Street
London
EC2V 7JE.

Auditors KPMG LLP
15 Canada Square
London
E14 5GL

Standard Advisory London Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019 for Standard Advisory London Limited (“the company” or “SALL”).

Standard Bank Group profile

Standard Bank Group Limited (“SBGL”) is the holding company of SALL. SBGL’s market capitalisation at 31 December 2019 was ZAR 277.2 billion (approximately GBP 14.9 billion) and its shares are listed on the JSE. Standard Bank Group’s (“SBG” or “Group”) purpose is ‘Africa is our home, we drive her growth’.

SBG is a leading African integrated financial services organisation with three business units: Personal & Business Banking (“PBB”), Corporate & Investment Banking (“CIB”) and Wealth. It currently operates in 20 countries on the African continent including South Africa, with additional presence in selected key markets outside the African continent, and employs approximately 50,722 employees across all geographies.

As part of the Group’s strategy to support its clients, CIB’s International business extends the Group’s reach beyond its unique African footprint with a presence in five key locations outside Africa. Offices in London, New York, Sao Paulo, Dubai and Beijing are established ‘to connect Africa to the world in pursuit of faster and sustainable growth’.

These International offices are strategically placed to partner with SBG entities across the Group’s unique African footprint and to foster greater connectivity for the Group in key International markets. The CIB International business vision is “we will maximise the competitive advantage of Standard Bank Group by providing exceptional client experiences for international clients with growing operations in Africa and African clients accessing international markets”.

The Role of SALL

SALL provides a hub for this International business within SBG. Its Financial Conduct Authority (“FCA”) regulated presence in the City of London enhances the Group’s ability to originate and deepen relationships with clients seeking to grow their operations in Africa from Europe. SALL also provides the Group and African clients with access to European markets, capital and liquidity.

• Principal activities

The company’s business was authorised by the FCA on 31 December 2014 for advising and arranging in relation to investments in the UK and passporting into Europe. On 12 September 2019 the FCA approved SALL’s variation of permission request to cease providing advising and arranging activities to retail clients which had been performed by the Wealth business.

As a subsidiary of SBGL, the company forms a link between Europe and the activities of the Group in Africa. SALL’s main role is to have a client-facing relationship on behalf of SBG, arranging and advising on banking and financial services products for clients. The client portfolio includes global multinational corporate clients, African corporates with decision makers in Europe and African clients looking to access European capital and liquidity.

SALL predominantly offers:

• Corporate and Investment Banking

Services which includes client coverage (building and maintaining relationships with existing and prospective clients of the Group) in Europe; arranging and advisory services for corporate and institutional clients, including public offerings, capital raisings and debt products, as well as facilitating client relationships in respect of transactional products and services provided by the Group, which comprise cash management solutions, trade finance services, and investor services such as clearing and custody;

Standard Advisory London Limited

Strategic Report for the Year Ended 31 December 2019

- **Wealth**

Facilitating ongoing relations between Wealth International clients and The Standard Bank Offshore Group ("TOG"); and

- **Group**

Employing a number of individuals who perform functions for the Group.

SALL does not originate financial assets for its own balance sheet with these assets booked on the balance sheets of other Group subsidiaries.

SALL, in return for the services above, receives compensation in line with Organisation for Economic Co-operation and Development ("OECD") transfer pricing guidelines which ensures that SALL's costs are adequately covered and that the services provided by SALL to the Group are priced on an arm's length basis. In addition, SALL receives fee income directly from clients.

Financial results

The company's results for the period are shown in the income statement on page 14. The profit for the year is £2.6m (2018: £4.2m).

Capital resources

The company manages capital requirements based on the FCA requirements as well as a multiple of the monthly cost cover. At the end of 2019, the company was well capitalised with total equity capital resources amounting to £33.7m.

Principal risks and uncertainties

SALL recognises that the operation of its business carries inherent risks. Apart from reputational risk, the key inherent risks to the business are conduct, compliance, legal, operational, and human resources.

SALL is not exposed to external market risk or credit risk from business activities, as all transactions originated by the company are executed on the balance sheets of other SBGL subsidiaries, the majority being to The Standard Bank of South Africa ("SBSA").

SBG has substantial financial resources and a robust risk management architecture, upon which SALL can rely on in order to shield it against economic risks. Linked to SBG's framework, SALL has its own risk and compliance framework including a Risk & Compliance Committee which meets monthly and the Client Risk Management Committee which typically meets regularly as required to oversee and monitor the activities of the company.

As required under Schedule 19 of the Finance Act 2016, SALL has published its UK tax strategy on the Group's website.

Business objectives and how the directors promote the success of the company per Section 172 of the Companies Act 2006

SALL's purpose is to connect Africa to the world in pursuit of faster and sustainable growth. Since our inception in 2015, SALL has developed its role and purpose within the Group and in 2020 will continue to provide geographical reach for SBG when partnering with international clients who are growing their operations in Africa and African clients who require access to international markets, capital and liquidity.

Standard Advisory London Limited

Strategic Report for the Year Ended 31 December 2019

To ensure SALL is best placed to promote the long-term success of the company for both its shareholder, SBGL, and its stakeholders, we seek to drive efficient and effective operations across our business and promote the Standard Bank brand. As part of this objective in 2019 we determined which clients offered the greatest opportunity for sustainable growth. This exercise resulted in defined client lists for each of our client categories, being global multinational corporate clients operating in Africa, African corporates with decision makers in Europe and African clients looking to access European capital and liquidity. As a result of this clarity we looked at our people and the functions they performed and restructured our headcount to ensure that our resources and capabilities are aligned appropriately. We encouraged our teams to reflect on whether the activities they perform continued to be relevant to our clients and, if they were, if these could be done more efficiently and effectively. Our teams also considered what activities they should start doing to support our purpose.

Given our success will be delivered by our people we encourage employee involvement in the formation and execution of the company's strategy with key information cascaded through regular town halls and various internal communication channels. As a result of the change experienced by our people in 2019 there was extensive engagement with our people to help them deal with uncertainty and enable them to take advantage of our focussed strategy.

We recognise that the value we bring to the Group is enhanced by being a cohesive team of high performing and accountable professionals. As such we continually enhance our talent and succession plans to ensure we develop our employees and that they remain motivated and engaged.

We shall continue to develop our people and in turn, our ability to truly connect and partner with our clients and suppliers as real people. The partnerships with our clients will contribute in a positive way to their success as they pursue growth through their own personal objectives and their business activities in Africa. Through our procurement processes we ensure that our suppliers are treated fairly. Our due diligence processes performed on our clients, through our Client Risk Management Committee, and our suppliers, through our third-party risk processes, ensure that we consider and manage matters such as anti-money laundering and anti-bribery and corruption risks as well as having visibility on our supply chain.

The Group is a founding signatory to the UN Principles for Responsible Banking - a framework aimed at driving sustainable economic development and ensuring the prosperity of current and future generations. It understands that its sustainability and success are inextricably linked to the prosperity and wellbeing of the societies in which it operates. As part of this journey, SALL will work in 2020 to embed the Group's Social Economic and Environmental ("SEE") framework to help us assess the social, economic and environmental impacts of our decisions and how best to create value for the business in a way that also produces value for society.

SALL undertakes the execution of its strategy in a disciplined and prudent manner. As a subsidiary within the Group it has adopted the Standard Bank Group's Subsidiary Governance Framework and, as set out within the directors' report, the board has delegated the day to day management of the company to the Governance Committee who are responsible for ensuring that appropriate frameworks, including those in relation to how SALL conducts its business, are in place. From 9 December 2019 the company has been subject to the FCA's Senior Manager and Certification Regime and has developed its frameworks to ensure that SALL employees take responsibility for their actions, high standards of conduct are maintained and the company and its employees clearly understand their responsibilities and can articulate what these are. To support the company in ensuring the conduct of its employees is appropriate, regular reporting in the form of conduct dashboards is presented at the company's governance forums.

While SALL is a 100% subsidiary of SBGL it originates financial assets and manages client relationships for other Group entities. SALL ensures that it acts fairly when dealing with Group entities and that its activities are undertaken for the best interest of the Group as a whole.

Standard Advisory London Limited


Strategic Report for the Year Ended 31 December 2019

Outlook for 2020

Despite uncertainty in global markets the outlook for 2020 is positive as we transform and modernise our processes to support our targeted client needs and leverage SBG's capabilities to improve our client's experience. We will support the growth of the Groups franchise with SALL's primary initiative for 2020 being to increase the number of African countries in which we support the largest corporates in the world who are active in Africa.

Following the United Kingdom leaving the European Union on 31 January 2020 and the transition period ending on 31 December 2020, SALL is keeping under review any changes which may affect its business, particularly with respect to changes to financial services legislation and the impact they may have on SALL's business activities across Europe. The company has contingency plans in place if there is no agreement between the United Kingdom and the European Union in relation to financial services equivalence or adequacy rulings before the end of the 2020. It is confident that this would not significantly impact its operations.

Approved by the Board on 27/02/2020 and signed on its behalf by:



.....
G. Shaw-Taylor
Company secretary

Standard Advisory London Limited

Directors' Report for the Year Ended 31 December 2019

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

Going concern

The financial statements are prepared on a going concern basis, as the directors are satisfied that the company has adequate resources to continue in business for the foreseeable future.

Dividends

The directors recommend the payment of an ordinary dividend of £2.5m, for the period ended 31 December 2019 (2018: £2.1m).

Internal control and financial reporting

The directors who held office at the date of approval of this report confirm that, as far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, that each director has taken all steps that they ought to have taken as directors to make them aware of any relevant audit information, and to establish that the company's auditors are aware of that information.

The directors are responsible for internal control in the company and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining appropriate compliance oversight; for maintaining proper accounting records; and for the reliability of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud.

The procedures that the directors have established are designed to provide effective internal control within the company.

Such procedures for the ongoing identification, evaluation and management of the significant risks faced by the company have been in place throughout the year and up to 27 February 2020, the date of approval of the annual financial statements for the year ended 31 December 2019.

The directors and senior management of the company have adopted policies which set out the Board's attitude to risk and internal control. Key risks identified by the directors are formally reviewed and assessed at least once a year by the Board, in addition to which key business risks are identified, evaluated and managed by operating management on an ongoing basis by means of procedures such as physical controls, authorisation limits and segregation of duties.

The Board also receives regular reports on any risk and compliance matters that need to be brought to its attention. Significant risks identified in connection with the development of new activities are subject to consideration by the Board. There are well established budgeting procedures in place and reports are presented regularly to the Board detailing the results of each principal business unit, variances against budget and prior year, and other performance data.

The effectiveness of the internal control system is reviewed regularly by the Board, which also receives reports of reviews undertaken by the internal audit function as well which include details of internal control matters that they have identified. Certain aspects of the system of internal control are also subject to compliance monitoring, the results of which are monitored by the Board.

Standard Advisory London Limited

Directors' Report for the Year Ended 31 December 2019

The directors who held office during the course of the 12 months ended 31 December 2019 or who hold office as at the date of this report are as follows:

S P Ridley (non-executive director and Chairman)

G M Vogel (executive director and Chief Executive)

I E Lawrence (non-executive director)

R T F Poole (non-executive director)

T J Lancaster (executive director)

None of the directors held any beneficial interest in the ordinary share capital of the company during the period or at 31 December 2019.

Committees

The Board delegates certain functions and responsibilities to the Governance Committee ("Committee") which is responsible for the day to day management of the company. The establishment of the Committee was approved by the Board on 19 November 2014 with changes in membership approved as and when appropriate.

Current Membership: The Committee comprises certain directors and senior executives, currently G. Vogel (Chair and Chief Executive), I. Carton, D de Zilva, Y. Dmitrieva, C. Furey-Blaize, A. Hunt, R. Jones, T. Lancaster, O. Litynska, M. McDonald, W. Mitchell and M. Maffei.

The major sub-committee supporting the Governance Committee in fulfilling its responsibilities is the Client Risk Management Committee. The Risk and Compliance Committee, which was a sub-committee of the Governance Committee, was dissolved during 2019 with its responsibilities consolidated into the Governance and Client Risk Management Committees.

Transactions with directors and related parties

There are no loans, arrangements or agreements that require disclosure under the Companies Act 2006 or International Financial Reporting Standards regarding transactions with related parties, other than those shown in notes to the financial statements.

Directors Liability Insurance

The company maintained directors' and officers' liability insurance during the 12 months ended 31 December 2019.

Employees

The company is committed to the principle of Equal Opportunities and seeks to create a working environment in which all those the company has contact with are treated with dignity and respect.

It is the company's policy to ensure that all employees and job applicants are given equal opportunities and that they do not face discrimination on the grounds of race which includes colour, nationality or ethnic or national origins, sex, civil partnership or marital or family status, gender reassignment, disability, religion or belief, sexual orientation, age and pregnancy or maternity. No employee or job applicant should face bullying, victimisation or harassment.

The company believes that diversity enriches creativity, innovation and reputation and that it has a responsibility to its staff and to the communities in which it works in to ensure that this policy is fully complied with.

The company recognises its responsibilities to provide a safe working environment for all its staff and measures are in place to ensure that the relevant health and safety regulations are observed and complied with.

Standard Advisory London Limited


Directors' Report for the Year Ended 31 December 2019

Reappointment of auditors

KPMG LLP has indicated its willingness to continue as the auditor of the company

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 27/02/2020 and signed on its behalf by:


G Shaw-Taylor
Company secretary

Standard Advisory London Limited

Statement of Directors' Responsibilities

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

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 Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 EU;
- 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.

Independent Auditor's Report to the Members of Standard Advisory London Limited

Opinion

We have audited the financial statements of Standard Advisory London Limited (the 'company') for the year ended 31 December 2019, which comprise the Income Statement, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and its effects are subject to unprecedented levels of uncertainty of consequences, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of Standard Advisory London Limited

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they 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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at:
www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Independent Auditor's Report to the Members of Standard Advisory London Limited



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Alexander Snook
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 27/02/2020

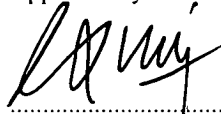
Standard Advisory London Limited

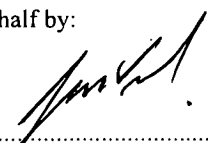
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Statement of Financial Position as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Assets			
Cash and cash equivalents	3	35,647	54,832
Property, plant and equipment	5	1,421	158
Right of use assets	5.1	359	-
Pledged assets	4	11,762	7,757
Amounts owing by fellow subsidiary	6	9,551	2,623
Derivative assets	6, 7	270	11
Trade and other receivables	9	2,198	2,762
Deferred tax assets	19	1,929	2,456
Total assets		<u>63,137</u>	<u>70,599</u>
Equity and liabilities			
Equity			
Share capital	18	30	30
Share premium	18	29,970	29,970
Cash flow hedging reserve	8	(1,202)	(903)
Retained earnings		<u>4,917</u>	<u>4,402</u>
Total equity		<u>33,715</u>	<u>33,499</u>
Liabilities			
Long-term liabilities	22	2,533	12,151
Derivative liabilities	6, 7	3,028	1,410
Amounts owing to fellow subsidiary	6	52	2,625
Trade and other payables	10	<u>23,809</u>	<u>20,914</u>
Total liabilities		<u>29,422</u>	<u>37,100</u>
Total equity and liabilities		<u>63,137</u>	<u>70,599</u>

Approved by the Board on 27/02/2020 and signed on its behalf by:


 S P Ridley (Chair)
 Director


 G M Vogel (Chief Executive)
 Director

The notes on pages 18 to 48 form an integral part of these financial statements.

Standard Advisory London Limited

Income Statement for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Net interest income			
Interest income	12	541	543
Non-interest income	6, 13	<u>72,068</u>	<u>85,233</u>
Total income		72,609	85,776
Operating expenses	14	<u>(69,276)</u>	<u>(80,445)</u>
Net income from operations		<u>3,333</u>	<u>5,331</u>
Profit before tax		3,333	5,331
Income tax expense	19	<u>(718)</u>	<u>(1,106)</u>
Profit for the year		<u><u>2,615</u></u>	<u><u>4,225</u></u>

Standard Advisory London Limited

Statement of Other Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Profit for the year		<u>2,615</u>	<u>4,225</u>
Items that may be reclassified subsequently to profit or loss			
Amounts recognised directly in OCI before tax		(1,365)	(4,955)
Amounts released to profit or loss before tax		996	2,351
Deferred tax		70	495
Equity-settled share-based payment transactions		<u>-</u>	<u>(9)</u>
	8	<u>(299)</u>	<u>(2,118)</u>
Total comprehensive income for the year		<u><u>2,316</u></u>	<u><u>2,107</u></u>

The notes on pages 18 to 48 form an integral part of these financial statements.

Standard Advisory London Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Cash flow hedging reserve £ 000	Total £ 000
At 1 January 2019	30	29,970	4,402	(903)	33,499
Profit for the year	-	-	2,615	-	2,615
Other comprehensive income	-	-	-	(299)	(299)
Dividends	-	-	(2,100)	-	(2,100)
At 31 December 2019	<u>30</u>	<u>29,970</u>	<u>4,917</u>	<u>(1,202)</u>	<u>33,715</u>
	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Cash flow hedging reserve £ 000	Total £ 000
At 1 January 2018	30	29,970	3,986	1,206	35,192
Profit for the year	-	-	4,225	-	4,225
Other comprehensive income	-	-	(9)	(2,109)	(2,118)
Dividends	-	-	(3,800)	-	(3,800)
At 31 December 2018	<u>30</u>	<u>29,970</u>	<u>4,402</u>	<u>(903)</u>	<u>33,499</u>

The notes on pages 18 to 48 form an integral part of these financial statements.
Page 16

Standard Advisory London Limited

Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Profit for the year		2,615	4,225
Adjustments to cash flows from non-cash items			
Interest income	12	(541)	(543)
Depreciation and amortisation	14	3,432	-
Income tax expense	19	718	1,106
		<u>6,224</u>	<u>4,788</u>
Working capital adjustments			
(Increase)/decrease in trade and other receivables	17	(5,936)	5,081
Decrease in trade and other payables	17	(10,019)	(9,026)
Cash generated from operations		(9,731)	843
Interest received	17	281	501
Income taxes received/(paid)	17	143	(1,700)
Change in distributable share options		-	9
Income from cash flow hedge	8	996	2,351
Net cash flow from operating activities		<u>(8,311)</u>	<u>2,004</u>
Cash flows from investing activities			
Acquisitions of property plant and equipment	5	(1,370)	(158)
Cash flows from financing activities			
Dividends paid	11	(2,100)	(3,800)
Payments for leases under IFRS 16	21	(3,399)	-
Net cash flows from financing activities		<u>(5,499)</u>	<u>(3,800)</u>
Net decrease in cash and cash equivalents		(15,180)	(1,954)
Cash and cash equivalents at 1 January		<u>62,589</u>	<u>64,543</u>
Cash and cash equivalents at 31 December		<u><u>47,409</u></u>	<u><u>62,589</u></u>

The notes on pages 18 to 48 form an integral part of these financial statements.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:

20 Gresham Street

London

EC2V 7JE

United Kingdom

2 Accounting policies

Basis of preparation

These financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the International Accounting Standards Board ("IASB").

The financial statements are prepared in accordance with the going concern principle under the historical cost basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2019 have had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2019 and which have not been adopted early, are expected to have a material effect on the financial statements.

New standards and interpretations not yet adopted

There are no new or revised relevant standards effective for the year ended 31 December 2020.

Changes resulting from adoption of IFRS 16

IFRS 16 Leases became mandatorily effective on 1 January 2019. The company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

The company transitioned to IFRS 16 using the modified retrospective approach and as a result the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 January 2019 have the definition of a lease per IFRS 16 applied.

In addition, the company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics
- Applied the exemption not to recognise liabilities for leases with less than 12 months of lease term remaining
- Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Right-of-use assets are measured at either:

- Their carrying amount as if IFRS 16 has been applied since commencement, discounted using the lessee's incremental borrowing rate at the date of initial application
- An amount equal to the lease liability, adjusted for any prepaid or accrued lease payments

No adjustments are required on transition to IFRS 16 for leases where the company acts as a lessor, except for a sub-lease. A reassessment of the classification of a sub-lease is required under IFRS 16.

The company had no lease liabilities that were classified as 'operating leases' under the principles of IAS 17 - Leases in 2018. Therefore, on transition, there is no adjustment to reserves.

Note	As originally reported 2018 £ 000
Operating lease commitments at 31 December 2018	-
Operating lease commitments discounted at the incremental borrowing rate	3,588
Lease liabilities recognised at 1 January 2019	3,588

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average rate applied was 4%.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Foreign currency transactions and balances

Functional and presentational currency

Items included in the annual financial statements use the currency of the primary economic environment in which the entity operates (functional currency). The company's functional and presentational currency is Pound Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange differences on non-monetary items are accounted for based on the classification of the underlying items.

Revenue recognition

Recognition

The company earns revenue from interest income and non-interest income as described below.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Interest income

Interest income and expenses are recognised in profit or loss on an accrual basis using the effective interest rate method for all interest-bearing instruments, except for those classified at fair value through profit or loss. In terms of the effective interest rate method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Non-interest income

Revenue sharing and fee arrangements with group companies

SBG's transfer pricing arrangements can be summarised into the following main methodology types:

- Residual profit share arrangements;
- Revenue sharing arrangements; and
- Cost plus mark-up method.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Residual profit share arrangements

This method is applied where the agreement requires the sharing or allocating of residual profit between entities. Residual profit is profit available after settling back office costs at cost plus a mark-up; front office costs at no mark-up; and cost of capital. Residual profit is shared based on the product type. For credit based transactions the residual profit is split 80:20 to capital providers and originators respectively. For fee based transactions residual profit is split 50:50.

Revenue sharing arrangements

This method applied when the agreement requires the sharing or allocating of revenue, post credit impairments, between entities at an agreed percentage.

Cost plus method

The transfer pricing arrangement under the cost plus methodology is structured to state that the service seller is remunerated for services by adding a mark-up to the costs it incurs.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted at the reporting date. Deferred tax is not recognised for the initial recognition of assets and liabilities which affect neither accounting nor taxable profits or losses.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which unused tax losses and other temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current and deferred tax relating to items which are charged or credited directly to other comprehensive income, are also charged or credited directly to other comprehensive income and are subsequently recognised in profit or loss when the related deferred gain or loss is recognised.

Indirect taxes, including non-recoverable value added tax (VAT), shareholders taxes and other duties for banking activities are recognised in profit and loss.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the company and the cost of the item can be measured reliably. Expenditure, which does not meet these criteria, is recognised in operating expenses as incurred.

Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate major components of property and equipment.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows.

The residual values, useful lives and the depreciation method applied are reviewed, and adjusted if appropriate, at each financial year end.

Asset class	Depreciation method and rate
Computer equipment	Straight line 3-5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or 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 the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as non-current assets of the company at the lower of their fair value at the date of commencement of the lease and at the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (eg direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Employee benefits

Post-employment benefits - defined contribution plans

The company contributes to individual personal pensions operated by third parties on a contract basis. The contributions are based on a percentage of pensionable earnings funded by the company and employees. Contributions to these plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

Termination benefits

Termination benefits are recognised as an expense when the company is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and any non-monetary benefits such as private medical premiums. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term incentive schemes

The company operates cash-settled deferred compensation plans (Cash Settled Deferred Bonus Scheme and Performance Reward Plan). In addition there are a small number of outstanding awards in respect of historical schemes that employees have the choice to cash-settle or equity-settle.

Cash settled deferred bonus scheme

The Standard Bank Cash Settled Deferred Bonus Scheme ("CS DBS"), previously referred to as Outside Africa Deferred Bonus Scheme, awards a number of CS DBS stock units denominated in sterling and is a cash-settled, deferred incentive scheme. The value is based on the Standard Bank Group ("SBG") share price and moves in parallel to the change in price of the SBG shares listed on the Johannesburg Stock Exchange ("JSE"). The awards vest over a three and a half year period dependent on the employee being in service for the period and are accrued from the award date over the vesting period. The amount of the accrued liability is re-measured at the end of each reporting period. The changes in liability are accounted for through profit or loss over the life of the CS DBS stock units. Notional dividends accrue during the vesting period and will be payable on the vesting date.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Performance reward plan

The group's Performance Reward Plan (PRP) has a three-year vesting period and is designed to incentivise the group's senior executives, whose roles enable them to contribute to and influence the group's long-term decision-making and performance results. The PRP seeks to promote the achievement of the group's strategic long-term objectives and to align the interests of those executives with overall group performance in both headline earnings growth and ROE.

The awards are subject to the achievement of performance conditions for future financial years set at award date and that determine the number of shares that ultimately vest. The awards will only vest in terms of the rules of the PRP. Awards issued to individuals in employment of group entities domiciled outside South Africa are cash-settled. Notional dividends accrue during the vesting period and will be payable on vesting date.

The amount of the accrued liability is re-measured at the end of each reporting period. The changes in liability are accounted for through profit and loss over the vesting period.

Equity compensation plans

The fair value of equity-settled share options is determined on the grant date and accounted for as staff costs over the vesting period of the share options, with a corresponding increase in the share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and staff retrenchments, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against profit or loss and equity over the remaining vesting period.

On vesting of share options, amounts previously credited to the share-based payment reserve are transferred to retained earnings through an equity transfer. On exercise of equity-settled share options, proceeds received are credited to share capital and premium.

Share-based payments settled in cash are accounted for as liabilities at fair value until settled. The liability is recognised over the vesting period and is revalued at every reporting date and on settlement. Any changes in liability are recognised in the profit or loss.

Financial instruments

IFRS 9 Financial Instruments with effect from 1 January 2018, replaced IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduced new requirements which included an expected credit loss (ECL) impairment model and new requirements for the classification and measurement of financial assets.

Initial measurement (IFRS 9)

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the company commits to purchase (sell) the instruments (trade date accounting).

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Financial assets

Amortised cost

A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):

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

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss - default.

Fair value through OCI

Includes:

A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):

- Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss - default.

Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) to be presented at fair value through OCI.

Fair value through profit or loss - default

Financial assets that are not classified into one of the above mentioned financial asset categories.

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost

Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges.

Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Fair value through OCI

Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue.

Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are recognised in interest income within profit or loss.

Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income.

Dividends received on equity instruments are recognised in other revenue within non-interest income.

Fair value through profit or loss - default

Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)

Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.

Off-balance sheet exposures (excluding loan commitments)

Recognised as a provision within other liabilities.

Financial assets measured at fair value

Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Financial liabilities

Amortised cost

All other financial liabilities not included in the Held-for trading and Designated at fair value through profit or loss.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified and measured as amortised cost using the effective interest method recognised in interest expense.

Hedge accounting

When derivatives are designated in a hedge relationship the company designates them as:

- hedges of the fair value of recognised financial assets or liabilities (fair value hedges); or
- hedges of highly probable future cash flows attributed to a recognised asset or liability, a forecast transaction, or a highly probable forecast intragroup transaction in the consolidated annual financial statements (cash flow hedges).

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedging reserve. The ineffective part of any changes in fair value is recognised immediately in profit or loss as trading revenue.

Amounts recognised in other comprehensive income ("OCI") are transferred to profit or loss in the periods in which the hedged forecast cash flows affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses recognised previously in OCI are transferred and included in the initial measurement of the cost of the asset or liability.

If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for cash flow hedge accounting or the designation is revoked, then hedge accounting is discontinued. The cumulative gains or losses recognised in OCI remain in OCI until the forecast transaction is recognised in the case of a non-financial asset or a non-financial liability, or until the forecast transaction affects profit or loss in the case of a financial asset or a financial liability. If the forecast transaction is no longer expected to occur, the cumulative gains and losses recognised in OCI are immediately reclassified to profit or loss and classified as trading revenue.

Accounting estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment, the valuation of financial instruments and current and deferred taxation as explained in more detail below:

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Fair value of financial assets and liabilities

Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

Current and deferred taxation

The company is subject to direct and indirect taxation. There may be transactions and calculations for which the ultimate tax determination has an element of uncertainty during the ordinary course of business. The company recognises liabilities based on estimates of the quantum of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax expense in the year in which such determination is made.

A deferred tax asset of £1.9m (2018: 2.5m), see note 19, is recognised in respect of timing differences. A deferred tax asset has been recognised as it is probable that future taxable profits will be available against which the company can utilise the asset

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

3 Cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash held with external counterparties	6,597	12,287
Cash held with fellow subsidiaries	29,050	42,545
	<u>35,647</u>	<u>54,832</u>

4 Pledged assets

	2019 £ 000	2018 £ 000
Independent amount with fellow subsidiary	<u>11,762</u>	<u>7,757</u>

The above amount was deposited with The Standard Bank of South Africa ("SBSA") and SBSA Isle of Man Branch as pledged amounts in relation to the derivative transaction:

	Maturing within 1 year £ 000	Maturing within 2 years £ 000	Total £ 000
As at 31 December 2019			
GBP	5,467	5,998	11,465
USD	209	88	297
Total independent amount with fellow subsidiary	<u>5,676</u>	<u>6,086</u>	<u>11,762</u>

	Maturing within 1 year £ 000	Maturing within 2 years £ 000	Total £ 000
As at 31 December 2018			
GBP	3,217	1,490	4,707
USD	485	126	611
ZAR	2,439	-	2,439
Total independent amount with fellow subsidiary	<u>6,141</u>	<u>1,616</u>	<u>7,757</u>

The USD deposits were translated at the year end rate US\$/£ 1.3152 (2018: 1.2737) and the ZAR deposits in 2018 were translated at the year end rate ZAR/£ 18.3558.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

5 Property, plant and equipment

	Properties under construction £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2018	-	-	-
Additions	-	158	158
At 31 December 2018	-	158	158
At 1 January 2019	-	158	158
Additions	832	538	1,370
At 31 December 2019	832	696	1,528
Depreciation			
At 1 January 2018	-	-	-
Charge for year	-	-	-
At 31 December 2018	-	-	-
At 1 January 2019	-	-	-
Charge for the year	-	107	107
At 31 December 2019	-	107	107
Carrying amount			
At 31 December 2019	832	589	1,421
At 31 December 2018	-	158	158

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

5.1 Right of use assets

	Property £ 000	Total £ 000
Cost or valuation		
At 1 January 2018	-	-
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2018	-	-
At 1 January 2019	-	-
Additions	3,684	3,684
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2019	3,684	3,684
Depreciation		
At 1 January 2018	-	-
Charge for year	-	-
Eliminated on disposal	-	-
Right of use assets	-	-
	<hr/>	<hr/>
At 31 December 2018	-	-
At 1 January 2019	-	-
Charge for the year	3,325	3,325
Eliminated on disposal	-	-
	<hr/>	<hr/>
At 31 December 2019	3,325	3,325
Carrying amount		
At 31 December 2019	<hr/> <hr/> 359	<hr/> <hr/> 359
At 31 December 2018	<hr/> <hr/> -	<hr/> <hr/> -

6 Related party transactions

Transfer pricing

The company has transfer pricing agreements in place with other SBG entities. Transfer pricing revenue earning in the current year totalled £70.5m (2018: £83.3m).

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

	2019 £ 000	2018 £ 000
Cost plus transfer pricing method		
The Standard Bank of South Africa Limited	34,453	41,491
Standard Bank Jersey Limited	<u>6,246</u>	<u>6,002</u>
	40,699	47,493
Residual profit transfer pricing method		
The Standard Bank of South Africa Limited	<u>29,764</u>	<u>35,811</u>
Total revenue sharing and fee arrangements with group companies	<u><u>70,463</u></u>	<u><u>83,304</u></u>

Income and receivables from related parties

The company entered into transactions with other entities forming part of SBG and other related parties. A significant portion of this activity reflects the placement of excess liquidity

2019	Fellow Subsidiary £ 000
Assets	
Cash held with fellow subsidiaries (note 3)*	29,050
Independent amount with fellow subsidiary (note 4)	11,762
Amounts receivable from fellow subsidiary	9,551
Equity forwards (note 7)	270
Total assets	<u><u>50,633</u></u>

2018	Fellow Subsidiary £ 000
Assets	
Cash held with fellow subsidiaries (note 3)*	42,545
Independent amount with fellow subsidiary (note 4)	7,757
Amounts receivable from fellow subsidiaries	2,623
Equity forwards (note 7)	11
	<u><u>52,936</u></u>

*These balances are categorised as loans and receivables in accordance with IFRS 9 and are payable on demand. The carrying value of these assets approximates to their fair value.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Expenditure with and payables to related parties

	Fellow Subsidiaries £ 000	Other related parties £ 000
2019		
Liabilities		
Amounts payable*	52	1,948
Equity forwards (note 7)	3,028	-
	<u>3,080</u>	<u>1,948</u>
	Fellow Subsidiary £ 000	Other related parties £ 000
2018		
Liabilities		
Amounts payable*	2,625	1,796
Equity forwards (note 7)	1,410	-
	<u>4,035</u>	<u>1,796</u>

*These balances are classified as amortised cost in accordance with IFRS 9 and are payable on demand. The carrying value of these assets approximates to amortised cost value.

Interest income

The company receives interest income for cash held and independent amounts with SBSA and SBSA Isle of Man Branch totalling to £0.5m (2018: £0.5m).

Operating expenses

The company paid monthly charges to SBSA, a fellow subsidiary, for various expenses totalling to £3.6m (2018: £4.1m). In addition, the company paid monthly charges to ICBC Standard Bank Plc, a related party, for rent and IT charges totalling to £3.8m (2018 £10.4m)

6.1 Key management compensation

	2019 £ 000	2018 £ 000
Salaries and other short term employee benefits	7,402	7,218
Long-term incentives recognised in the income statement	3,013	4,521
Gains on the exercise of long-term incentives	4,695	5,044
	<u>15,110</u>	<u>16,783</u>

There were no other transactions with key management in 2019 (2018: nil).

The average key management consists of 15 (2018: 15), 12 (2018: 12) of whom were employees.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

7 Derivatives held for risk management and hedge accounting

Derivatives held for risk management

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items (net of tax) resulting from hedge accounting.

	2019		2018	
	Assets £ 000	Liabilities £ 000	Assets £ 000	Liabilities £ 000
Non-current				
Equity price risk	270	(3,028)	11	(1,410)

On 30 September 2016, the company entered into a number of equity forwards to hedge its share price incentive schemes against changes in the SBGL's underlying share price. In May 2018, additional positions were entered into to hedge the exposure share-based incentives issued in 2019. The intention is to reduce the volatility in movement of share-based incentive scheme costs.

8 Cash flow hedging reserve

The company enters into derivative contracts to hedge future probable cash flows, which are designated as cash flow hedges. The purpose of the hedge is to mitigate risk of change in cash flows arising from changes in long-term incentive liability, underpinned by SBGL share price (see note 16).

The forecasted timing of the release of net cash flows before tax from the cash flow hedging reserve into profit or loss at 31 December is as follows:

		Maturing 3 - 12 months £ 000	Maturing 1 - 5 years £ 000	Total £ 000
2020				
Risk management:				
Net cash outflow		(107)	(851)	(958)
	Maturing within 3 months £ 000	Maturing 3 - 12 months £ 000	Maturing 1 - 5 years £ 000	Total £ 000
2019				
Risk management:				
Net cash inflow/(outflow)	113	(122)	(899)	(908)

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Reconciliation of movements in the cash flow hedging reserve ("CFHR")

	2019	2018
	£ 000	£ 000
Balance at the beginning of the year	(903)	1,206
Amounts recognised directly in OCI before tax	(1,365)	(4,955)
Amounts released to profit or loss before tax	996	2,351
Deferred tax	70	495
Balance at the end of the year	<u>(1,202)</u>	<u>(903)</u>

9 Trade and other receivables

	2019	2018
	£ 000	£ 000
VAT amounts recoverable	560	877
Income tax asset	1,310	1,144
Other receivables	328	741
	<u>2,198</u>	<u>2,762</u>

These balances are classified as amortised cost in accordance with IFRS 9 and are payable on demand. The carrying value of these assets approximates their fair value due to their short-term nature.

10 Trade and other payables

	2019	2018
	£ 000	£ 000
Short-term incentive liability	5,473	-
Accrued expenses	1,370	1,489
Amounts owing to associated company	1,948	1,796
Other payables	14,706	17,629
Current portion of lease liabilities	312	-
	<u>23,809</u>	<u>20,914</u>

These balances are classified as amortised cost in accordance with IFRS 9 and are repayable on demand. The carrying value of these liabilities approximates their fair value due to their short-term nature.

11 Dividends

	2019	2018
	£ 000	£ 000
Dividends paid	<u>2,100</u>	<u>3,800</u>

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

12 Interest income

	2019 £ 000	2018 £ 000
Interest on short-term funds	541	543

13 Non-interest revenue

	2019 £ 000	2018 £ 000
Advisory fees from third parties	1,605	2,190
Revenue sharing and fee arrangements with group companies	70,463	83,304
Foreign exchange loss	-	(261)
	<u>72,068</u>	<u>85,233</u>

14 Operating expenses

	2019 £ 000	2018 £ 000
Auditors remuneration	34	32
Intra-group charges	3,569	4,132
Associated company charges	3,811	10,405
Staff costs	50,385	58,479
Depreciation and amortisation expense	3,432	-
Other operating expenses	8,045	7,397
Total operating expenses	<u>69,276</u>	<u>80,445</u>

The average number of employees during 2019 was 158 (2018: 182).

15 Long-term incentive schemes

15.1 Cash Settled Deferred Bonus Scheme

The Standard Bank Cash Settled Deferred Bonus Scheme (CS DBS), previously referred to as Outside Africa Deferred Bonus Scheme, is a cash-settled deferred incentive arrangement. Qualifying employees, with an incentive award above a set threshold are awarded CS DBS stock units denominated in sterling for nil consideration, the value of which moves in parallel to the change in price of the SBGL shares listed on the JSE. The cost of the award is accrued over the vesting period of 18 months, 30 months and 42 months, normally commencing in the year in which these are awarded and communicated to employees. A description of the underlying accounting principles is disclosed in accounting policy Employee Benefits.

The provision in respect of liabilities under the scheme amounts to £6.3m as at 31 December 2019 (2018: £7.7m) and the charge for the year is £7.7 m (2018: £5.4m).

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

	2019 £m	2018 £m
Units outstanding at beginning of the year	59,041	65,332
Granted	29,538	27,868
Exercised	(32,544)	(26,809)
Leavers / lapses	(1,748)	(7,350)
Transferred in	3,325	-
Units outstanding at end of the year	<u>57,612</u>	<u>59,041</u>

	2019 Units	2018 Units
Expiry year ¹		
2019	-	31,424
2020	28,547	18,770
2021	18,799	8,847
2022	10,266	-
Units outstanding at end of the year	<u>57,612</u>	<u>59,041</u>

¹ The units vest at various intervals between the reporting date and the expiry period.

Of which relates to key management	17,410	24,358
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At 31 December 2019, the unrecognised compensation cost related to the unvested CS DBS awards amounted to £6.3m (2018: £6.0m). This represents the accumulated amount deferred on awards issued in 2017, 2018 and 2019. The vesting of these awards is expected to occur as follows:

	2019 £m	2018 £m
Year ending 31 December 2019	-	1.9
Year ending 31 December 2020	1.8	2.4
Year ending 31 December 2021	2.2	1.7
Year ending 31 December 2022	1.4	-
Total unrecognised future costs of unvested CS DBS	<u>5.4</u>	<u>6.0</u>

15.2 Group share options

SBG equity scheme

Certain employees were historically granted share options under the SBG equity-settled share-based schemes. The amount charged for the year is £0.00m (2018: £0.01m).

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

	2019 Units	2018 Units
Options outstanding at beginning of the year	86,938	100,313
Transfers in	-	3,125
Exercised	<u>(45,313)</u>	<u>(16,500)</u>
Options outstanding at end of the year	<u>41,625</u>	<u>86,938</u>
Of which relates to key management	41,250	76,250

Share options were exercised regularly throughout the year, other than during closed periods. The average share price for the year was ZAR 183.51.

The following options granted to employees transferred in that had not been exercised at 31 December:

	Option price range per share (ZAR)	2019 Units	2018 Units
Year end 31 December 2019	62.39	-	-
Year end 31 December 2020	111.94	-	37,813
Year end 31 December 2021	<u>98.8</u>	<u>41,625</u>	<u>49,125</u>
		<u>41,625</u>	<u>86,938</u>

15.3 Performance Reward Plan (PRP) awards

An SBG long-term performance driven share plan commenced in 6 March 2014 which rewards value delivered against specific targets. The Performance Reward Plan (PRP) incentivises a group of senior executives to meet the strategic long-term objectives that deliver value to shareholders, to align the interests of those executives with those of shareholders and to act as an attraction and retention mechanism in a highly competitive market place for skills. The PRP operates alongside the existing conditional, equity-settled long-term plans, namely the Equity growth scheme (EGS), the group share incentive scheme (GSIS) and Deferred bonus scheme (DBS) post 2011.

Awards issued to individuals in employment of group entities domiciled outside South Africa are cash-settled. The provision in respect of these awards recognised in liabilities at 31 December 2019 is £1.4m (2018: £4.1m) and the amount charged for the year for the scheme amounts to £0.01m (2018: £3.2m).

	2019 Units	2018 Units
Units outstanding at beginning of the year	431,692	525,636
Cash-settled	(202,492)	(229,740)
Issued during the year	90,700	65,800
Transferred in	46,100	35,600
Uplift / (cancelled) / (leavers)	<u>(25,600)</u>	<u>34,396</u>
Units outstanding at the end of the year	<u>340,400</u>	<u>431,692</u>
Of which relates to key management	167,100	290,700

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

The units have the following grant dates:

	Weighted average fair value at grant date (ZAR)	Expected life remaining	Units
2 March 2017	156	0.25	153,800
8 March 2018	221	1.25	79,400
7 March 2019	182	2.25	107,200
Units outstanding at the end of the year			<u>340,400</u>

15.4 Deferred bonus scheme (2012)

In 2012 changes were made to the existing group DBS to provide for a single global incentive deferral scheme across the regions outside the International entities. The purpose of the DBS (2012) scheme is to encourage a longer-term outlook in business decision-making and closer alignment of performance with long-term value creation. This improves the alignment of shareholder and management interests by creating a closer linkage between risk and reward, and also facilitates the retention of key employees. While DBS is not awarded to employees within SALL (the Quanto stock unit plan being the equivalent within SALL), employees transferred from other group entities may hold DBS.

All employees in group entities that are granted an annual performance award over a threshold have part of their award deferred. The award is indexed to SBGL's share price and accrues notional dividends during the vesting period, which are payable on vesting. The awards vest in three equal amounts at 18 months, 30 months and 42 months from the date of award. The final payouts are determined with reference to SBGL's share price on the relevant vesting dates.

Awards issued to individuals in employment of a group entity domiciled in South Africa are equity-settled. Awards issued to individuals in the employment of group entities domiciled outside South Africa are cash-settled. The provision in respect of these awards recognised in liabilities at 31 December 2019 is £0.3m (2018: £0.05m) and the amount charged for the year is £0.3m (2018: £1.5m).

	2019 Units	2018 Units
Units outstanding at beginning of the year	124,864	652
Transfers in	3,486	151,042
Exercised	(66,943)	(26,830)
Lapses and leavers	(16,643)	-
Units outstanding at the end of the year	<u>44,764</u>	<u>124,864</u>
Of which relates to key management	12,348	9,910

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

16 Directors' remuneration

16.1 Directors' emoluments

Directors ^{1,2}	2019 £'000	2018 £'000
Emoluments	1,766	1,772
Proceeds from exercise of long-term incentives	1,471	1,794
Highest paid director		
Emoluments	1,162	1,130
Proceeds from exercise of long-term incentives	<u>1,278</u>	<u>1,586</u>

¹ Compensation relates to services rendered to SALL.

² The number of directors for whom pension contributions were paid during the year was nil.

Long-term benefits under the CS DBS scheme	2019 Units	2018 Units
Number of units brought forward	7,269	7,170
Issued during the year	3,232	3,033
Exercised	<u>(3,945)</u>	<u>(2,934)</u>
As at 31 December	<u>6,556</u>	<u>7,269</u>

Long-term benefits under the SBG equity-settled share-based scheme and equity growth scheme	2019 Units	2018 Units
Number of options brought forward	51,250	57,500
Number of options exercised	<u>(20,000)</u>	<u>(6,250)</u>
As at 31 December	<u>31,250</u>	<u>51,250</u>

Long-term benefits under the SBG performance related share-based scheme	2019 Units	2018 Units
Number of options brought forward	114,800	132,200
Number of options allocated in year	32,900	27,200
Number of options exercised	<u>(49,100)</u>	<u>(44,600)</u>
As at 31 December	<u>98,600</u>	<u>114,800</u>

17 Statement of cash flow notes

Increase/(decrease) in trade and other receivables	2019 £ 000	2018 £ 000
Amount owing by fellow subsidiary	992	(309)
Other assets (excluding interest receivable)	<u>(6,928)</u>	<u>5,390</u>
Net (decrease)/increase in income-earning assets	<u>(5,936)</u>	<u>5,081</u>

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

	2019	2018
	£ 000	£ 000
Increase/(decrease) in trade and other payables		
Amount owing to fellow subsidiary	(2,573)	2,213
Payable for losses to associated company	(431)	(702)
Other liabilities (excluding tax payable)	<u>(7,015)</u>	<u>(10,537)</u>
Net decrease in other liabilities	<u>(10,019)</u>	<u>(9,026)</u>
Interest received	2019	2018
	£ 000	£ 000
Amounts unpaid at beginning of the year	68	26
Interest income per the income statement	541	543
Amounts unpaid at end of the year	<u>(328)</u>	<u>(68)</u>
Net interest received	<u>281</u>	<u>501</u>
Tax paid	2019	2018
	£ 000	£ 000
Amounts unpaid at beginning of the year	1,144	(353)
Income tax charge for the year	(121)	(905)
Payable for losses to associated company	430	702
Amounts unpaid at end of the year	<u>(1,310)</u>	<u>(1,144)</u>
Total tax paid	<u>143</u>	<u>(1,700)</u>
Cash and cash equivalents and pledged assets	2019	2018
	£ 000	£ 000
Other cash equivalents	35,647	54,832
Pledged assets	<u>11,762</u>	<u>7,757</u>
Total cash and cash equivalents and pledged assets at end of the year	<u>47,409</u>	<u>62,589</u>

18 Share capital

Allotted, called up and fully paid shares

	2019	£ 000	2018	£ 000
	No. 000		No. 000	
Ordinary share capital of £1 each	30	30	30	30
Share premium of £1 each	<u>29,970</u>	<u>29,970</u>	<u>29,970</u>	<u>29,970</u>
	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

19 Income tax

Income tax payable on taxable profits is recognised as an expense in the period in which the profits arise. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, on temporary differences arising from the differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet dates which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Tax charged/(credited) in the income statement

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	(32)	276
UK corporation tax adjustment to prior periods	153	629
	<u>121</u>	<u>905</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	774	817
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(177)	(616)
Total deferred taxation	<u>597</u>	<u>201</u>
Tax expense in the income statement	<u>718</u>	<u>1,106</u>

UK Tax rate reconciliation

	2019 £ 000	2018 £ 000
Profit before tax	<u>3,333</u>	<u>5,331</u>
Corporation tax at standard rate	633	1,013
(Decrease)/increase in current tax from adjustment for prior periods	(21)	13
Increase from effect of expenses not deductible in determining taxable profit	<u>106</u>	<u>80</u>
Total tax charge	<u>718</u>	<u>1,106</u>
Effective tax rate (%)	<u>21.5</u>	<u>20.7</u>

In 2019, the company made a claim for consortium relief from ICBC Standard Bank Plc ("ICBCS"), a related party for the year ended 31 December 2018. Payment will be made to ICBCS for the value of the loss of £0.4m in 2019.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

Deferred tax

Deferred tax assets and liabilities

Deferred tax asset is attributable to the following:

	Assets	
	2019 £ 000	2018 £ 000
Deferred tax asset	1,929	2,456
Total tax assets	1,929	2,456

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2019 £ 000
Employee benefits	2,456	(503)	70	2,023
Capital allowances	-	(94)	-	(94)
Net tax assets/(liabilities)	2,456	(597)	70	1,929

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2018 £ 000
Employee benefits	2,162	(201)	495	2,456
Capital allowances	-	-	-	-
Net tax assets/(liabilities)	2,162	(201)	495	2,456

20 Financial risk review

This note presents information about the company's exposure to financial risks and the company's management of capital.

Credit risk

The company's credit risk arises from financial assets with both group and non-group companies. The amounts are all current and performing. The risk is mitigated by the company through deposits with non-group entities which are only held with highly rated UK subsidiaries of International Banking Groups and are typically held for short maturities. Such credit risk solely relates to the liquidity and funding management activities of the company and does not form part of its core customer business.

Credit quality analysis

The following tables set out information about the credit quality of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated for all the financial assets, the amounts represent gross carrying amounts.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

	Total Notional amount £ 000	Exchange traded Notional amount £ 000
2019		
Deposits with fellow subsidiaries	29,050	29,050
Deposits with non-group company	6,597	6,597
	<u>35,647</u>	<u>35,647</u>
2018		
Deposits with fellow subsidiaries	42,545	42,545
Deposits with non-group company	12,287	12,287
	<u>54,832</u>	<u>54,832</u>

Market risk

The company is not exposed to any significant foreign exchange or interest rate risk at year end..

Liquidity risk

Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the company's financial assets and financial liabilities by type.

	1-3 months £ 000	3 months - 1 year £ 000	1-5 years £ 000	Total £ 000
2019				
Non-derivative assets				
Amounts owing by fellow subsidiary	9,551	-	-	9,551
Trade and other receivables	2,198	-	-	2,198
Pledged assets	1,612	4,064	6,086	11,762
	<u>13,361</u>	<u>4,064</u>	<u>6,086</u>	<u>23,511</u>

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2019	1-3 months	Within 1 year	1-5 years	Total
Non-derivative liabilities	£ 000	£ 000	£ 000	£ 000
Amounts owing to fellow subsidiary	52	-	-	52
Trade and other liabilities	19,411	4,490	2,080	25,981
Lease liabilities	289	23	49	361
	<u>19,752</u>	<u>4,513</u>	<u>2,129</u>	<u>26,394</u>

2018	1-3 months	3 months - 1 year	1-5 years	Total
Non-derivative assets	£ 000	£ 000	£ 000	£ 000
Amounts owing by fellow subsidiary	2,623	-	-	2,623
Trade and other receivables	2,762	-	-	2,762
Pledged assets	2,439	3,702	1,616	7,757
	<u>7,824</u>	<u>3,702</u>	<u>1,616</u>	<u>13,142</u>

2018	1-3 months	Within 1 year	1-5 years	Total
Non-derivative liabilities	£ 000	£ 000	£ 000	£ 000
Amounts owing to fellow subsidiary	2,625	-	-	2,625
Trade and other liabilities	23,040	5,512	4,513	33,065
	<u>25,665</u>	<u>5,512</u>	<u>4,513</u>	<u>35,690</u>

Capital risk management

Capital components

	2019	2018
	£ 000	£ 000
Capital position as at year end is as follows:		
Share capital	30	30
Share premium	29,970	29,970
Cash flow hedging reserve	(1,202)	(903)
Retained earnings	4,917	4,402
Capital resources	<u>33,715</u>	<u>33,499</u>
Total assets	<u>63,137</u>	<u>70,599</u>
Equity/assets (%)	53.40	47.45

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

21 Leases

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2019 £ 000	2018 £ 000
Less than one year	316	-
2 years	34	-
3 years	24	-
Total lease liabilities (undiscounted)	<u>374</u>	<u>-</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2019 £ 000	2018 £ 000
Payment		
Right of use assets	3,399	-
Interest	76	-
Total cash outflow	<u>3,475</u>	<u>-</u>

The lease liabilities are made up of a lease for a building and printer equipment. The lease for the building expires in January 2020. At year end, a new building lease had been agreed but was not yet signed.

22 Long-term liabilities

	2019 £ 000	2018 £ 000
Long-term incentive liability	2,484	12,151
Long-term portion of lease liabilities	49	-
	<u>2,533</u>	<u>12,151</u>

23 Commitments

Capital commitments

There are capital commitments at year end for the completion of the office refurbishment.

The total amount contracted for but not provided in the financial statements was £260,250 (2018 - £Nil).

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

24 Parent company

The company's immediate parent is Standard Bank Group Limited, holding 100% of its shareholding. These financial statements are available upon request from the group in which the results of the company are consolidated is that of Standard Bank Group Limited, a company incorporated in the Republic of South Africa. The consolidated financial statements of this group are available for inspection at the company's registered office:

9th Floor
Standard Bank Centre
5 Simmonds Street
Johannesburg 2001
Republic of South Africa