Registration number: 08878241

Standard Advisory London Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

Standard Advisory London Limited

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Standard Advisory London Limited

Company Information

Directors	S P Ridley (Non-Executive Chair) G M Vogel (Chief Executive Officer) T J Lancaster (Executive Director) I E Lawrence (Non-Executive Director) R T F Poole (Non-Executive Director) P Mweheire (Non-Executive Director)
Company secretary	G Shaw-Taylor
Registered office	20 Gresham Street London EC2V 7JE
Independent Auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR

Standard Advisory London Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022 for Standard Advisory London Limited ("SALL").

Standard Bank Group profile

Standard Bank Group Limited ("SBGL"), the 100% holding company of SALL, is the ultimate holding company of the Standard Bank Group ("Group") and is listed on the Johannesburg Stock Exchange with a market capitalisation of ZAR 283.6 billion (approximately GBP 13.8 billion) as at 31 December 2022.

The Group is Africa's largest bank, with a 160-year track record of operational excellence and value and is committed to using its expertise, insights, and deep understanding of Africa's markets and people to drive sustainable and inclusive economic growth across the continent while implementing its 2025 ambition of transforming our business to meet the evolving needs of our clients.

With its purpose of "Africa is our home, we drive her growth", the Group is a catalyst for inclusive and sustainable economic growth in the countries it operates in and aims to make life better for our fellow Africans by doing business the right way.

The Group's activities serve the following client segments:
• Consumer & High Net Worth;
• Business & Commercial;
• Insurance & Asset Management; and
• Corporate & Investment Banking ("CIB").

The Group has a footprint of 20 banking operations across the African continent and employs more than 49,000 people.

In addition to its operations across Africa, the Group has a presence in key international markets. These include regulated banking operations in Jersey and the Isle of Man ("Standard Bank Offshore"), primarily supporting Consumer and High Net Worth Clients, and offices in London, New York, Dubai and Beijing, primarily supporting CIB Clients.

The Role of SALL

The objective of the four international CIB Client focused locations, which includes the Group's London operations held within SALL, is to:
• Extend the Group's reach and connect global multinational clients looking to grow their operations in and across Africa to the Group's extensive African banking network and local, on the ground expertise;
• Support African corporates with decision makers based outside of the African continent ("international decision makers"); and
• Support African corporates, sovereigns, state owned entities and the Group accessing sustainable and efficient sources of international capital and liquidity.

SALL's business model, with its City of London presence and Financial Conduct Authority ("FCA") permissions, maximises the competitive advantage of the Group's African footprint by offering a superior client experience for its clients.

Standard Advisory London Limited

Strategic Report for the Year Ended 31 December 2022

Principal activities
SALL's primary activity relates to services to CIB clients:
• Originates and deepens relationships with global multinational clients and international decision makers.
• Originates and deepens relationships with institutional investors in relation to the Africa securities market.
• Facilitates the provision by other Group entities of transactional products and services (such as cash management solutions, trade finance services, and investor services), credit facilities and foreign exchange products to global multinational clients and international decision makers.
• Provides arranging and advisory services for corporate and institutional clients, including services related to FCA regulated securities and unregulated debt products.

In addition to the above activities SALL also performs the following:
• Facilitates ongoing relationships between Consumer & High Net Worth Clients and Standard Bank Offshore.
• Employs individuals performing various functions on behalf of the wider Group.

SALL does not originate financial assets for its own balance sheet. Assets arising from its activities are booked on the balance sheets of other Group subsidiaries.

SALL, in return for services set out above (other than arranging advisory services for corporate and institutional clients), receives compensation from the Group in line with Organisation for Economic Co-operation and Development ("OECD") transfer pricing guidelines. This ensures that SALL's activities are conducted appropriately and that services provided to the Group are priced on an arm's length basis. In addition, SALL receives fee income directly from clients for arranging advisory services.

Standard Advisory London Limited

Strategic Report for the Year Ended 31 December 2022

Financial results
SALL's results for the period are shown in the income statement on page 14. The profit for the year is £3.7m (2021: £3.4m).

Capital and liquidity resources
At the end of 2022, SALL was well capitalised with total equity of £35.1m and held liquid assets of £44.1m.

Effective from 1 January 2022 SALL has been subject to the FCA's new Investment Firm Prudential Regime ("IFPR"). Under IFPR the FCA introduced a fundamental change to its approach to setting prudential standards for investment firms such as SALL. The regime is wide ranging, covering financial resources, own funds / capital and liquidity requirements, regulatory consolidation, liquidity requirements, risk management, reporting, disclosures remuneration and FCA supervisory approach and powers.

SALL has robust capital and liquidity management practices in accordance with the FCA's IFPR requirements that ensure sufficient resource availability to manage various stress scenarios. The information is reviewed continuously through the Internal Capital and Risk Assessment process as well as at monthly Govco and quarterly Board meetings.

As at 31 December 2022 SALL's IFPR regulatory own funds / capital and liquidity position was as follows:

Own funds held net of deductions: £33.3m
Overall capital requirement / own funds threshold requirement: £14.2m
Own funds / capital in excess of SALL's overall capital requirement: £19.1m

Total liquid assets: £40.9m
Overall liquidity requirement / liquid assets threshold requirement: £25.0m
Total liquid assets in excess of SALL's Overall liquidity requirement / liquid assets threshold requirement: £15.9m

Principal risks and uncertainties
SALL recognises that the operation of its business carries inherent risks. The key inherent risks to the business relate to the conduct of SALL's employees, compliance with our regulatory obligations, legal risks arising from our activities with clients, people risk and the impact the global energy transition from fossil fuels has on our business activities.

SALL is not exposed to external market risk nor material credit risk from its business activities except for the Group share price movements relating to long term share incentive schemes which it manages with cash settled equity forwards used as a hedge.

The Group has substantial financial resources and a robust risk management architecture, upon which SALL can rely to shield it against economic risks. Linked to the Group's framework, SALL has its own risk and compliance framework and committees which meet regularly to oversee and monitor its activities.

Standard Advisory London Limited

Strategic Report for the Year Ended 31 December 2022

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 the Group's African clients 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 will continue to provide geographical reach for the Group.

To ensure the long-term success of the company for its shareholder, SBGL and its stakeholders, SALL adopts an efficient and effective operating model. This is done by focusing on a purposefully defined list of clients which have been identified as those which present the greatest opportunities for sustainable growth with SALL's resources and capabilities.

SALL's contribution to the Group relies on a strong cohesion of high performing and accountable individuals. SALL continuously focuses on talent mapping and succession plans to ensure employees remain motivated and engaged. There is also a well thought-through people engagement and internal communications strategy in place to encourage wellbeing, information sharing and collaboration. SALL has stringent procurement processes to ensure third party risks are managed and suppliers are treated fairly. Our due diligence processes performed on our clients and our suppliers ensure that we consider and manage matters such as anti-money laundering, anti-bribery, tax and corruption risks.

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. SALL adopts many of the practices implemented by the Group which has identified key areas in which it believes it can best achieve the Group's purpose, to drive Africa's growth, while making a positive impact on society, the economy and the environment.

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 SALL to the Governance Committee which ensures appropriate frameworks are in place.

In line with the principles of the FCA's Senior Manager and Certification Regime, SALL has frameworks in place to ensure its senior management are accountable, conduct standards are maintained and employees understand their responsibilities. To support SALL in ensuring the conduct of its employees is appropriate, regular training is provided to our employees and reporting in the form of conduct dashboards is presented at the SALL's governance forums.

As 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.

The business objectives and the overall success of the company are monitored using a range of key performance indicators. Financial performance indicators include client metrics such as Group revenue growth, client activity across the Group's footprint and cost metrics. A wide range of non-financial metrics are used to ensure that SALL meets the expectations of its stakeholders, these include but are not limited to client and employee satisfaction surveys, employee turnover, the number of operational risk incidents and policy failures, client onboarding metrics and supplier payment terms.

Standard Advisory London Limited

Strategic Report for the Year Ended 31 December 2022

Outlook for 2023

The outlook for 2023 is positive as SALL continues to transform and digitise its processes to support targeted client needs, connect clients to the Group's African footprint and leverage the Group's capabilities to improve client experiences.

SALL will continue to support the growth of the Group's franchise with its primary focus being to improve how global multinational clients experience the Group. Given the strong financial position of these clients and their ability to continue to perform well in the current environment, SALL is confident in its ability to perform its role effectively and is well positioned for the future.

Approved by the Board on 13 April 2023 and signed by order of the Board by:

Greg Shaw-Taylor

G Shaw-Taylor
Company secretary

Standard Advisory London Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022 for SALL.

Going concern
After reviewing SALL's performance and its capital resources and considering SALL's principal activities and its role in the Group, the Directors are satisfied that SALL has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future.

The factors considered include that SALL's costs are fully covered by the Group in line with Organisation for Economic Co-operation and Development ("OECD") transfer pricing guidelines and the Directors are satisfied that this arrangement will continue. This ongoing support will result in SALL maintaining its strong capital and liquid position through 2023 and into 2024 and SALL will continue to meet is capital and liquidity requirements under IFPR.

For these reasons, the Directors have adopted the going concern basis in preparing its financial statements.

Dividends
The directors are not recommending an ordinary dividend (2022: £3.2m) at the date of this report.

Internal control and financial reporting
Internal control procedures for the ongoing identification, evaluation and management of the significant risks faced by SALL have been in place throughout the year.

The directors and senior management of SALL 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 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 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 2022

Directors of the company
The directors who held office during the year and up to the date of signing the financial statements, were as follows:

S P Ridley (Non-Executive Chair)

G M Vogel (Chief Executive Officer)

T J Lancaster (Executive Director)

I E Lawrence (Non-Executive Director)

R T F Poole (Non-Executive Director)

P Mweheire (Non-Executive Director) - appointed 22 November 2022

None of the directors held any beneficial interest in the ordinary share capital of the company during the period or at 31 December 2022.

Committees

Governance Committee ("GovCo")

The Board delegates certain functions and responsibilities to the GovCo which is responsible for the day-to-day management of SALL. The establishment of the GovCo was approved by the Board on 19 November 2014 with changes to its mandate and its membership approved as appropriate.

GovCo compromises certain directors and senior executives, currently G M.Vogel (Chair and Chief Executive Officer), I. Carton, D. de Zilva, Y. Dmitrieva, C. Furey-Blaize, A. Hunt, R. Jones, T J. Lancaster (Executive Director), O. Litynska, M. Maffei, W. Mitchell, E. Rintari and Y. Sadiku.

Client Risk Management Committee ("CRMC")

GovCo has delegated the responsibility to ensure there an effective framework for ensuring client and third-party financial crime and reputational risk is in place to the CRMC.

CRMC compromises certain directors and senior executives, currently G M.Vogel (Chief Executive Officer), T J. Lancaster (Chair and Executive Director), O. Litynska, C. Furey-Blaize (Co-Chair), R. Jones (Co-Chair), D. de Zilva, I. Carton, E. Rintari, A. Simoglou, K. Bhandal, M. Cannon, M. Maffei.

Reward Review Committee

The board has delegated certain reward and remuneration responsibilities to the Reward Review Committee whose members are S P. Ridley (Chair), G M. Vogel, and Y. Dmitrieva.

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.

Environmental matters

This climate strategy for the Standard Bank Group is based on the following commitments:

• Set and publish science-based short-term, medium-term and long-term climate targets to support meeting the goals of the Paris Agreement and the goal of net-zero carbon by 2050.

• Adopt a phased and progressive approach to climate target-setting based on the principle of materiality. As such, we will start with the material sectors that are reported on in our latest Task Force on Climate-Related Financial Disclosures "TCFD" Report (which are oil & gas, thermal power, coal mining, renewables and agriculture).

• Use appropriate climate scenarios to set its short-term, medium-term and long-term climate targets in line with the Paris Agreement.

• Annually report on its progress in achieving these targets in our annual TCFD Report.

• Annually report on action plans to achieve our targets in our annual TCFD Report.

• Regularly review its targets in accordance with current climate science.

• Our climate targets will apply to the bank's lending and investment activities and will include clients' emissions, where material, and where data allows. Scope and sector coverage will increase between each review period, subject to data availability.

• The Group's approach to climate-target setting is based on support for a just transition and the need to address Africa's energy deficit.

The greenhouse emissions and energy usage disclosed relates to energy consumption at SALL's office at 20 Gresham Street, London measured by smart energy meters.

Standard Advisory London Limited

Directors' Report for the Year Ended 31 December 2022

Our greenhouse emissions:

	2022 (tCO2e)	2021 (tCO2e)
Scope 1 – combustion of fuel and operation of facilities	-	-
Scope 2 – emissions from purchased energy	10.9	12.1
	10.9	12.1

Streamlined energy and carbon reporting:

	2022 (kWh '000)	2021 (kWh '000)
Energy consumed – combustion of gas or the purchase of fuel for the purposes of transport	-	-
Energy consumed – purchase of electricity for SALL's own use	56.2	57.0
	56.2	57.0

During a refurbishment of the office undertaken in 2019 and 2020 numerous energy efficiency measures were put in place. This included the replacement of lighting and information technology equipment with more energy efficient models.

SALL continues to identify additional energy efficiency measures resulting in a decrease in year-on-year energy usage.

Directors' Liability Insurance
SALL maintained directors' and officers' liability insurance during the 12 months ended 31 December 2022.

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

It is SALL's policy to ensure that all employees and job applicants are given equal opportunities and that they do not face discrimination on any grounds. No employee or job applicant should face bullying, victimisation or harassment.

SALL 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. SALL 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 2022

Reappointment of independent auditors
Pursuant to section 487(2)of the Companies Act 2006, the auditors of the Company are deemed reappointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and, as at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

Approved by the Board on 13 April 2023 and signed by order of the Board by:

Greg Shaw-Taylor

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 regulation.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.
In preparing the financial statements, the directors are required to:
• select suitable accounting policies and then apply them consistently;
• state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
• make judgements and accounting estimates that are reasonable and prudent; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors are also 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.

Directors' confirmations
In the case of each director in office at the date the directors' report is approved:
• so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
• they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The financial statements on pages 13 to 45 were approved by the Board of Directors on 13 April 2023 and signed on its behalf by S P Ridley and G M Vogel.

Standard Advisory London Limited

(Registration number: 08878241)
Statement of Financial Position as at 31 December 2022

	Note(s)	2022 £ 000	2021 £ 000
Cash and cash equivalents	3	44,132	37,407
Pledged assets	4	1,847	5,724
Property, plant and equipment	5	876	1,278
Right of use assets	5.1	1,773	2,697
Amounts owing by fellow subsidiary	6	10,887	8,563
Derivative assets	6, 7	502	78
Trade and other receivables	9	1,153	1,204
Deferred tax assets	20	2,198	1,234
Assets			
Total assets		63,368	58,185
Equity and liabilities			
Equity			
Share capital	19	30	30
Share premium	19	29,970	29,970
Cash flow hedging reserve	8	(413)	(387)
Retained earnings		5,567	5,078
Total equity		35,154	34,691
Liabilities			
Long-term liabilities	23	5,024	3,602
Derivative liabilities	6, 7	1,140	1,633
Amounts owing to fellow subsidiary	6	47	204
Trade and other payables	10	22,003	18,055
Total liabilities		28,214	23,494
Total equity and liabilities		63,368	58,185

The financial statements on pages 18 to 43 were approved by the Board on 13 April 2023 and signed on its behalf by:

.... Gert Vogel ....

S P Ridley (Non-Executive Chair)
Director

G M Vogel (Chief Executive Officer)
Director

Standard Advisory London Limited

Income Statement for the Year Ended 31 December 2022

	Note(s)	2022 £ 000	2021 £ 000
Interest income	12	354	158
Non-interest income	6, 13	67,071	57,600
Total income		67,425	57,758
Operating expenses	14	(63,395)	(53,605)
Net income from operations		4,030	4,153
Profit before tax		4,030	4,153
Income tax expense	20	(341)	(798)
Profit for the year		3,689	3,355

The notes on pages 18 to 43 form an integral part of these financial statements.

Standard Advisory London Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note(s)	2022 £ 000	2021 £ 000
Profit for the year		3,689	3,355
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss			
Cashflow hedges:-			
Amounts recognised directly in OCI before tax	8	916	2,883
Amounts released to profit or loss from cashflow hedge	8	(1,130)	(1,455)
Deferred tax	8	188	(271)
Other comprehensive (expense)/income for the year net of tax		(26)	1,157
Total comprehensive income for the year		3,663	4,512

The notes on pages 18 to 43 form an integral part of these financial statements.

Standard Advisory London Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Note	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Cash flow hedging reserve £ 000	Total £ 000
At 1 January 2022		30	29,970	5,078	(387)	34,691
Profit for the year		-	-	3,689	-	3,689
Other comprehensive expense		-	-	-	(26)	(26)
Dividends paid	11	-	-	(3,200)	-	(3,200)
At 31 December 2022		30	29,970	5,567	(413)	35,154

	Note	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Cash flow hedging reserve £ 000	Total £ 000
At 1 January 2021		30	29,970	4,723	(1,544)	33,179
Profit for the year		-	-	3,355	-	3,355
Other comprehensive expense		-	-	-	1,157	1,157
Dividends paid	11	-	-	(3,000)	-	(3,000)
At 31 December 2021		30	29,970	5,078	(387)	34,691

The notes on pages 18 to 43 form an integral part of these financial statements.

Standard Advisory London Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Profit for the year		3,689	3,355
Adjustments to cash flows from non-cash items			
Interest income	12	(354)	(158)
Depreciation and amortisation	14	479	462
Depreciation on right of use assets		1,004	947
Foreign exchange loss	13	126	6
Income tax expense	20	341	798
Amounts released to profit or loss from cashflow hedge	8	(1,131)	(1,455)
		4,154	3,955
Working capital adjustments			
(Increase)/decrease in trade and other receivables	18	(2,430)	16
Increase in trade and other payables	18	5,936	61
Cash generated from/(used in) operations		7,660	4,032
Interest received	18	457	267
Income taxes (paid)/received	18	(991)	254
Net cash flow from operating activities		7,126	4,553
Cash flows from investing activities			
Acquisitions of property plant and equipment	5	(77)	(228)
Cash flows from financing activities			
Interest expense on leases		(72)	(103)
Dividends paid	11	(3,200)	(3,000)
Payments for leases under IFRS 16	22	(929)	(830)
Net cash flows used in financing activities		(4,201)	(3,933)
Net increase in cash and cash equivalents		2,848	392
Cash and cash equivalents at 1 January		43,131	42,739
Cash and cash equivalents at 31 December		45,979	43,131

The notes on pages 18 to 43 form an integral part of these financial statements.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales.

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 in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements are prepared on the historical cost basis.

After reviewing the Company's performance and the available banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on a going concern basis.

The factors considered include that the Company's costs are fully covered by the Group in line with Organisation for Economic Co-operation and Development ("OECD") transfer pricing guidelines and the Directors are satisfied that this arrangement will continue. This ongoing support will result in SALL maintaining its existing well capitalised position through 2023 and into 2024.

For these reasons, the Directors have adopted the going concern basis in preparing these financial statements.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2023 have had 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 2022.

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.

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.

Non-interest income

Advisory Fee Income

Fee income relates to arranging and advisory fees from debt and equity capital markets transactions. Revenue is recognised on completion of the transaction.

Revenue sharing and fee arrangements with group companies

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

• Residual profit share arrangements;
• Cost plus mark-up method.

SALL, in return for services set out above (other than arranging advisory services for corporate and institutional clients), receives compensation from the Group in line with Organisation for Economic Co-operation and Development ("OECD") transfer pricing guidelines. This ensures that SALL's activities are conducted appropriately and that services provided to the Group are priced on an arm's length basis. In addition, SALL receives fee income directly from clients for arranging advisory services.

Residual profit share arrangements

This method is applied where the agreement requires the sharing or allocating of residual annual profit between entities recognized on a monthly basis. 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.

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 where 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) and other duties are recognised in profit and loss. The UK tax strategy has been prepared and published in accordance with paragraph 16 (2), Schedule 19, Finance Act 2016.

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
Leasehold improvements	Straight line 1-5 years
Furniture and fittings	Straight line 5-13 years
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.

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 (e.g. 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.

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 in 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.

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.

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 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).

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.

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 an 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.

Financial instruments

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).

Financial assets

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
Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.
Interest from these financial assets is recognised in interest income using the effective interest rate method, 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. The financial assets measured at amortised cost comprise of cash and cash equivalents, pledged assets and trade and other receivables.

Fair value through OCI
Debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.
Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains and losses on financial instruments within non-interest revenue. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

Equity financial assets which are not held for trading and are irrevocably elected (on an instrument-by-instrument basis) are presented at 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.

Fair value through profit or loss - default
Financial assets that are not classified into one of the above mentioned financial asset categories, are measured at FVPL.
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.

Financial Liabilities
The financial liabilities measured at amortised cost comprise of trade and other payables.

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).

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.

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.

Accounting estimates and assumptions
The directors do not consider there to be any critical accounting estimates or judgements as at 31 December 2022.

3 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash held with external counterparties	22,974	18,792
Cash held with fellow subsidiaries	21,158	18,615
	44,132	37,407

4 Pledged assets

	2022 £ 000	2021 £ 000
Segregated amount with fellow subsidiary	1,847	5,724

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 derivatives set out within note 7. These pledged amounts mature in line with the current hedges. The pledged assets have the following maturity profile, however are repayable on demand:

	Maturing within 1 year £ 000	Total £ 000
As at 31 December 2022		
GBP	1,847	1,847
Total pledged amount with fellow subsidiary	1,847	1,847

	Maturing within 1 year £ 000	Maturing within 2 years £ 000	Total £ 000
As at 31 December 2021			
GBP	3,877	1,847	5,724
Total pledged amount with fellow subsidiary	3,877	1,847	5,724

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Notes to the Financial Statements for the Year Ended 31 December 2022

5 Property, plant and equipment

	Leasehold improvements £ 000	Furniture and fittings £ 000	Computer Equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2021	1,146	131	729	2,006
Additions	17	-	211	228
At 31 December 2021	1,163	131	940	2,234
At 1 January 2022	1,163	131	940	2,234
Additions	29	-	48	77
At 31 December 2022	1,192	131	988	2,311
Accumulated Depreciation				
At 1 January 2021	212	19	263	494
Charge for year	244	20	198	462
At 31 December 2021	456	39	461	956
At 1 January 2022	456	39	461	956
Charge for the year	230	19	230	479
At 31 December 2022	686	58	691	1,435
Carrying amount				
At 31 December 2022	506	73	297	876
At 31 December 2021	707	92	479	1,278

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Notes to the Financial Statements for the Year Ended 31 December 2022

5.1 Right of use assets

	Property £ 000	Total £ 000
Cost or valuation		
At 1 January 2021	3,881	3,881
Additions	474	474
At 31 December 2021	4,355	4,355
At 1 January 2022	4,355	4,355
Additions	80	80
At 31 December 2022	4,435	4,435
Depreciation		
At 1 January 2021	711	711
Charge for year	947	947
At 31 December 2021	1,658	1,658
At 1 January 2022	1,658	1,658
Charge for the year	1,004	1,004
At 31 December 2022	2,662	2,662
Carrying amount		
At 31 December 2022	1,773	1,773
At 31 December 2021	2,697	2,697

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 £62.6m (2021: £52.9m).

	2022 £ 000	2021 £ 000
Cost plus transfer pricing method		
The Standard Bank of South Africa Limited	35,285	30,316
Standard Bank Jersey Limited	6,836	4,820
	42,121	35,136
Residual profit transfer pricing method		
The Standard Bank of South Africa Limited	22,534	17,739
Total revenue sharing and fee arrangements with group companies	64,655	52,875

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.

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Notes to the Financial Statements for the Year Ended 31 December 2022

2022	Fellow Subsidiaries £ 000
Assets	
Cash held with fellow subsidiaries (note 3)*	21,158
Independent amount with fellow subsidiary (note 4)	1,847
Amounts receivable from fellow subsidiaries	10,887
Equity forwards (note 7)	502
Total assets	34,394

2021	Fellow Subsidiaries £ 000
Assets	
Cash held with fellow subsidiaries (note 3)*	18,615
Independent amount with fellow subsidiary (note 4)	5,724
Amounts receivable from fellow subsidiaries	8,563
Equity forwards (note 7)	78
	32,980

*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.

Expenditure with and payables to related parties

2022	Fellow Subsidiary £ 000	Other related parties £ 000
Liabilities		
Amounts payable*	47	478
Equity forwards (note 7)	1,140	-
	1,187	478

2021	Fellow Subsidiary £ 000	Other related parties £ 000
Liabilities		
Amounts payable*	204	478
Equity forwards (note 7)	1,633	-
	1,837	478

*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 £0.4m (2021: £0.2m).

Operating expenses
The company paid monthly charges to SBSA, a fellow subsidiary, for various expenses totalling to £1.7m (2021: £1.6m). In addition, the company paid monthly charges to ICBC Standard Bank Plc, a related party, for rent and IT charges totalling to £2.3m (2021 £2.1m).

The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

6.1 Key management compensation

	2022 £ 000	2021 £ 000
Salaries and other short term employee benefits	8,110	7,127
Long-term incentives recognised in the income statement	2,120	580
Gains on the exercise of long-term incentives	1,667	1,682
	11,897	9,389

There were no other transactions with key management in 2022 (2021: nil).

The number of key management at 31 December 2022 is 15 (2021: 15), 12 (2021: 12) of whom were employees.

There were no related party transactions held with key management at 31 December 2022.

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.

	2022		2021	
	Assets £ 000	Liabilities £ 000	Assets £ 000	Liabilities £ 000
Non-current				
Equity price risk	502	(1,140)	78	(1,633)

The company enters into a number of equity forwards to hedge its share price incentive schemes against changes in the SBGL's underlying share price. Additional positions were entered into to hedge the exposure arising from share-based incentives issued on an annual basis. The intention is to reduce the volatility in movement of share-based incentive scheme costs.The potential staff attrition may cause the hedge to be ineffective however this is mitigated by a 2% attrition applied to the hedge. The hedge remains 100% effective as at 31 December 2022. The current residual balances relate to continuing hedges.

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 forecast 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:

2023	**Maturing 3 - 12 months £ 000**	**Maturing 1 - 5 years £ 000**	**Total £ 000**
Risk management:			
Net cash inflow/(outflow)	206	(844)	(638)

2022	**Maturing 3 - 12 months £ 000**	**Maturing 1 - 5 years £ 000**	**Total £ 000**
Risk management:			
Net cash outflow	(1,149)	(406)	(1,555)

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

	2022 £ 000	**2021 £ 000**
Balance at the beginning of the year	(387)	(1,544)
Amounts recognised directly in OCI before tax	916	2,883
Amounts released to profit or loss from cashflow hedge	(1,130)	(1,455)
Deferred tax	188	(271)
Balance at the end of the year	(413)	(387)

9 Trade and other receivables

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Notes to the Financial Statements for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
VAT amounts recoverable	364	361
Income tax asset	393	518
Other receivables	396	325
	1,153	1,204

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

	2022 £ 000	2021 £ 000
Short-term incentive liability	3,148	3,508
Accrued expenses	863	609
Amounts owing to associated company of the group	317	478
Other payables	16,797	12,608
Current portion of lease liabilities	878	852
	22,003	18,055

These balances are classified as amortised cost in accordance with IFRS 9 except for the share incentives liabilities. The carrying value of the other liabilities approximates their fair value due to their short-term nature.

11 Dividends

	2022 £ 000	2021 £ 000
Dividends paid	3,200	3,000

The directors are are not proposing a dividend in respect of 31 December 2022 year end (2021 - £3,200).

12 Interest income

	2022 £ 000	2021 £ 000
Interest on short-term funds	354	158

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Notes to the Financial Statements for the Year Ended 31 December 2022

13 Non-interest income

	2022 £ 000	2021 £ 000
Advisory fees from third parties	2,542	4,731
Revenue sharing and fee arrangements with group companies	64,655	52,875
Foreign exchange loss	(126)	(6)
	67,071	57,600

14 Operating expenses

	2022 £ 000	2021 £ 000
Depreciation expense	479	462
Depreciation on right of use assets - Property	1,004	947
Intra-group charges	1,655	1,573
Charges from Group Associates	2,158	2,067
Auditors' remuneration - statutory audit fee	184	75
Auditor remuneration - non audit services	21	20
Staff costs	53,152	43,476
Other operating expenses	4,742	4,985
Total Operating Expenses	63,395	53,605

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Notes to the Financial Statements for the Year Ended 31 December 2022

15 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	23,660	21,905
Social Security Costs	4,767	2,820
Other short-term employee benefits	16,153	10,668
Other pension costs	883	759
Redundancy costs	-	97
Share-based payment expenses	6,869	6,897
Other employee expense	820	330
	53,152	43,476

The monthly average number of persons employed by the company (including directors) during the year, was as follows:

	2022 No.	2021 No.
Total employees	137	137

16 Long-term incentive schemes

16.1 Summary of long-term incentive schemes

	Provision 2022 £m	Charge 2022 £m	Provision 2021 £m	Charge 2021 £m
CS DBS	6.0	6.0	4.9	6.6
Performance Reward Plan (PRP) awards	1.5	0.9	0.5	0.2
Deferred bonus scheme (2012)	-	-	0.2	0.1
	7.5	6.9	5.6	6.9

The main scheme is Cash Settled Deferred Bonus Scheme (CS DBS), for which the details are presented in note 16.2.

16.2 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 fair value of the PRP incentives is independently determined using a binomial model.

The provision in respect of liabilities under the scheme amounts to £6.0m as at 31 December 2022 (2021: £4.9m) and the charge for the year is £6.0m (2021: £6.6m).

	2022 Units	2021 Units
Units outstanding at beginning of the year	54,592	69,083
Granted	106,653	21,727
Exercised	(24,862)	(32,478)
Leavers / lapses	(2,644)	-
Transferred in / (Out)	-	(3,740)
Units outstanding at end of the year	133,739	54,592

Expiry year [1]	2022 Units	2021 Units
2021	63	63
2022	87	21,152
2023	53,827	11,650
2024	43,121	21,727
2025	36,641	-
Units outstanding at end of the year	133,739	54,592

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

Of which relates to key management	17,018	17,314

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Notes to the Financial Statements for the Year Ended 31 December 2022

17 Directors' remuneration

17.1 Directors' emoluments

Directors [1, 2, 3]	2022 £'000	2021 £'000
Emoluments	1,924	1,775
Proceeds from exercise of long-term incentives	703	569
Highest paid director		
Emoluments	1,240	1,155
Proceeds from exercise of long-term incentives	528	412

[1] Compensation relates to services rendered to SALL.
[2] The number of directors for whom pension contributions were paid during the year was nil.
[3] The number of directors for whom proceeds from the exercise of long-term incentivess were paid during the year was 2.

Long-term benefits under the CS DBS scheme	2022 Units	2021 Units
Number of units brought forward	6,988	7,278
Issued during the year	4,025	3,165
Exercised	(3,502)	(3,455)
As at 31 December	7,511	6,988

Long-term benefits under the SBG performance related share-based scheme	2022 Units	2021 Units
Number of options brought forward	114,600	99,500
Number of options allocated in year	37,500	42,300
Number of options condition forfeited	(32,900)	(27,200)
As at 31 December	119,200	114,600

18 Statement of cash flow notes

(Increase)/Decrease in trade and other receivables	2022 £ 000	2021 £ 000
Amount owing by fellow subsidiary	(2,324)	(396)
Other assets (excluding tax and interest receivable)	(106)	412
Net (increase)/decrease in trade and other assets	(2,430)	16

Increase in trade and other payables	2022 £ 000	2021 £ 000
Amount owing to fellow subsidiary	(157)	189
Other liabilities	6,093	(128)
Net increase in other liabilities	5,936	61

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Notes to the Financial Statements for the Year Ended 31 December 2022

Interest received	**2022 £ 000**	**2021 £ 000**
Amounts unpaid at beginning of the year	255	263
Interest income	426	259
Amounts unpaid at end of the year	(224)	(255)
Net interest received	457	267

Tax (paid)/recovered	**2022 £ 000**	**2021 £ 000**
Amounts recoverable at beginning of the year	518	1,451
Income tax charge for the year	(1,116)	(678)
Change in amounts owing by associated company due to group payment arrangement	-	(1)
Amounts recoverable at end of the year	(393)	(518)
Total tax (paid)/recovered	(991)	254

Cash and cash equivalents and pledged assets	**2022 £ 000**	**2021 £ 000**
Cash and cash equivalents	44,132	37,407
Pledged assets	1,847	5,724
Total cash and cash equivalents and pledged assets at end of the year	45,979	43,131

19 Share capital and share premium

Authorised, called up and fully paid shares

	2022		2021	
	No. 000	**£ 000**	**No. 000**	**£ 000**
Ordinary share capital of £1 each	30	30	30	30
Share premium of £1 each	29,970	29,970	29,970	29,970
	30,000	30,000	30,000	30,000

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Notes to the Financial Statements for the Year Ended 31 December 2022

20 Income tax expense

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 in the income statement:

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	974	699
UK corporation tax adjustment to prior periods	142	(20)
	1,116	679
Deferred taxation		
Arising from origination and reversal of temporary differences	(590)	125
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(185)	(6)
Total deferred taxation	(775)	119
Tax expense in the income statement	341	798

UK Tax rate reconciliation

	2022 £ 000	2021 £ 000
Profit before tax	4,030	4,153
Corporation tax at standard rate 19% (2021: 19%)	766	789
Decrease in current tax from adjustment for prior periods	(44)	(25)
Increase from effect of expenses not deductible in determining taxable profit	79	34
Deferred tax credit relating to changes in tax rates or laws	(460)	-
Total tax charge	341	798
Effective tax rate (%)	8.5	19.2

Deferred tax

	2022 £ 000	2021 £ 000
Deferred tax asset	2,198	1,234
Total tax assets	2,198	1,234

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	Statement of Comprehensive Income £ 000	At 31 December 2022 £ 000
Employee deferred compensation	1,153	776	188	2,117
Capital allowances	82	(1)	-	81
Net tax assets/(liabilities)	1,235	775	188	2,198

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Statement of Comprehensive Income £ 000	At 31 December 2021 £ 000
Employee deferred compensation	1,573	(149)	(271)	1,153
Capital allowances	52	29	-	81
Net tax assets/(liabilities)	1,625	(120)	(271)	1,234

21 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 diversification of deposits with non-group entities which are only held with UK subsidiaries of well rated 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 2022

	Total Amount £ 000
2022	
Deposits with fellow subsidiaries	21,158
Deposits with non-group company	22,974
	44,132
2021	
Deposits with fellow subsidiaries	18,615
Deposits with non-group company	18,792
	37,407

Market risk

SALL is exposed to fluctuations in SBGL's underlying share price through its employee incentive schemes and the cash flow hedges excecuted with SBSA mitigate such risk. The ZAR based incentives are not hedged for currency fluctuation. The foreign currency cash and cash equivalents balances as at 31 December 2022 were USD 0.8m (2021: USD 4.6m), EUR 0.1m (2021: EUR 0.3m) and AED 4.4m (2021: AED 3.2m) and are not hedged for currency fluctuation.

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.

2022 **Non-derivative assets**	0-3 months £ 000	3 months - 1 year £ 000	Total £ 000
Amounts owing by fellow subsidiary	8,836	-	8,836
Trade and other receivables	1,168	-	1,168
Pledged assets	-	1,847	1,847
Cash and cash equivalents	44,132	-	44,132
	54,136	1,847	55,983

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

2022 Non-derivative liabilities	0-3 months £ 000	3 months - 1 year £ 000	over 1 year £ 000	Total £ 000
Amounts owing to fellow subsidiary	47	-	-	47
Trade and other payables	16,004	3,148	4,317	23,469
Lease liabilities	213	666	707	1,586
	16,264	3,814	5,024	25,102

2021 Non-derivative assets	0-3 months £ 000	3 months - 1 year £ 000	over 1 year £ 000	Total £ 000
Amounts owing by fellow subsidiary	8,563	-	-	8,563
Trade and other receivables	1,204	-	-	1,204
Pledged assets	-	3,877	1,847	5,724
Cash and cash equivalents	37,407	-	-	37,407
	47,174	3,877	1,847	52,898

2021 Non-derivative liabilities	0-3 months £ 000	3 months - 1 year £ 000	over 1 year £ 000	Total £ 000
Amounts owing to fellow subsidiary	204	-	-	204
Trade and other payables	13,698	3,508	2,082	19,288
Lease liabilities	218	634	1,521	2,373
	14,120	4,142	3,603	21,865

The derivatives instruments maturity analysis is disclosed in note 8.

Liquidity risk is managed by constant monitoring of liquid asset requirements to ensure that SALL has sufficient cash resources to meet its payment obligations.

Standard Advisory London Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Capital risk management

SALL's capital is monitored regularly to ensure it's regulatory capital requirements are met.

	2022 £ 000	2021 £ 000
Capital position as at year end is as follows:		
Share capital	30	30
Share premium	29,970	29,970
Cash flow hedging reserve	(413)	(387)
Retained earnings	5,567	5,078
Capital resources	35,154	34,691
Total assets	63,368	58,185
Equity as a percentage of total assets (%)	(55)	(60)

22 Leases

Lease liabilities maturity analysis

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

	2022 £ 000	2021 £ 000
Less than one year	878	852
2 years	708	857
3 years	-	664
Total lease liabilities (undiscounted)	1,586	2,373

Total cash outflows related to leases

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

Payment	2022 £ 000	2021 £ 000
Right of use assets	929	830
Interest	72	103
Total cash outflow	1,001	933

The lease liabilities are made up of a lease for a building and printer equipment.

23 Long-term liabilities

	2022 £ 000	2021 £ 000
Long-term incentive liability	4,317	2,082
Long-term portion of lease liabilities	707	1,520
	5,024	3,602

24 Post balance sheet events

SALL has considered the recent financial market instability, including the specific impact of Silicon Valley Bank and Credit Suisse, and is comfortable that these are remote from SALL's activities. In addition SALL management has engaged with Group who are actively managing any additional risk due to these market conditions.

25 Parent and ultimate parent undertaking

The company's results are consolidated by SBGL, who hold 100% of SALL. SBGL is a company in The Republic of South Africa with consolidated financial statements available to the public for inspection at:

Standard Bank Group Limited
9th floor Standard Bank Centre
5 Simmonds Street
Johannesburg 2001
Republic of South Africa

Independent auditors' report to the members of Standard Advisory London Limited

Report on the audit of the financial statements

Opinion

In our opinion, Standard Advisory London Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2022; Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to relevant Financial Conduct Authority ('FCA') rules and guidance and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for manual journal entries being recorded in order to manipulate financial performance and applying management bias in the determination of accounting estimates and judgements.. Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance, including review of meeting minutes in so far as they relate to the financial statements, and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of correspondence with the regulators, including the FCA
- Incorporating an element of unpredictability into the nature, timing and/or extent of our testing;
- Applying risk-based criteria to all manual journal entries posted in the audit period.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Stafford Moran

Stafford Moran (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
13 April 2023