

**SCOTTISH FRIENDLY
INSURANCE SERVICES LIMITED**

REPORT & ACCOUNTS

31 December 2015



Registered Number: SC113007

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

STRATEGIC REPORT

Review of the business

Turnover for the year ended 31 December 2015 was £3,000 (2014: £192,000). The profit after taxation for the year was £401,000. (2014: £41,000). The Directors consider these to be the key performance indicators of the Company.

2015 profit includes the release of a £500,000 provision, relating to the sale of the Wrap Administration business in 2011.

Whilst there was low turnover in 2015 management will continue to monitor the business and consider the outlook.

Liquidity, market and credit risk are managed by the capital management policies, the compliance regime, cash flow monitoring and financial governance processes. No further disclosure is required on credit risk as cash balances are held with banks with good credit ratings.

Quarterly management accounts are prepared. The management accounts are reviewed by the Board to evaluate the performance against plan and to ensure the on-going appropriateness of the capitalisation and liquidity of the Company.

By order of the Board



D A Elston
Secretary
26 April 2016

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

The Directors of Scottish Friendly Insurance Services Limited ('the Company') present their Directors' Report and financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of the Company is the provision of administration services.

Dividend

The directors do not recommend payment of a dividend (2014: Nil).

Directors

The Directors who held office during the year were as follows:

M J Walker
F C McBain
J Galbraith

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Going Concern

The Board is satisfied that it is appropriate for the company to draw up financial statements on the going concern basis, as the company has adequate resources to continue in business for the foreseeable future.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By order of the Board



D A Elston
Secretary
26 April 2016

Registered Number: SC113007

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC 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 FRS102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

We have audited the financial statements of Scottish Friendly Insurance Services Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF SCOTTISH FRIENDLY
INSURANCE SERVICES LIMITED (continued)**

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

David Claxton

David Claxton ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

26 April 2016

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		£000	£000
Turnover for continuing operations	2	3	192
Administrative expenses	3	(5)	(155)
Operating (loss)/profit		<u>(2)</u>	<u>37</u>
(Loss)/profit on ordinary activities before investment Income, interest and taxation		(2)	37
Bank interest receivable		5	10
Release of Provision from sale of wrap business		500	-
Profit on ordinary activities before taxation		<u>503</u>	<u>47</u>
Tax on profit for ordinary activities	4	(102)	(6)
Profit for the financial year		<u>401</u>	<u>41</u>

The notes on pages 10 to 13 form part of the financial statements.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015	2014
		£000	£000
CURRENT ASSETS			
Debtors due in less than one year		-	18
Cash at bank and in hand		1,967	1,922
		<u>1,967</u>	<u>1,940</u>
CREDITORS			
Tax creditor		(102)	(9)
Creditors due in less than one year	5	(103)	(570)
		<u>1,762</u>	<u>1,361</u>
NET CURRENT ASSETS			
		<u>1,762</u>	<u>1,361</u>
EQUITY			
Called up share capital	6	600	600
Profit and loss account		1,162	761
		<u>1,762</u>	<u>1,361</u>
EQUITY ATTRIBUTABLE TO PARENT COMPANY			
		<u>1,762</u>	<u>1,361</u>

Registered Number: SC113007

The notes on pages 10 to 13 form part of the financial statements.

The Accounts were approved by the Board of Directors on 26 April 2016:

Director  F C McBain

Director  J Galbraith

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

STATEMENT OF CASHFLOW

AS AT 31 DECEMBER 2015

	Note	2015	2014
		£000	£000
Net cash generated from operating activities	7	40	30
Cashflows from investing activities			
Interest received		5	10
Net cash generated from investing activities		5	10
Cashflows from financing activities			
Dividends paid		-	(500)
Net cash generated from financing activities		-	(500)
Net Increase/(Decrease) in cash and cash equivalents		45	(460)
Cash and cash equivalents at beginning of year		1,922	2,382
Cash and cash equivalents at year end		1,967	1,922

The notes on pages 10 to 13 form part of the financial statements.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2015

	Share Capital	Profit and Loss Account	Total Equity
	£'000	£'000	£'000
Balance as at 1 January 2015	600	761	1,361
Profit	-	401	401
Dividends	-	-	-
Balance as at 31 December 2015	600	1,162	1,762

	Share Capital	Profit and Loss Account	Total Equity
	£'000	£'000	£'000
Balance as at 1 January 2014	600	720	1,320
Profit	-	41	41
Dividends	-	-	-
Balance as at 31 December 2014	600	761	1,361

The notes on pages 10 to 13 form part of the financial statements.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information and Basis of Accounting

Scottish Friendly Insurance Services is a private company limited by shares, incorporated in the UK. The address of the registered office is

Scottish Friendly House
16 Blythswood Square
Glasgow
G2 4HJ

The Accounts have been prepared under the new accounting standard, Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, which has replaced the United Kingdom Generally Accepted Accounting Principles in 2015.

The functional currency is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The Directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. Thus they continue to adopt a going concern basis of accounting in preparing the financial statements.

2. Accounting Policies

Adoption of Financial Reporting Standard 102

The Company's accounting policies have been revised under the new reporting standard, Financial Reporting Standard 102. The relevant changes to the accounting policies are explained below.

Changes in Equity and Profit

Under section 3 of Financial Reporting Standard 102 a reconciliation of both equity and profit is required in the year of transition between the date of transition and the last reporting date (1 January 2014 to 31 December 2014).

The changes in the accounting policies under Financial Reporting Standard 102 have not resulted in any adjustments to the opening or closing figures for the year ended 31 December 2014 and all changes have been presentational only. On this basis, no reconciliation has been prepared.

Related Parties

The Company is exempt from the requirement to disclose transactions with fellow wholly owned group undertakings under section 33 of Financial Reporting Standard 102. There were no other related party transactions requiring disclosure.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

Turnover

Turnover comprises fees received in respect of the provision of administration services and commissions received in the United Kingdom.

Statement of Cashflow

A statement of cashflow has been prepared under section 7 of Financial Reporting Standard 102.

Taxation

Taxation is calculated based on the amount expected to be paid to, or recovered from, HM Revenue and Customs based on rates extant at the accounting reference date. Deferred taxation assets are recognised to the extent they are judged to be recoverable in future periods.

Key Judgements and Estimates

The directors believe there are no key judgements and no estimates to be disclosed.

3. Administrative Expenses

	2015 £000	2014 £000
Administrative expenses include:		
Amounts receivable by auditor:		
Audit of financial statements	1	1
Other services pursuant to legislation	-	-
Other services	-	-
Management charge by parent undertaking	-	150

The company does not employ any staff but utilises the services of its parent undertaking, Scottish Friendly Assurance Society Limited. Director's emoluments are also paid by Scottish Friendly Assurance Society Limited.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

4. Total Tax on Profit on Ordinary Activities

	2015	2014
	£000	£000
Factors affecting taxation charge for the year:		
Profit on ordinary activities before taxation	503	47
	<hr/>	<hr/>
Return on ordinary activities multiplied by the standard rate of corporation tax of 20% (2014 – 21%)	102	9
Marginal Relief	-	-
Prior Year Repayment	-	(3)
	<hr/>	<hr/>
Taxation charge for the year	<u>102</u>	<u>6</u>

5. Creditors due in less than one year

	2015	2014
	£000	£000
Other creditors	39	540
Amounts due to parent company	64	30
	<hr/>	<hr/>
	<u>103</u>	<u>570</u>
	<hr/>	<hr/>

6. Share Capital

	2015	2014
	£000	£000
Allotted, called up and fully paid:		
Ordinary shares of £1 each at 1 January and 31 December	600	600
	<hr/>	<hr/>

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2015

7. Statement of Cashflow

Reconciliation of operating profit to cash generated by operations

	2015	2014
	£'000	£'000
Cashflows from operating activities		
Profit for the financial year	401	41
Adjustments for:		
Interest received	(5)	(10)
Decrease/ (Increase) in trade and other receivables	18	2
Increase/ (Decrease) in trade and other payables	(374)	(3)
Net cash generated from operating activities	40	30

8. Ultimate Parent Undertaking and Controlling Party

The Company is a wholly owned subsidiary of Scottish Friendly Assurance Society Limited. Copies of those accounts may be obtained from the Secretary, Scottish Friendly Assurance Society Limited, Scottish Friendly House, 16 Blythswood Square, Glasgow G2 4HJ.