

**SCOTTISH FRIENDLY
INSURANCE SERVICES LIMITED**

REPORT & ACCOUNTS

31 December 2014

Registered Number: SC113007

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SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED
STRATEGIC REPORT

Review of the business

Turnover for the year ended 31 December 2014 was £0.2m (2013: £0.3m). The profit after taxation for the year was £0.04m (2013: £0.07m).

The Company continued to earn the majority of its income in 2014 from administering the provision of one product to its client's wrap platform. This arrangement and associated income ceased with effect from 6 November 2014.

Administrative expenses are comprised mainly of the management charge from the Parent Undertaking, Scottish Friendly Assurance Society Limited and this charge is expected to continue to reduce in line with the reduced activity.

By order of the Board



D A Elston
Secretary
25 March 2015

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 2014.

Principal activity

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

Dividend

The directors do not recommend payment of a dividend (2013: £0.5m).

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 auditor 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
25 March 2015

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 2014 which comprise the Profit and Loss Account, the Balance Sheet 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 2014 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 ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

25 March 2015

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		£000	£000
Turnover	2	192	292
Administrative expenses	3	(155)	(210)
Operating profit		<u>37</u>	<u>82</u>
Interest receivable		10	11
Profit on ordinary activities before taxation		<u>47</u>	<u>93</u>
Tax charge on ordinary activities	4	(6)	(19)
Profit on ordinary activities after taxation		<u>41</u>	<u>74</u>

The company has no recognised gains or losses other than the profit for the year.

All results are derived from continuing operations.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

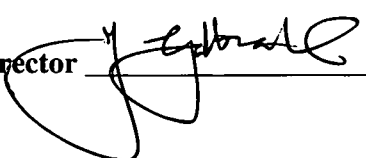
BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 £000	2013 £000
CURRENT ASSETS			
Debtors		18	20
Cash at bank		1,922	2,382
		<u>1,940</u>	<u>2,402</u>
CURRENT LIABILITIES: Amounts falling due within one year			
Amounts due to parent undertaking		30	16
Dividend Payable		-	500
Other creditors		549	566
		<u>579</u>	<u>1,082</u>
NET ASSETS		<u>1,361</u>	<u>1,320</u>
CAPITAL AND RESERVES			
Called up share capital	5	600	600
Profit and loss account		761	720
SHAREHOLDERS' FUNDS	6	<u>1,361</u>	<u>1,320</u>

The Accounts were approved by the Board of Directors on 25 March 2015:

Director  F C McBain

Director  J Galbraith

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. Basis of Preparation

The Accounts are prepared on a going concern basis, in accordance with applicable United Kingdom accounting standards and under the historical cost accounting rules.

The Company is exempt from the requirement to disclose transactions with fellow wholly owned group undertakings under paragraph 3 of the FRS 8 Related Party Disclosures. There were no other related party transactions requiring disclosure.

2. Accounting Policies

Turnover

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

3. Administrative Expenses

	2014 £000	2013 £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	174

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 2014

4. Tax Charge on Ordinary Activities	2014	2013
	£000	£000
Factors affecting taxation charge for the year:		
Profit on ordinary activities before taxation	47	93
	<hr/>	<hr/>
Return on ordinary activities multiplied by the standard rate of corporation tax of 20% (2013 – 23%)	9	21
Marginal Relief	-	(2)
Prior Year Repayment	(3)	-
Taxation charge for the year	<u>6</u>	<u>19</u>
 5. Share Capital	 2014	 2013
	£000	£000
Allotted, called up and fully paid:		
Ordinary shares of £1 each at 1 January and 31 December	600	600
	<hr/>	<hr/>
 6. Reconciliation of movements in Shareholders' Funds	 2014	 2013
	£000	£000
Shareholders' funds at 1 January	1,320	1,746
Profit for the financial year	41	74
Dividend Declared	-	(500)
Shareholders' funds at 31 December	<u>1,361</u>	<u>1,320</u>

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

7. Ultimate Parent Undertaking

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.

8. Cash Flow Statement

The Company's parent undertaking produces publicly available consolidated financial statements in which the company is included. Accordingly, the Company, which is a wholly owned subsidiary, has elected to take the exemption available in FRS 1 (Revised) Cash Flow Statements and not present a cash flow statement.