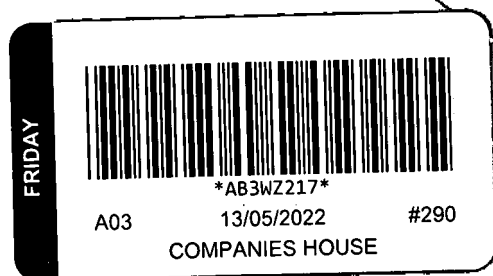




SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED REPORT & ACCOUNTS

31 December 2021

Registered Number: SC113007



SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

STRATEGIC REPORT

Review of the business

Turnover for the year ended 31 December 2021 was £46k (2020: £30k). The loss after taxation for the year was £9k. (2020: £5k). The directors consider these to be the key performance indicators of the company.

As of November 2019, Scottish Friendly Insurance Services Limited carries out the administration services for a book of policies held by financial services provider Canada Life.

Future developments

The outlook for the Company is the continued provision of administration services to Canada Life's Hong Kong book.

Management will continue to monitor the business and consider the outlook.

An application was made to the FCA to de-regulate the company in 2021.

Principal risks and uncertainties

Liquidity, market and credit risk are managed by the capital management policies, the compliance regime, cash flow monitoring and financial governance processes. The Company's principal risk is its ability to repay the intercompany liability to its parent, Scottish Friendly Assurance Society. The Company manages this risk by ensuring the recoverability of its assets. Materially this consists of cash held at banks with high credit-ratings within our risk appetite. Debtors consists of an invoice with one counterparty which has a credit rating within our risk appetite and which is settled within standard payment terms.

Quarterly management accounts are prepared. The management accounts are reviewed 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



M Pringle
Director
27 April 2022

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 2021.

Principal activity

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

Dividend

No dividend was paid by the Company to Scottish Friendly Assurance Society in 2021 (2020: £nil).

Directors

The Directors who held office during the year and to the date of this report were as follows:

J Galbraith (deceased 06 April 2021)
K Luscombe
D Huntley
M Pringle (with effect from 25 May 2021)

Disclosure of information to auditors

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.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

DIRECTORS' REPORT (continued)

Going Concern

The Board is satisfied that it is appropriate for the company to draw up financial statements on the going concern basis. Further information can be found in note 1 of the accounts.

Auditors

Following the conclusion of an audit tender conducted during 2021, Deloitte LLP will not be reappointed for another term. PricewaterhouseCoopers will be appointed as auditors for 2022 subject to appropriate governance.

By order of the board



M Pringle
Director

27 April 2022

Registered Number: SC187215

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with 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.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Scottish Friendly Insurance Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of cash flows;
- the statement of changes in equity; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty such as the Financial Conduct Authority.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

To address our risk on accuracy of revenue, we inspected third party correspondence to verify that revenue was recognised accurately.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with Financial Conduct Authority.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

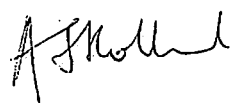
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Holland (Senior statutory auditor)
 For and on behalf of Deloitte LLP
 Statutory Auditor
 Bristol, United Kingdom
 27 April 2022

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Note	£'000	£'000
Turnover for continuing operations	2	46	30
Operating costs	3	(55)	(35)
Loss for the financial year		(9)	(5)

The notes on pages 14 to 17 form part of the financial statements.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

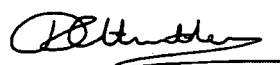
		2021	2020
	Note	£'000	£'000
CURRENT ASSETS			
Debtors: Falling due within one year	5	31	31
Cash at bank and in hand		1,074	1,125
CREDITORS			
Creditors: Falling due within one year	6	(430)	(472)
NET CURRENT ASSETS		675	684
NET ASSETS		675	684
EQUITY			
Called up share capital	7	600	600
Profit and loss account		75	84
EQUITY ATTRIBUTABLE TO PARENT COMPANY		675	684

Registered Number: SC113007

The notes on pages 14 to 17 form part of the financial statements.

The Accounts were approved by the Board of Directors on 27 April 2022:

Director



D Huntley

Director



M Pringle

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

STATEMENT OF CASHFLOWS AS AT 31 DECEMBER 2021

		2021	2020
	Note	£'000	£'000
Net cash used by operating activities	8	(51)	(401)
Cash flows from investing activities			
Net cash flows from investing activities		-	-
Cashflows from financing activities			
Net cash generated by financing activities		-	-
Net decrease in cash and cash equivalents		(51)	(401)
Cash and cash equivalents at beginning of year		1,125	1,526
Cash and cash equivalents at year end		1,074	1,125

The notes on pages 14 to 17 form part of the financial statements.

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021

	Share Capital	Profit and Loss Account	Total Equity
	£'000	£'000	£'000
Balance as at 1 January 2021	600	84	684
Loss	-	(9)	(9)
Dividends	-	-	-
Balance as at 31 December 2021	600	75	675

	Share Capital	Profit and Loss Account	Total Equity
	£'000	£'000	£'000
Balance as at 1 January 2020	600	89	689
Loss	-	(5)	(5)
Dividends	-	-	-
Balance as at 31 December 2020	600	84	684

The notes on pages 14 to 17 form part of the financial statements

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES ON ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Galbraith House
16 Blythswood Square
Glasgow
G2 4HJ

The Accounts have been prepared under 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 Company has sufficient assets on its balance sheet to ensure it can continue to operate for 12 months from the date these Accounts are signed. There are no plausible events that could occur which would lead the company to not being able to meet its obligations as they fall due within the going concern period. The Board is therefore satisfied that it is appropriate for the company to draw up financial statements on the going concern basis.

2. Accounting Policies

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.

Turnover

Turnover comprises fees received in respect of the provision of administration services for a selection of Canada Life policies regulated by Hong Kong. All turnover is recognised on an accruals basis.

	£'000
3 rd Party administration services	30
Parent Company	16

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES ON ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021, (continued)

Statement of Cashflow

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

Operating Expenses

Operating expenses are recognised on an accruals basis and represent operating expenses charged by Scottish Friendly.

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

In preparing the Accounts in line with FRS 102, the Directors have not needed to use key judgements in applying the accounting policies. Material estimates have not needed to be applied and limited uncertainty exists that affect the reported amounts of assets and liabilities.

3. Operating Costs

	2021 £'000	2020 £'000
Operating costs include:		
Administration Costs	39	35
Remediation	16	-
	<u>55</u>	<u>35</u>
Remuneration of Auditors (included within Administration costs above)		
	2021 £'000	2020 £'000
Fees payable to the auditor for audit of annual accounts	5	1
	<u>5</u>	<u>1</u>

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES ON ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021, (continued)

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. A recharge was made for the services provided by the Directors of £237 (2020: £235).

4. Total Tax on Loss on Ordinary Activities

	2021 £'000	2020 £'000
Factors affecting taxation charge for the year:		
Loss on ordinary activities before taxation	(9)	(5)
Taxation charge for the year	-	-

5. Debtors: Falling due within one year

	2021 £'000	2020 £'000
Other debtors	31	31
	31	31

6. Creditors: Falling due within one year

	2021 £'000	2020 £'000
Other creditors	11	15
Amounts due to parent company	419	457
	430	472

SCOTTISH FRIENDLY INSURANCE SERVICES LIMITED

NOTES ON ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021, (continued)

7. Share Capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid:		
Ordinary shares of £1 each at 1 January and 31 December	600	600

The Company has one class of ordinary shares which carry no right to fixed income.

8. Statement of Cashflow

Reconciliation of operating (loss) / profit to cash generated by operations

	2021 £'000	2020 £'000
Cashflows from operating activities		
Loss for the financial year	(9)	(5)
Adjustments for:		
Increase in trade and other receivables	0	(10)
Decrease in trade and other payables	(42)	(386)
Net cash used by operating activities	(51)	(401)

9. 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, Galbraith House, 16 Blythswood Square, Glasgow G2 4HJ and also via Scottish Friendly's website at the following address: <https://www.Scottishfriendly.co.uk/about-us/financial-results>