

# **SW No. 1 Limited**

**Annual Report and Financial Statements  
for the 18 months ended**

**29 June 2021**

Member of Lloyds Banking Group

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**COMPANY INFORMATION**

**Board of Directors**

R J McIntyre  
D J Campbell

**Company Secretary**

K J McKay

**Independent Auditors**

Deloitte LLP  
110 Queen Street  
Glasgow  
G1 3BX

**Registered Office**

69 Morrison Street  
Edinburgh  
EH3 8YF

**Company Number**

SC203484

**STRATEGIC REPORT**

The Directors present their strategic report on SW No. 1 Limited ("the Company") for the 18 months ended 29 June 2021. The Company is limited by share capital.

The Company contributes to the results of the Insurance and Wealth Division of Lloyds Banking Group plc ("the Group").

The financial statements have been prepared for an 18-month period to 29 June 2021. The reporting period has been changed due to the impact of Covid-19 on target liquidation timescales.

**Principal activities**

The Directors present the audited financial statements of the Company, a private limited Company domiciled and incorporated in the United Kingdom, whose principal activity was the holding of shares in Lloyds Banking Group plc until the shares held by the Company were sold on 10 March 2021. The Company is a wholly owned subsidiary of Scottish Widows Limited ("SWL").

**Result for the period**

The result of the Company for the 18 months ended 29 June 2021 is a loss of £6.7m (year ended 31 December 2019: profit of £4.4m). The loss is driven by negative market movements impacting the Lloyds Banking Group plc share price.

**Long term impact of the United Kingdom (UK)'s exit from the European Union**

Uncertainties in respect of the medium to long-term implications of the UK's exit from the European Union (EU) on trade, regulation and employment continue to present risks. This includes impacts on supply chains, affordability of goods and services and UK demographics and prosperity. Activity to respond to potential risks include customer communications, market volatility scenario exercises, contingency planning and monitoring of emerging European Economic Area (EEA) regulatory requirements.

The Directors believe that there will be limited impact on the Company.

**Covid-19**

The Covid-19 (Coronavirus) outbreak has impacted Global economies throughout the period creating an ongoing period of volatility in financial markets. At the beginning of the Coronavirus outbreak the UK experienced significant volatility in market prices, however market liquidity remains relatively strong and so does the ability to trade in size across most asset classes. The Company's resilience to such events is regularly reviewed through stress and scenario testing. Plans to continue to operate Important Business Services are in place and continue to be reviewed in light of the Covid-19 outbreak. The Covid response framework will be triggered if there are any strains in the operational environment.

The outbreak of Covid-19 had a significant impact on the Company due to the falls in equity markets. The Company held shares in Lloyds Banking Group plc until the shares held by the Company were sold on 10 March 2021. The sale of shares continued to be considered an appropriate investment decision which would also allow the liquidation of the Company to progress. Following the sale of shares in Lloyds Banking Group plc on 10 March 2021 the Directors believe that there will be limited impact on the Company.

**Russian invasion of Ukraine**

The Russian invasion of Ukraine, beginning in February 2022, has increased tensions between members of the North Atlantic Treaty Organisation (NATO) and Russia and caused sanctions to be imposed. This could have significant adverse economic effects on financial markets and on energy costs and may also result in increased cyber attacks and an increase in costs associated with such cyber attacks. Any adverse impact on the Company will be continued to be monitored through the liquidation process.

**Key performance indicators (KPI)**

The Company is focused on ensuring it maximises returns for its shareholder and the Lloyds Banking Group Insurance and Wealth Division. To support this, the Company is focused on the following financial key performance indicators. There are no non-financial KPI's to consider.

*Dividend income*

Dividend income of £nil (year ended 31 December 2019: £1.0m) was earned by the Company during the period in respect of its shareholding in Lloyds Banking Group plc.

*Lloyds Banking Group plc shares*

The Company's holding of Lloyds Banking Group plc shares was disposed of in the period for £12.8m. The value of the share holding as at 31 December 2019 was £19.6m.



**STRATEGIC REPORT (CONTINUED)****Review of the business**

The Directors are of the opinion that the information presented in the financial statements as a whole provides the management information necessary for the Directors to understand the development, performance and position of the business of the Company.

**Outlook**

There is the intention to have the Company wound up as part of an LBG project to reduce the number of companies within the Insurance and Wealth Division. Accordingly, the going concern basis of accounting is not appropriate, and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. As part of the liquidation process a payment was made after the balance sheet date equivalent to all of the cash holdings of the Company as at 3 August 2021 to SWL in settlement of the intercompany balance. This amounted to £90,059,488 and the parent company has agreed to waive the remaining amount due. There is no provision held for costs relating to winding down the business as liquidation costs are incurred by other group companies and not recharged to the Company.

**Principal risks and uncertainties**

During the 18 month period, the management of the business and the execution of the Company's strategy are subject to a number of risks. The financial risk management objectives and policies of the Company and the exposure to risks are set out in note 12.

**Section 172(1) Statement of Engagement with Other Stakeholders**

In accordance with the Companies Act 2006 (the 'Act'), the Directors of the Board of the Company provide this Statement describing how they have had regard to matters set out in Section 172(1) of the Act, when fulfilling their key duty to promote the success of the Company under Section 172.

This Statement also provides examples of how the Directors have engaged with and had regard to the interests of key stakeholders in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018). The Company is a subsidiary of Lloyds Banking Group plc (Lloyds Banking Group), and as such follows many of the processes and practices of Lloyds Banking Group, which are further referred to in this Statement where relevant.

The Board is collectively responsible for the long-term success of the Company. Understanding the views and interests of key stakeholders (this includes investors, society and the environment), is central to the Company's strategy, crucial to the Company's success, and informs key aspects of Board decision-making as set out in this Statement.

**How the Board has discharged its Section 172 duties**

The Directors, as part of their appointment and induction to the Board are provided with a briefing on their statutory director duties and the standards required to be met by subsidiary boards of Lloyds Banking Group.

Stakeholder interests are central to the Board's delegation of the day-to-day operations of the Company's business to management, and also identified by management for consideration in proposals put to the Board. Given the importance of stakeholder interests, these are discussed where relevant throughout the Report.

Interaction has again mostly been undertaken virtually during the period where necessary, in compliance with the government's COVID-19 requirements.

**Investors**

The Company is a wholly owned subsidiary of Scottish Widows Limited, forming part of Lloyds Banking Group's Insurance and Wealth Division. As a wholly owned subsidiary, the Directors ensure that the strategy, priorities, processes and practices of the Company are fully aligned where appropriate to those of Lloyds Banking Group, ensuring that the interests of Lloyds Banking Group are duly acknowledged. Further information in respect of the relationship of Lloyds Banking Group with its shareholders is included within the Strategic Report within the Lloyds Banking Group Annual Report and Accounts for 2021, available on the Lloyds Banking Group website.

**Society and the Environment**

Lloyds Banking Group is one of the largest financial services providers in the UK whose goals are to be a trusted, sustainable, and responsible business. The Responsible Business Committee of the Board of Lloyds Banking Group is responsible for overseeing its performance as a Responsible Business and has given much focus to overseeing the development of the Lloyds Banking Group's Helping Britain Recover Plan. This plan continues its strategy of Helping Britain Prosper while also playing a part in the UK's recovery from Covid-19 pandemic. The views of stakeholders have informed the Responsible Business Committee's role in the development of Lloyds Banking Group's Society of the Future ambitions, which aim to fully integrate its societal objectives with its business objectives.

**STRATEGIC REPORT (CONTINUED)**

**Section 172(1) Statement of Engagement with Other Stakeholders (continued)**

**Climate Risk**

Approval of proposed external commitments in relation to climate risk that materially impact the Company are matters reserved to the Board.

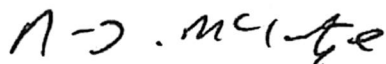
**Environmental Ambitions**

Lloyds Banking Group's insurance business, which the Company forms part of has set ambitious targets in relation to ESG and climate change, published under the Scottish Widows brand. It aims to increase investment in companies adapting their businesses to be less carbon-intensive and developing climate solutions by 2025; achieve a 50 per cent reduction in the carbon emissions of its overall funds under management by 2030; and get to net zero emissions by 2050.

**Board Diversity**

The Board considers its current size and composition is appropriate to the Company's circumstances. However, given the size of the Board the ability to create a diverse board is limited. However, the Company is a part of Lloyds Banking Group, whose Board places great emphasis on ensuring its membership reflects the diversity of modern Britain and is inclusive for everyone. The Company also supports the Lloyds Banking Group's high-level approach to diversity in senior management roles which is governed in greater detail through Lloyds Banking Group policies.

Approved by the Board and signed on its behalf by:



R J McIntyre  
Director  
22 June 2022

**DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of the Company. The Company is a private limited company, domiciled and incorporated in the United Kingdom.

The Company is a wholly owned subsidiary of Scottish Widows Limited ("SWL"). The Company's ultimate parent company and ultimate controlling party is Lloyds Banking Group plc ("LBG" or "Group").

The principal activity of the Company was to hold shares in LBG until the shares held by the Company were sold on 10 March 2021. The intention of the Directors is for the Company to be liquidated in the near future.

The financial statements have been prepared for an 18-month period to 29 June 2021. The reporting period has been changed due to the impact of Covid-19 on target liquidation timescales.

**Results and dividend**

The result of the Company for the 18 months ended 29 June 2021 is a loss of £6.7m (year ended 31 December 2019: profit of £4.4m) and this has been transferred to reserves. The Directors consider this result to reflect their expectations for the period in light of unfavourable market movements impacting the LBG share price. The Company disposed of the whole of its investment in Lloyds Banking Group plc shares on 10th March 2021, receiving £12.8m.

The Directors have not recommended the payment of a dividend for the period (2019: £nil).

**Post balance sheet events**

Further information on post balance sheet events is set out in note 14, which details the part settlement of the intercompany balance with SWL as at 3 August 2021 which amounted to £90,059,488, and the Russian invasion of Ukraine.

**Directors**

The names of the current Directors are listed on page 3. The following changes have taken place during the period or since the period end:

C M Murison                      Resigned 18 December 2020

Particulars of the Directors' emoluments are set out in note 13.

**Company Secretary**

The following changes have taken place since the period end:

V Smithard                      Resigned 29 March 2022  
K J McKay                        Appointed 29 March 2022

**Directors' indemnities**

Lloyds Banking Group has granted deeds of indemnity by deed poll and by way of entering into individual deeds, which for the purposes of the Companies Act 2006 constitute 'qualifying third-party indemnity provisions' to the directors of its subsidiary companies, including those of the Company and its subsidiaries. Such deeds were in force during the whole of the financial period and at the date of approval of the financial statements or from the date of appointment in respect of the Directors who join the Board of the Company during the financial period. Directors no longer in office but who served on the Board of the Company at any time in the financial period had the benefit of this contract of indemnity during that period of service.

The deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Company has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial period.

**Disclosure of information to auditors**

Each person who is a Director at the date of approval of this report confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has 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. This confirmation is given, and should be interpreted in accordance with, the provisions of the Companies Act 2006.

**Future developments**

There is the intention to have the Company wound up as part of an LBG project to reduce the number of companies within the Insurance and Wealth Division. Accordingly, the going concern basis of accounting is not appropriate, and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. As part of the liquidation process a payment was made after the balance sheet date equivalent to all of the cash holdings of the Company as at 3 August 2021 to

**DIRECTORS' REPORT (continued)****Future developments (continued)**

SWL in settlement of the intercompany balance. This amounted to £90,059,488 and the parent company has agreed to waive the remaining amount due. There is no provision held for costs relating to winding down the business as liquidation costs are incurred by other group companies and not recharged to the Company.

**Independent auditors**

Following the resignation of PricewaterhouseCoopers LLP on 13 May 2021, Deloitte LLP were appointed as auditors of the Company by resolution of the members dated 20 May 2021.

Pursuant to section 487 of the Companies Act 2006, auditors duly appointed by the members of the Company shall, subject to any resolution to the contrary, be deemed to be reappointed for the next financial year and Deloitte LLP will therefore continue in office.

**Financial risk management**

Disclosures relating to financial risk management are included in note 12 to the accounts and are therefore incorporated into this report by reference.

**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

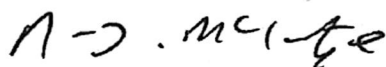
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also 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 responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors whose names are listed on page 3 confirms that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and financial performance of the Company
- the Directors' Report on pages 6 and 7 include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces

Approved by the Board and signed on its behalf by:



R J McIntyre  
Director  
22 June 2022

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SW No. 1 LIMITED****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Opinion**

In our opinion, the financial statements of SW No. 1 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 29 June 2021 and of its loss for the 18 months period 29 June 2021 then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 14

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities 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.

**Emphasis of matter- Financial statement prepared other than on a going concern basis**

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of going concern. Our opinion is not modified in respect of this matter.

**Other information**

The other information comprises 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, 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 statement of directors' responsibilities, 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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SW No. 1 LIMITED (continued)****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](http://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 its 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 UK tax legislation; and
- 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.

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.

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 and legal counsel 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

**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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has 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 and 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SW No. 1 LIMITED (continued)**

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.



Paul Cowley C.A. (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom  
22 June 2022

**SW No. 1 LIMITED (SC203484)****FINANCIAL STATEMENTS****STATEMENT OF COMPREHENSIVE INCOME FOR THE 18 MONTHS ENDED 29 JUNE 2021**

		For the 18 months ended 29 June 2021	For the year ended 31 December 2019
	Note	£000	£000
Investment income	3	-	1,020
Finance income	3	267	661
Finance expenses	4	(267)	(661)
Net (losses) / gains on financial assets at fair value through profit or loss	7	(6,741)	3,357
<b>(Loss)/ Profit before tax</b>		<b>(6,741)</b>	<b>4,377</b>
Taxation	6	-	-
<b>(Loss)/ Profit for the period</b>		<b>(6,741)</b>	<b>4,377</b>

There are no items of comprehensive income which have not already been presented in arriving at the profit for the period. Accordingly, the profit for the period is the same as the total comprehensive income for the period.

The notes set out on pages 16 to 25 are an integral part of these financial statements.



## SW No. 1 LIMITED (SC203484)

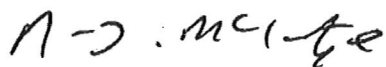
## FINANCIAL STATEMENTS

## BALANCE SHEET AS AT 29 JUNE 2021

	Note	29 June 2021 £000	31 December 2019 £000
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	7	-	19,558
Cash and cash equivalents	8	90,056	76,972
<b>Total assets</b>		<b>90,056</b>	<b>96,530</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	-	-
Accumulated losses		(84,204)	(77,463)
<b>Total equity</b>		<b>(84,204)</b>	<b>(77,463)</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities:			
Amount due to Parent undertaking	10	174,260	173,993
<b>Total liabilities</b>		<b>174,260</b>	<b>173,993</b>
<b>Total equity and liabilities</b>		<b>90,056</b>	<b>96,530</b>

The notes set out on pages 16 to 25 are an integral part of these financial statements.

The financial statements on pages 12 to 25 were approved by the Board of Directors on 22 June 2022 and signed on its behalf by



R J McIntyre  
Director

**SW No. 1 LIMITED (SC203484)****FINANCIAL STATEMENTS****STATEMENT OF CASH FLOWS FOR THE 18 MONTHS ENDED 29 JUNE 2021**

		<b>For the 18 months ended 29 June 2021</b>	<b>For the year ended 31 December 2019</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>			
(Loss)/Profit before tax		(6,741)	4,377
Adjusting items:			
Finance expense		267	661
Finance income		(267)	(661)
Investment income		-	(1,020)
Net movement in financial assets at fair value through profit or loss	7	19,558	(3,357)
<b>Net cash flows generated from operating activities</b>		<b>12,817</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Investment income	3	-	1,020
Interest received	3	267	661
<b>Net cash flows generated from investing activities</b>		<b>267</b>	<b>1,681</b>
<b>Cash flows from financing activities</b>			
Net movement in financing liabilities	11	267	661
Financing expenses	4	(267)	(661)
<b>Net cash flows generated from financing activities</b>		<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents		13,084	1,681
Cash and cash equivalents at the beginning of the period		76,972	75,291
<b>Cash and cash equivalents at the end of the period</b>	<b>8</b>	<b>90,056</b>	<b>76,972</b>

The notes set out on pages 16 to 25 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE 18 MONTHS ENDED 29 JUNE 2021

	Share capital £000	Accumulated losses £000	Total Equity £000
<b>Balance as at 1 January 2019</b>	-	(81,840)	(81,840)
Total comprehensive income for the year	-	4,377	4,377
<b>Balance as at 31 December 2019</b>	-	(77,463)	(77,463)
Total comprehensive (loss) for the current period	-	(6,741)	(6,741)
<b>Balance as at 29 June 2021</b>	-	(84,204)	(84,204)

The notes set out on pages 16 to 25 are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021****1. Accounting policies**

The accounting policies adopted in the preparation of the financial statements, which have been consistently applied to all periods presented in these financial statements unless stated otherwise, are set out below.

**(a) Basis of preparation**

The financial statements of the Company have been prepared:

1. in accordance with UK- adopted international accounting standards and in conformity with the requirements of the Companies Act 2006
2. under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value through profit or loss, as set out in the relevant accounting policies

The Directors have an intention to commence the liquidation of the Company during 2022. Consequently, the accounts are not prepared on a going concern basis but instead on a non-going concern basis. Since all the assets and liabilities are measured at their recoverable value, no adjustments were necessary to the valuation of net assets which are included in these financial statements. The comparative financial information is prepared on the same basis as the current year financial information. Sufficient funds are available to support the business activities until liquidation occurs. There is no provision held for costs relating to winding down the business as liquidation costs are incurred by other group companies and not recharged to the Company.

**Standards and interpretations effective since 2020**

The Company has not adopted any new standards, amendments to standards and interpretations of published standards which became effective for financial years beginning on or after 1 January 2020, which have had a material impact on the Company. There are no standards or interpretations that are not yet effective and that would be expected to have a material impact on the Company.

**(b) Financial assets and financial liabilities**

On initial recognition, financial assets are classified as measured at amortised cost or fair value through profit or loss, depending on the Company's business model for managing the financial assets and whether the cash flows represent solely payments of principal and interest. The Company assesses its business models at a portfolio level based on its objectives for the relevant portfolio, how the performance of the portfolio is managed and reported, and the frequency of asset sales. Financial assets with embedded derivatives are considered in their entirety when considering their cash flow characteristics. The Company reclassifies financial assets when and only when its business model for managing those assets changes. A reclassification will only take place when the change is significant to the Company's operations and will occur at a portfolio level and not for individual instruments; reclassifications are expected to be rare.

The Company initially recognises financial assets and liabilities when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

**(i) Financial instruments measured at amortised cost**

Financial assets that are held to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A basic lending arrangement results in contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. Where the contractual cash flows introduce exposure to risks or volatility unrelated to a basic lending arrangement such as changes in equity prices or commodity prices, the payments do not comprise solely principal and interest. Financial assets measured at amortised cost are predominantly trade and other receivables together with certain cash and cash equivalents.

Financial liabilities are measured at amortised cost, except for financial liabilities designated at fair value through profit or loss on initial recognition which are held at fair value.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021

## 1. Accounting policies (continued)

## (b) Financial assets and financial liabilities (continued)

## (ii) Financial instruments measured at fair value through profit or loss

Financial assets are classified at fair value through profit or loss where they do not meet the criteria to be measured at amortised cost. All equity instruments are carried at fair value through profit or loss.

Financial assets measured at fair value through profit or loss are recognised in the balance sheet at their fair value, with fair value gains and losses recognised through net gains and losses on assets and liabilities at fair value through profit or loss in the statement of comprehensive income.

Financial liabilities are measured at fair value through profit or loss where the liabilities are part of a group of liabilities (or assets and liabilities) which is managed, and its performance evaluated, on a fair value basis; or where the liabilities contain one or more embedded derivatives that significantly modify the cash flows arising under the contract and would otherwise need to be separately accounted for. Financial liabilities measured at fair value through profit or loss are recognised in the balance sheet at their fair value. Fair value gains and losses are recognised in the statement of comprehensive income within net gains and losses on assets and liabilities at fair value through profit or loss in the period in which they occur.

## (c) Fair value methodology

All assets and liabilities carried at fair value, or for which a fair value measurement is disclosed are categorised into a “fair value hierarchy” as follows:

## (i) Level 1

Valued using quoted prices (unadjusted) in active markets for identical assets and liabilities to those being valued. An active market is one in which arm's length transactions in the instrument occur with both sufficient frequency and volume to provide pricing information on an ongoing basis.

## (ii) Level 2

Valued using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar (but not identical) instruments in active markets;
- Quoted prices for identical or similar instruments in markets that are not active, where prices are not current, or price quotations vary substantially either over time or among market makers;
- Inputs other than quoted prices that are observable for the instrument (for example, interest rates and yield curves observable at commonly quoted intervals and default rates);
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

## (iii) Level 3

Valued using inputs for the asset or liability that include significant unobservable inputs (inputs not based on observable market data). Unobservable inputs may have been used to measure fair value where observable inputs are not available. This approach allows for situations in which there is little, if any, market activity for the asset or liability at the measurement date (or market information for the inputs to any valuation models). Unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset or liability.

Further analysis of the Company's instruments held at fair value is set out at note 12 (1).

## (d) Revenue recognition

## Investment income

Dividends receivable in respect of listed shares are recognised on the date that these are quoted ex-dividend. All dividends received are recognised through the statement of comprehensive income, within investment income.

## Finance income

Interest income for all interest-bearing financial instruments is recognised in the statement of comprehensive income as it accrues, within finance income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021

**1. Accounting policies (continued)****(c) Expense recognition****Finance costs**

Interest expense for all interest-bearing financial instruments is recognised in the statement of comprehensive income as it accrues, within finance expenses.

**(f) Cash and cash equivalents**

Cash and cash equivalents include investments in liquidity funds, which are short-term highly liquid investments (excluding such investments as otherwise meet this definition but which are held for investment purposes rather than for the purposes of meeting short-term cash commitments).

Holdings in liquidity funds are measured at fair value through profit or loss, with income received recognised in finance income.

The fair value of holdings in liquidity funds is determined as the last published price applicable to the vehicle at the reporting date.

Holdings in liquidity funds are categorised as level 1 in the fair value hierarchy. These assets are valued using quoted prices in active markets for identical assets to those being valued. An active market is one in which similar arm's length transactions in the instrument occur with both sufficient frequency and volume to provide pricing information on an on-going basis.

**(g) Taxes**

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by Her Majesty's Revenue and Customs (HMRC) or another tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint arrangements where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In certain cases where forecast profits are not expected to be sufficient to support the recognition of a deferred tax asset on a standalone entity basis, further consideration has been given to the availability of UK group relief with connected companies to support the recognition.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

**(h) Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021

## 1. Accounting policies (continued)

## (i) Other financial liabilities

Other financial liabilities, which comprise intercompany creditors, are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost. In practice, the carrying value of these balances equates to the fair value due to the short-term nature of the amounts included within other financial liabilities.

## 2. Critical accounting estimates and judgements in applying accounting policies

The Company's management makes estimates and judgments that affect the reported amount of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant accounting estimates or judgements that have been used in the preparation of the financial statements for the 18 months ended 29 June 2021.

## 3. Investment and finance income

	For the 18 months ended 29 June 2021	For the year ended 31 December 2019
	£000	£000
Investment income	-	1,020
Finance income	267	661
<b>Total</b>	<b>267</b>	<b>1,681</b>

Investment income represents dividends received in respect of the Company's shareholding in Lloyds Banking Group plc. Finance income represents interest on investment in a liquidity fund.

## 4. Finance expenses

	For the 18 months ended 29 June 2021	For the year ended 31 December 2019
	£000	£000
Finance expenses	267	661
<b>Total</b>	<b>267</b>	<b>661</b>

Finance expenses are associated with interest received in note 3 above and are due to Scottish Widows Limited.

## 5. Auditors' remuneration

	For the 18 months ended 29 June 2021	For the year ended 31 December 2019
	£000	£000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

Audit fees for 2019 and 2021 were borne by another Lloyds Banking Group entity and were not recharged to the Company.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021

## 6. Taxation

## (a) Current period/ year tax charge

	For the 18 months ended 29 June 2021 £000	For the year ended 31 December 2019 £000
<b>Current tax:</b>		
UK corporation tax charge	-	-
<b>Total income tax charge</b>	-	-

Corporation tax is calculated at a rate of 19.00 per cent (2019: 19.00 per cent) of the taxable profit for the period.

## (b) Reconciliation of tax expense

	For the 18 months ended 29 June 2021 £000	For the year ended 31 December 2019 £000
<b>(Loss)/ Profit before tax</b>	(6,741)	4,377
<b>Tax at 19.00% (2019: 19.00%)</b>	1,281	(832)
Disallowed items	(1,281)	-
Non-taxable income	-	832
<b>Total tax charge for the period/ year</b>	-	-

## 7. Financial assets at fair value through profit or loss

	For the 18 months ended 29 June 2021 £000	For the year ended 31 December 2019 £000
Market value at 1 January	19,558	16,201
Financial assets disposed of in the period	(12,817)	-
Net (losses) / gains on financial assets at fair value through profit or loss	(6,741)	3,357
<b>Total</b>	-	19,558

The Company owned shares in Lloyds Banking Group plc which were listed on a recognised stock exchange. On 10 March 2021 the Company sold all of the shares it held for £12,816,697.

## 8. Cash and cash equivalents

	29 June 2021 £000	31 December 2019 £000
Investment in liquidity fund	90,046	76,911
Other short-term deposits	10	61
<b>Total</b>	90,056	76,972



## NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021

## 9. Share capital

	29 June 2021 £000	31 December 2019 £000
Authorised share capital: 1,000 ordinary shares of £1 each (2019: 1,000)	1	1
Allotted, called up and fully paid share capital: 1 ordinary share (2019: 1) of £1 (2019: £1)	-	-

There were no changes in share capital during the period.

## 10. Amount due to Parent undertaking

	29 June 2021 £000	31 December 2019 £000
Intercompany creditor	174,260	173,993
<b>Total</b>	<b>174,260</b>	<b>173,993</b>

Prior to the demutualisation of Scottish Widows' Fund and Life Assurance Society on 3 March 2000, the Company received shares in LBG. The receipt of the shares was financed through an intercompany loan which is payable to Scottish Widows Limited. These shares were sold on 10 March 2021 for £12,816,697.

## 11. Net movement in financing liabilities

	For the 18 months ended 29 June 2021 £000	For the year ended 31 December 2019 £000
<b>Increase in financing liabilities:</b>		
Financial liabilities:		
Amounts owed to Parent undertaking	267	661
Net movement in financing liabilities	267	661
<b>Net increase in financing liabilities</b>	<b>267</b>	<b>661</b>

## 12. Risk management

The principal activity of the Company was to hold shares in Lloyds Banking Group plc.

This note summarises the risks associated with the Company's business and the way in which the Company managed them during the reporting period. Some of the risks mentioned here only applied during the reporting period when the Company held shares in Lloyds Banking Group plc. Following sale of the entire shareholding some of the risks ceased to apply.

**Financial risks**

During the period, the Company was exposed to a range of financial risks through its financial assets and financial liabilities. The most important components of financial risk are credit, market, capital, and liquidity risks.

The market risks that the Company primarily faces due to the nature of its financial assets and financial liabilities are interest rate and equity risk.

The Company manages these risks in a number of ways, including risk appetite assessment and monitoring of capital.

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies (note 1) describes how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021

12. Risk management (continued)  
Financial risks (continued)

The sensitivity analyses given throughout this note are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated, for example changes in interest rates and changes in market values. The sensitivity analysis presented also represents management's assessment of a reasonably possible alternative in respect of each sensitivity, rather than worst case scenario positions.

## (1) Market risk

Market risk is defined as the risk that our capital or earnings profile is affected by adverse market rates.

Below is an analysis of financial assets and financial liabilities at fair value through profit or loss for which a fair value is required to be disclosed, according to their fair value hierarchy (as defined in note 1 (c)):

As at 29 June 2021

	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit or loss	-	-	-	-
<b>Total assets</b>	-	-	-	-

As at 31 December 2019

	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets at fair value through profit or loss	19,558	-	-	19,558
<b>Total assets</b>	<b>19,558</b>	-	-	<b>19,558</b>

Investments in a liquidity fund are classified as level 1 in the fair value hierarchy.

## (i) Equity risk

The Company is exposed to equity risk through its holding of shares in Lloyds Banking Group plc. The value of these financial assets will fluctuate as a result of changes in market prices other than from interest and foreign exchange fluctuations.

The sensitivity analysis below illustrates how the fair value of future cash flows in respect of equity instruments will fluctuate because of changes in market prices at the reporting date:

	Impact on profit after tax and equity for the year	
	29 June	December
	2021	2019
	£000	£000
6.60% (2019: 6.60%) increase in equity prices	-	1,291
6.60% (2019: 6.60%) decrease in equity prices	-	(1,291)

## (ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in interest rates and the shape of the yield curve. The sensitivity analysis below illustrates how the fair value of future cash flows in respect of interest-bearing financial assets will fluctuate because of changes in market interest rates at the reporting date.

	Impact on profit after tax and equity for the period ended	
	29 June	December
	2021	2019
	£000	£000
25 basis points (2019: 25 basis points) increase in yield curves	182	156
25 basis points (2019: 25 basis points) decrease in yield curves	(182)	(156)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021

## 12. Risk management (continued)

## Financial risks (continued)

## (2) Credit risk

Credit risk is defined as the risk that parties with whom we have contracted fail to meet their financial obligations. Credit risk is managed in line with the Insurance Credit Risk Policy and the wider Lloyds Banking Group Credit Risk Policy which set out the principles of the credit control framework.

The following table sets out details of the credit quality of financial assets that are not impaired:

	29 June 2021 £000	31 December 2019 £000
Cash and cash equivalents	90,056	76,972
<b>Total assets bearing credit risk</b>	<b>90,056</b>	<b>76,972</b>

The tables below analyse financial assets subject to credit risk using Standard & Poor's rating or equivalent.

## As at 29 June 2021

	Total £000	AAA £000	AA £000	A £000	BBB or lower £000	Not rated £000
Cash and cash equivalents	90,056	90,056	-	-	-	-
<b>Total</b>	<b>90,056</b>	<b>90,056</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## As at 31 December 2019

	Total £000	AAA £000	AA £000	A £000	BBB or lower £000	Not rated £000
Cash and cash equivalents	76,972	76,911	-	61	-	-
<b>Total</b>	<b>76,972</b>	<b>76,911</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>-</b>

Cash held in liquidity funds is considered to have the lowest credit risk with a risk rating of AAA.

## (3) Liquidity risk

Liquidity risk is defined as the risk that the Company has insufficient financial resources to meet its commitments as they fall due, or can only secure them at excessive cost. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values or from the inability to generate cash inflows as anticipated. Liquidity risk is managed in line with the Insurance Liquidity Risk Policy and the wider LBG Funding and Liquidity Policy.

The following tables indicate the timing of the contractual cash flows arising from the Company's financial liabilities.

## As at 29 June 2021

Liabilities	Carrying amount £000	No stated maturity £000	Contractual cash flows (undiscounted)				
			Less than 1 month £000	1-3 Months £000	3-12 months £000	1-5 years £000	More than 5 years £000
Amount due to Parent undertaking	174,260	-	174,260	-	-	-	-
<b>Total</b>	<b>174,260</b>	<b>-</b>	<b>174,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## As at 31 December 2019

Liabilities	Carrying amount £000	No stated maturity £000	Contractual cash flows (undiscounted)				
			Less than 1 month £000	1-3 Months £000	3-12 months £000	1-5 years £000	More than 5 years £000
Amount due to Parent undertaking	173,993	-	173,993	-	-	-	-
<b>Total</b>	<b>173,993</b>	<b>-</b>	<b>173,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021

## 12. Risk management (continued)

## Financial risks (continued)

## (3) Liquidity risk (continued)

The amount due to SWL is contractually payable within one month of the reporting date. As part of the liquidation process a payment equivalent to all of the cash holdings of the Company as at 3 August 2021 was made to SWL in settlement of the intercompany balance. This amounted to £90,059,488 and the parent company has agreed to waive the remaining amount due.

## (4) Capital risk

Capital risk is defined as the risk that the Company has a sub-optimal quantity or quality of capital or that capital is inefficiently deployed across the Insurance and Wealth Division.

Within the Insurance and Wealth Division, capital risk is actively monitored by the Insurance and Wealth Asset and Liability Committee ("IWALCO").

The Company's capital comprises all components of equity, movements in which are set out in the statement of changes in equity.

## 13. Related party transactions

## (a) Ultimate parent and shareholding

The Company's immediate parent undertaking is Scottish Widows Limited, a company registered in the United Kingdom.

The parent undertaking which is the parent undertaking of the smallest group to consolidate these financial statements is Scottish Widows Limited. Copies of the consolidated annual report and financial statements of Scottish Widows Limited may be obtained from Insurance Secretariat, 69 Morrison Street, Edinburgh EH3 8YF.

The ultimate parent undertaking and controlling party is Lloyds Banking Group plc, which is the parent undertaking of the largest group to consolidate these financial statements. Copies of the consolidated annual report and accounts of Lloyds Banking Group plc may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London EC2V 7HN or downloaded via [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com).

## (b) Transactions and balances with related parties

## Transactions between the Company and other LBG companies

The Company has entered into transactions with other related parties in the normal course of business during the period.

Relationship	29 June 2021			
	Income	Expenses	Payable at	Receivable at
	during year £000	during year £000	year end £000	year end £000
Ultimate Parent	-	-	-	-
Parent	-	267	174,260	-

Relationship	31 December 2019			
	Income	Expenses	Payable at	Receivable at
	during year £000	during year £000	year end £000	year end £000
Ultimate Parent	1,020	-	-	-
Parent	-	661	173,993	-

## Transactions between the Company and key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company which, for the Company, are the Executive Directors.

The Directors consider that they receive no remuneration for their services to the Company (2019: £nil).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTHS ENDED 29 JUNE 2021****14. Post balance sheet events****Intention to liquidate the Company**

There is the intention to have the Company wound up as part of an LBG project to reduce the number of companies within the Insurance and Wealth Division. As part of the liquidation process a payment was made after the balance sheet date equivalent to all of the cash holdings of the Company as at 3 August 2021 to SWL in settlement of the intercompany balance. This amounted to £90,059,488 and the parent company has agreed to waive the remaining amount due. There is no provision held for costs relating to winding down the business as liquidation costs are incurred by other group companies and not recharged to the Company.

**Russian invasion of Ukraine**

The Russian invasion of Ukraine, beginning in February 2022, has increased tensions between members of the North Atlantic Treaty Organisation (NATO) and Russia and caused sanctions to be imposed. This could have significant adverse economic effects on financial markets and on energy costs and may also result in increased cyber attacks and an increase in costs associated with such cyber attacks. Any adverse impact on the Company will be continued to be monitored through the liquidation process.

