Company Registration No. 482966

REALTY INSURANCES LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2020

REALTY INSURANCES LIMITED

REPORT AND FINANCIAL STATEMENTS

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REALTY INSURANCES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P L Doyle	Chairman
G A E Salmon	Managing Director
A Bright	
L Hackett Cox	
E Halford	
O H C Morton	
J Musselle	
N R Scarles	

SECRETARY

O H C Morton

REGISTERED OFFICE

58 Davies Street
London
W1K 5JF

BANKERS

HSBC Bank plc
47 Eastgate Street
Chester
CH1 1XW

SOLICITORS

Boodle Hatfield
240 Blackfriars Road
London
SE1 8NW

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
Hill House
Little New Street
London
EC4A 3TR

REALTY INSURANCES LIMITED

STRATEGIC REPORT

The Directors, in preparing this Strategic Report, have complied with section 414C of the Companies Act 2006.

PRINCIPAL ACTIVITY

The principal activities of the company during the year were those of insurance intermediary and insurance advisors.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results of the company for the year are shown on page 8. The company has achieved a satisfactory level of earnings with turnover increasing by 3% to £5,195,000 (2019 - £5,015,000) and operating profit increasing by 11% to £2,371,000 (2019 - £2,137,000). The balance sheet on page 10 shows the company's financial position at the year end. Net assets have increased by 10.5% to £3,949,000 (2019 - £3,571,000) due primarily to the actuarial gain generated by the defined benefit pension scheme.

During 2020 global financial markets have experienced significant volatility resulting from the spread of a novel coronavirus known as Covid-19. The outbreak of the Covid-19 virus continues to give rise to material economic and financial uncertainties and the company is continuing to monitor developments of the virus and the associated near-term uncertainty on the global economy. Whilst it is not possible to predict the ultimate impact of the Covid-19 pandemic, the company has a strong capital position and continues to keep its solvency and liquidity under review and to adjust its economic forecasts and contingency plans according to the circumstances that exist at the time.

KEY PERFORMANCE INDICATORS

The company monitors its operating profit margin for the year which has increased to 45.6% (2019 – 42.7%).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the implementation of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are highlighted below.

- Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the company is exposed to credit risk are amounts due from clients and insurers in respect of premiums already paid (funding) and cash holdings. The company monitors its exposure to single counterparties and to connected counterparties and ensures that its cash holdings are kept with a number of different counterparties with appropriate credit ratings.

- Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when they fall due. The company has put in place appropriate financial and cash flow management structures so that it is able to anticipate demand for cash and meet obligations as they arise. The company operates in a high cash flow business and the controls in place to ensure that premiums and brokerage are paid by clients on time also help to ensure that the company has appropriate cash resource to meet its obligations at any point in time.

- Regulatory risk

The company operates within a regulated environment and regulatory risk is the risk that the company fails to comply with any of the regulatory requirements laid down by the Financial Conduct Authority. The supervision which forms the basis of the relationship with the Financial Conduct Authority consists of regulatory reports submitted quarterly and the company has implemented procedures in order to ensure that these reports are prepared and submitted in advance of any deadlines.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

As insurance intermediaries and advisers, the company is also bound by a set of rules and principles which are designed to protect the consumer, particularly in relation to the handling of client money, and the company has implemented various controls and procedures in order to mitigate the risk of non-compliance with these rules. The company is very active in keeping up to date with any changes in the regulatory requirements and where possible it seeks to adhere to best practice as recommended by the Financial Conduct Authority.

- Impact of Covid-19

The company's core strategy is to act in the best interest of its shareholders whilst having due regard to its key stakeholders. During the recent outbreak of the coronavirus (Covid-19) the company has taken measures to maintain its operational resilience, protect the wellbeing of its staff, communicate with its customers and suppliers, maintain liquidity and protect its financial position. It has done this whilst ensuring that customers receive the best service reasonably possible in challenging circumstances.

The Covid-19 pandemic initially caused some operational disruption in the move to homeworking, but this was limited to a short period and it did not significantly impact the company's performance or levels of service. Whilst it is not possible to predict the ultimate impact of the pandemic, the company has a strong capital position and continues to keep its solvency and liquidity under review. It adjusts its economic forecasts and continingency plans according to the circumstances that exist at the time, but to date these forecasts and plans have not materially changed.

Approved by the Board of Directors
and signed on its behalf by

O H C Morton
Secretary
15 July 2020

REALTY INSURANCES LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 March 2020.

DIRECTORS' REPORT DISCLOSURES

A review of the results of the company for the year, key performance indicators, and principal risks and uncertainties is included in the Strategic Report on page 2.

DIVIDENDS

During the year the company paid a dividend of £1,727,000, £17.27 per share (2019 - £1,951,000, £19.51 per share) on the ordinary shares. The company proposes paying a dividend of £1,946,000, £19.46 per share based on the results for the year, but this is subject to approval by the shareholders and has not been included as a liability in the financial statements.

FUTURE DEVELOPMENTS

The Directors are satisfied with the results for the year and remain confident about the year ahead.

GOING CONCERN

To consider whether it is appropriate to prepare the financial statements on the going concern basis the Directors have reviewed the budget for the forthcoming financial year and the forecast which has been adjusted to take account of the likely impact of Covid-19. The Directors have also assessed the company's solvency and liquidity and noted that the share capital and reserves amount to £3,630,000 (2019 - £3,571,000). After making these enquiries and having considered the potential impact of Covid-19, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Further details regarding the adoption of the going concern basis of accounting can be found in note 1 to the Financial Statements.

DIRECTORS

The Directors of the company who served during the year and up to the date of approval of this report were:

P L Doyle	Chairman
G A E Salmon	Managing Director
A Bright	
L Hackett Cox	
E Halford	
O H C Morton	
J Musselle	
N R Scarles	Appointed 3 April 2019

DIRECTORS' INDEMNITIES

The company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

(a) in so far as the Director is aware, there is no relevant audit information of which the auditor is unaware; and
(b) the Director has taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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

APPROVAL OF REDUCED DISCLOSURES

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in Financial Reporting Standard (FRS) 102 paragraph 1.12. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by Deva Victrix Holdings Ltd, as the immediate parent of the entity.

Approved by the Board of Directors
and signed on its behalf by

O H C Morton
Secretary
15 July 2020

REALTY INSURANCES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102. 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 judgements and accounting 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 a 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REALTY INSURANCES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit 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 of Realty Insurances Limited (the 'company') which comprise:

- the profit and loss account:
- the statement of comprehensive income;
- the balance sheet
- the statement of changes in equity;
- the related notes 1 to 19.

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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REALTY INSURANCES LIMITED (continued)

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.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory matters

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 and 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 of 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.

Adam Knight FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
15 July 2020

REALTY INSURANCES LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
TURNOVER	1, 3	5,195	5,015
Other income		55	7
Cost of sales		(115)	(114)
GROSS PROFIT		5,135	4,908
Administrative expenses		(2,764)	(2,771)
OPERATING PROFIT		2,371	2,137
Interest receivable	1, 4	58	57
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	2,429	2,194
Tax charge on profit on ordinary activities	8	(483)	(467)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,946	1,727

All activities derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Profit for the year		1,946	1,727
Re-measurement of net defined benefit scheme		(160)	671
Total comprehensive income		1,786	2,398

REALTY INSURANCES LIMITED

BALANCE SHEET
At 31 March 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
FIXED ASSETS					
Tangible assets	10		43		10
CURRENT ASSETS					
Debtors: due within one year	11	2,133		2,114	
Debtors: due after more than one year	11	-		28	
Cash at bank and in hand	12	7,559		6,993	
		9,692		9,135	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(5,786)		(5,574)	
NET CURRENT ASSETS			3,906		3,561
TOTAL ASSETS LESS CURRENT LIABILITIES			3,949		3,571
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14		319		-
NET ASSETS			3,630		3,571
CAPITAL AND RESERVES					
Called up share capital	15		100		100
Profit and loss account			3,530		3,471
SHAREHOLDERS' FUNDS			3,630		3,571

These financial statements of Realty Insurances Limited, company registration number 482966, were approved by the Board of Directors on 15 July 2020.

Signed on behalf of the Board of Directors

....
P L Doyle Director

....
G A E Salmon Director

STATEMENT OF CHANGES IN EQUITY
At 31 March 2020

	Notes	Called-up share Capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2018		100	3,024	3,124
Profit for the financial year		-	1,727	1,727
Re-measurement of net defined benefit scheme		-	671	671
Total comprehensive income		-	2,398	2,398
Dividends paid	9	-	(1,951)	(1,951)
At 31 March 2019		100	3,471	3,571
Profit for the financial year		-	1,946	1,946
Re-measurement of net defined benefit scheme		-	(160)	(160)
Total comprehensive income		-	1,786	1,786
Dividends paid	9	-	(1,727)	(1,727)
At 31 March 2020		100	3,530	3,630

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and previous year.

General information and basis of accounting

Realty Insurances Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic and directors' report on pages 2 and 3.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

Realty Insurances Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Realty Insurances Limited is consolidated in the financial statements of its parent, Deva Victrix Holdings Limited, which may be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ. Exemptions have been taken in these separate company financial statements in relation to financial instrument disclosures, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

An assessment of going concern is contained within the Director's report. After making appropriate enquiries and having considered the impact of the Covid-19, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the going concern basis of accounting remains appropriate and has been adopted in preparing these financial statements.

Turnover

Turnover is stated net of VAT and comprises commissions and fees derived from insurance contracts and programmes which are recognised in the accounting period in which services are provided.

Due to the long-term nature of some of the services provided by Realty Insurances Limited to its clients, obligations can arise for the performance of post-placement obligations and where this is the case, a relevent portion of revenue is deferred and recognised in the period in which the activities take place.

Commissions and fees related to return premiums, premium adjustments and additional premiums are recognised in the period in which they occur. Revenue on multi-year policies is apportioned on an annual basis where there are break clauses.

Interest Receivable

Interest receivable is recognised when it is probable that the economic benefits will flow to the company and it can be measured reliably. It is accrued on a time basis by reference to the principal oustanding and at an effective interest rate.

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates recalculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment	- 25% per annum
Office refurbishment costs	- 50 % per annum

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a periodic rate of interest on the remaining balance of the liability. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less/(more) than the value at which it is recognised, a deferred tax liability/(asset) is recognised for the additional tax that will be paid/(avoided) in respect of that difference. Similarly, a deferred tax asset/(liability) is recognised for the additional tax that will be avoided/(paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1. ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Employee Benefits

Defined benefit scheme
Realty Insurances Limited participates in a defined benefit plan that shares risks between entities under common control. A stated policy is in place for charging the net defined benefit cost of the defined benefit plan, as a whole measured in accordance with FRS 102, to individual group entities. FRS 102 requires that the company recognises the net defined benefit cost of the defined benefit plan so charged.

The amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurements comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Defined contribution schemes
The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Financial Instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial Assets and Liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1. ACCOUNTING POLICIES (continued)

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single reference quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Financial Assets and Liabilities have been offset in the statement of financial position on the basis that the firm is not a party to the contractual provisions of a financial instrument until payment is received. This accounting treatment is in accordance with paragraphs 11 and 12 of FRS 102 and the provisions of IAS 39.

Equity Instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no changes to the estimates and underlying assumptions in the current period.

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Commission and fees are recognised in the accounting period in which services are provided. In accordance with FRS 102 paragraph 23, the company defers a percentage of revenue to reflect post placement obligations.

3. ANALYSIS OF TURNOVER

Turnover and profit before taxation are generated from insurance broking and advisory activities in the United Kingdom.

4. INTEREST RECEIVABLE

	2020 £'000	2019 £'000
Interest on loans to group undertakings	24	25
Interest received on deposits	34	32
	58	57

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2020 £'000	2019 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 10)	9	6
Operating lease rentals payable for land and buildings	115	115
Audit fees	21	21

The analysis of the auditor's remuneration is as follows:

Fees payable to Deloitte LLP for the audit of the company's annual accounts	23	21

6. INFORMATION REGARDING EMPLOYEES

	2020 £'000	2019 £'000
Employee costs during the year including directors:		
Wages and salaries	1,638	1,566
Social security costs	208	198
Pension costs (note 17)	400	483
	2,246	2,247

The average number of persons employed during the year was eighteen (2019 - nineteen). Of these, thirteen (2019 – fourteen) are involved in administration, four (2019 - four) in management and one (2019 – one) in a non-executive role.

7. DIRECTORS' REMUNERATION

Directors' emoluments	2020 Total £'000	2020 Highest paid director £'000	2019 Total £'000	2019 Highest paid director £'000
Fees	960	511	925	498
Other emoluments	40	15	35	15
Pension costs	15	-	14	-
	1,015	526	974	513

Retirement benefits are accruing to four Directors (2019 - four) under the defined benefit pension scheme described in note 17. The total annual accrued pension under the defined benefit pension scheme for the highest paid Director was £69,000 (2019 - £67,000). The highest paid Director elected to restrict the contribution made to the defined benefit pension scheme in the year and opted to take a salary supplement in lieu of this restriction.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2020 £'000	2019 £'000
Analysis of tax on ordinary activities:		
UK corporation tax based on profit for the year	483	468
Adjustments in respect of prior years:		
UK corporation tax	-	(1)
	483	467

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2019 - 19%). The current tax for the year differs from the standard rate for the reasons set out in the following reconciliation:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	2,429	2,194
	£'000	£'000
Tax charge on profit on ordinary activities at standard rate	461	417
Factors affecting the charge:		
Effect of change in tax rates	(18)	6
Permanent differences for tax purposes	1	1
Adjustment to tax charge in respect of previous periods	-	(3)
Unprovided deferred tax movement	45	53
Group relief received for nil consideration	(6)	(6)
Tax charge on profit on ordinary activities	483	468

A deferred tax asset of £59,000 (2019 - £nil) has not been recognised in respect of timing differences relating to short term timing differences of £61,000 (2019 - £(4,000)) around the recognition of the Group pension scheme liability and fixed assets of liability £2,000 (2019 - £4,000) as there is insufficient evidence that the asset will be recovered.

Deferred tax balances have been valued at the rate of 19% in these financial statements.

9. DIVIDENDS

	2020 £'000	2019 £'000
Equity dividend paid of £17.27 (2019 - £19.51) per ordinary share	1,727	1,951

10. TANGIBLE FIXED ASSETS

Office Equipment and Refurbishment	Total £'000
Cost	
At 1 April 2019	363
Additions	42
At 31 March 2020	405
Accumulated depreciation	
At 1 April 2019	353
Charge for year	9
At 31 March 2020	362
Net book value	
At 31 March 2020	43
At 31 March 2019	10

Leased assets included above:

Net book value	
At 31 March 2020	6
At 31 March 2019	4

11. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	2,000	2,000
Other debtors	23	26
Prepayments and accrued income	110	88
	2,133	2,114
Amounts falling due after more than one year:		
Other debtors	-	28
	-	28

Amounts owed by group undertakings represents a loan to the company's ultimate parent undertaking which is repayable on demand.

12. CASH AT BANK AND IN HAND

	2020 £'000	2019 £'000
Operating funds	3,566	3,059
Client monies	3,993	3,934
	7,559	6,993

Client monies are held in separately designated Non-Statutory Trust Client Accounts in accordance with the Financial Conduct Authority's regulatory requirements.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	3,492	3,456
Obligations under finance leases	5	2
Other creditors including taxation and social security	468	482
Accruals and deferred income	1,821	1,634
	5,786	5,574

Obligations under finance leases are secured against the asset to which they relate.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £'000	2019 £'000
Other creditors	319	-
	319	-

15. CALLED UP SHARE CAPITAL AND RESERVES

	2020 £'000	2019 £'000
Allotted, called up and fully paid:		
100,000 ordinary shares of £1 each	100	100

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

The company's profit and loss reserve represents cumulative profits and losses net of dividends paid and other adjustments.

16. COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 Land and buildings £'000	2019 Land and buildings £'000
Within one year	115	115
Between one and five years	87	202
	202	317

Total future minimum lease payments under non-cancellable finance leases are as follows:

	2020 Land and buildings £'000	2019 Land and buildings £'000
Within one year	3	1
Between one and five years	2	1
	5	2

17. EMPLOYEE BENEFITS

Defined contribution schemes

The company operates a defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to the profit and loss account in the year was £60,000 (2019 - £52,000).

Defined benefit schemes

The company participates in a group defined benefit plan that shares risks between entities under common control. The agreement for sharing the net defined benefit cost of the plan and the policy for determining the contribution by entity is based on the accrued benefit of the current and former employees of that entity.

The analysis below relates to the Grosvenor Pension Plan ("the plan") as a whole, measured in accordance with FRS 102 on the basis of the assumptions that apply to the plan as a whole, including that element that relates to non-company employees.

The plan is open to qualifying employees of the group and other Grosvenor Estate entities. Under the plan, the employees are entitled to retirement benefits based on service of final salary on attainment of a retirement age of 65. No other post-retirement benefits are provided. The plan is a funded plan. This includes the amount and timing of the future payments to be made by the entity under any agreement with the defined benefit plan to fund a deficit (such as a schedule of contributions).

17. EMPLOYEE BENEFITS (continued)

The most recently completed triennial valuation was carried out at 31 December 2017 by the scheme actuary and this has been updated to 31 December 2019 using updated assumptions. The underlying data resulting from this triennial valuation, together with the key assumptions are set out below, have been used to produce the accounting valuation herein. The Directors have concluded that the valuation between December and March is not materially different, therefore all the numbers are presented at 31 December 2019 and not 31 March 2020.

The pension service cost charged to the profit in the year ended 31 March 2020 was £341,000 (2019: £431,000).

	Valuation at	
	31 December 2019	**31 December 2018**
Key assumptions used:		
Discount rate	2.11%	2.91%
Expected rate of future pension increases	2.95%	3.21%
Expected rate of salary increases	2.95%-3.95%	3.21%-4.21%
Inflation	2.95%	3.21%

Mortality assumptions:
The assumed life expectations on retirement at age 65 are:

	Valuation at	
	31 December 2019 Years	**31 December 2018 Years**
Retiring today:		
Males	24.5	24.4
Females	26.2	26.1
Retiring in 20 years:		
Males	26.2	26.1
Females	27.7	27.6

Profit and loss account amounts for the plan as a whole are as follows:

	31 December 2019 £'m	**31 December 2018 £'m**
Current service cost	11.0	13.4
Past service cost	0.4	0.3
Net interest cost	0.2	0.2
	11.6	13.9

Recognised in other comprehensive income for the scheme as a whole:

	31 December 2019 £'m	**31 December 2018 £'m**
Actuarial return less expected return on assets	29.2	(24.9)
Changes in assumptions underlying liabilities	(34.0)	46.0
Total (losses)/gains relating to defined benefit scheme	(4.8)	21.1

17. EMPLOYEE BENEFITS (continued)

The balance sheet amounts for the plan as a whole are as follows:

	31 December 2019 £'m	31 December 2018 £'m
Present value of defined benefit obligations	(327.2)	(280.4)
Fair value of scheme assets	316.9	281.3
Net (liability)/asset	(10.3)	0.9

Movements in the present value of defined benefit obligations for the entire scheme were as follows:

	31 December 2019 £'m	31 December 2018 £'m
At 1 January	280.4	311.2
Employer's part of current service cost	11.0	13.4
Interest on plan liabilities	8.3	7.3
Actuarial losses/(gains)	34.0	(46.0)
Benefit payments	(6.9)	(5.8)
Past service costs	0.4	0.3
At 31 December	327.2	280.4

Movements in the fair value of scheme assets were as follows:

	31 December 2019 £'m	31 December 2018 £'m
At 1 January	281.3	300.0
Interest on plan assets	8.1	7.1
Actuarial return on plan assets less interest om plan assets	29.2	(24.9)
Contributions by the employer	5.2	4.9
Benefit payments	(6.9)	(5.8)
At 31 December	316.9	281.3

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	31 December 2019 £'m	31 December 2018 £'m
Equity instruments	248.9	217.9
Corporate bonds	37.0	34.7
Multi asset credit funds	26.2	25.2
Other assets	4.8	3.5
	316.9	281.3

The scheme does not invest directly in property occupied by the Grosvenor Group or in financial securities issued by the Grosvenor Group. The scheme's assets are invested in a diversified range of assets.

18. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking and controlling party is Deva Victrix Holdings Limited, a company registered in England and Wales. Deva Victrix Holdings Limited is wholly-owned by a Grosvenor Estate Trust.

Deva Victrix Holdings Limited heads the largest and smallest group of undertakings of which the company is a member and for which group financial statements have been prepared for the year ended 31 March 2020.

Copies of the consolidated financial statements of Deva Victrix Holdings Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

19. RELATED PARTY TRANSACTIONS

The company arranged insurance cover on an arm's length basis for members of the Grosvenor Family and Grosvenor Trusts. Aggregate premiums arising in the year were £1,646,171 (2019 - £1,529,658).

Premiums charged in the year to other related parties, including fellow subsidiaries of Wheatsheaf Group Limited and Grosvenor Group Limited, were £16,511,416 (2019 - £15,825,597).

During the year, the company was charged rent and management fees on an arm's length basis by companies within the Grosvenor Group. The total value of the fees charged in the year was £129,449 (2019 - £129,422) and at the year end, there was an outstanding balance of £nil (2019 - £nil). Grosvenor Group and Realty Insurances Limited share ultimate controlling parties.

In addition, the company was charged management and administrative fees on an arm's length basis by a Grosvenor Trust. The total value of the gfees charged in the year was £71,400 (2019 - £60,000) and at the year end, there was an outstanding balance of £nil (2019 - £nil).

Included in other income is an amount of £43,000 (2019 - £6,000) in relation to insurance advisory services provided on an arm's length basis to Grosvenor Group Limited.