

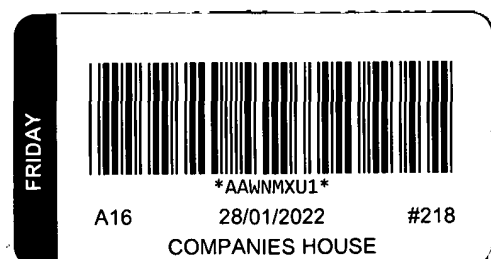
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**HOWDEN INSURANCE BROKERS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**



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## HOWDEN INSURANCE BROKERS LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	J D I Bennett (resigned 1 October 2020) J C Birkmire O T Davies (resigned 3 November 2020) A Bragoli A Barrett (appointed 8 October 2020) N Coles (appointed 9 October 2020) S A Davies (appointed 1 October 2020) S T Greener (appointed 26 October 2020) P W N Redgate (appointed 16 October 2020) E Richardson (appointed 23 October 2020, resigned 1 October 2021) B D Rugge-Price (appointed 23 October 2020) C P R Evans A K Cameron A S W Hall (appointed 18 November 2020) D Williams (appointed 13 January 2021)
<b>Company secretary</b>	A J Moore P Fokou (appointed 1 October 2020)
<b>Registered number</b>	00725875
<b>Registered office</b>	One Creechurch Place London United Kingdom EC3A 5AF
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor 1 New Street Square London United Kingdom EC4A 3HQ

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## HOWDEN INSURANCE BROKERS LIMITED

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

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The Directors present their strategic report for Howden Insurance Brokers Limited for the year ended 30 September 2021.

The strategic report has been prepared in accordance with Section 414C of the Companies Act 2006.

#### **Business review**

Revenue was £295m, up from £67m, due primarily to the business of Howden Reinsurance Brokers Limited (formerly RKH Specialty Limited) being transferred to Howden Insurance Brokers Limited on 1 October 2020. This was also the driving factor behind the increase in profit to £129m from a loss of £0.4m.

Following the United Kingdom exiting the EU, the Company is supporting clients in EEA Member states using two fellow subsidiaries, which are regulated companies established in Luxembourg (Howden Specialty Luxembourg S.à r.l. and Howden Specialty Agency Luxembourg S.à r.l.).

#### **Key performance indicators**

Analysis of the financial key performance indicators of the Company has been presented above. In addition, certain other key performance indicators have been established as described below.

##### *Client new business and retention levels*

The Company monitors client numbers and income for each of its operating lines.

##### *Collection of premium from clients and onward payment to insurers*

The Company closely monitors the level of its trade debtors and creditors to ensure such balances are maintained within reasonable levels.

##### *Treating Clients Fairly*

Monthly management information is gathered and graded against an agreed standard. A summary of the management information and any identified trends are reported to, and reviewed at quarterly meetings of the Board of Directors.

##### *Contract Certainty*

The Company embraces the industry-wide contract certainty initiative, monitoring and reporting back the results of its self-analysis, being the percentage of contracts completed in a period that were contract certain at inception.

##### *EBITDA*

The Company uses Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) to measure the performance of business units against budget and previous years results.

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Principal risks and uncertainties

This section sets out some of the risks faced by the Company which have affected its business operations and results during the year. The Company looks to assess and deal with the impact of these external influences by carrying out regular business planning reviews.

#### Matters generally affecting Company strategy and performance

##### *Commercial strategy*

The Company endeavours to operate to the strategic and business plans that it sets itself.

##### *Environmental, market and economic factors*

The Company is heavily dependent on its clients being able and willing to purchase insurance solutions to protect their assets and/or mitigate their exposure to their liabilities. Such ability and willingness is influenced by environmental and economic conditions.

##### *Key staff*

The Company's success is reliant upon attracting and retaining key staff within all its core business operations.

##### *Competition*

The insurance market is highly competitive. The Company faces competition from other insurance intermediaries within the UK as well as indirect competition from other insurance intermediaries overseas.

##### *Certain business interruption risks*

The Company has in place a comprehensive business risk review process, which allows the Company to assess the business risks faced by it and to review them in the context of the effectiveness of the controls it has in place to address those risks.

##### *Loss of IT systems or data*

The Company believes its IT systems and those systems provided by third parties are reliable and well protected, notwithstanding that they require regular updating and maintenance to ensure their ongoing suitability for the Company.

##### *Relationships with and access to insurance markets*

The Company is reliant upon its existing relationships and new relationships it may develop with the insurance markets with which it places business. The Company has in place controls to ensure it is not overly dependent upon any one insurer or insurance market.

##### *Financial crime and bribery and corruption*

The Company conducts its business whilst being fully aware of the risks arising from non-compliance with either local or international regulations and operates within a business framework which seeks to minimise the risk of financial crime, including bribery and corruption.

#### Factors that could reduce operating revenues or increase operating costs

##### *Foreign exchange*

The Company is exposed to significant changes in the US Dollar/Sterling exchange rate that directly impacts upon turnover of the Company.

##### *Claims against the Company that are not covered by or exceed purchased insurance*

The Company believes its insurance cover would substantially mitigate the effect of any claims likely to be brought against it.

##### *Legal and regulatory compliance*

Uncertainty regarding compliance matters and higher costs of regulatory compliance can result from ongoing revision to laws, regulations and governance standards.

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### **Risks to the Company's reputation**

##### *Corporate governance*

The Company has an appropriate corporate governance programme in place commensurate with the scale of the business.

#### **Financial risk management**

##### *Financial instruments*

HIG Finance Limited, a fellow subsidiary of the Howden Group Holdings Limited group of companies ("the Group"), manages the Company's principal financial instruments which comprise cash and deposits. As part of the Group's pooling arrangements the Group's treasury function manages risks in relation to these as follows;

##### *Liquidity risks*

The Group manages the Company's cash and borrowing requirements centrally to maximise interest income and minimise interest expenses, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

##### *Credit risk*

Some clients are provided with credit, and are encouraged to settle their invoices within 60 days of the inception date of the insurance policy. Receivables balances are monitored on an ongoing basis with a provision being made for doubtful debts where necessary.

#### **Future developments**

Following the United Kingdom exiting the EU, the Company has been working to minimise any potential disruption to clients.

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Directors' statement of compliance with duty to promote the success of the Company

The 172(1) Statement requires directors to disclose how they have met their duties under section 172 of the Companies Act 2006 and which would most likely promote the success of the company for the benefit of its stakeholders. During the year the directors have had regard to the following matters when performing their duties under section 172:

- The likely consequence of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The board ensures that it addresses the s172 requirements by allocating responsibility for specific areas to senior management, board and committee meetings, the use of clear agendas, appropriate board papers, budgeting and reforecasting, and strategy events.

Key stakeholders are identified during board and committee meetings. As directed by the company's parent company, Howden Group Holdings Limited ("Howden Group"/"Group"), the culture that the company strives for and the way that it works means there is a continuous communication through the Group with the company's key stakeholders, as described in the stakeholder engagement section below. The board receives quarterly CEO reports and other reports, including strategic updates, financial performance, business updates, regulatory updates, legal matters, risks and omissions, client updates and team updates. Actions resulting from discussion of these reports are agreed and then shared with stakeholders as appropriate.

#### Long term consequences of decisions

The company's long-term model reflects its determination to share success and to grow in a responsible, sustainable way. This goes beyond environmental and societal impacts; it influences the products that the company offers, the talent it hires and how the company manages its future.

The directors strive for a balance between growth through acquisition, organic growth, cashflow and liquidity considerations, performance and reward, culture at work, diversity and inclusion, wellbeing and equal pay. Powers are allocated to senior management and other committee members to discuss and reach decisions which are discussed with the board and reported against agreed strategic objectives from strategy days. The directors maintain regular contact with management, which allows the directors to be kept up to date with projects and to be on hand to assist and advise where necessary.

An example of a key decision taken by the Group to support the Group's growth plans was the consideration and approval of a number of acquisitions that were completed during the year. The long term consequences of these decisions were considered using extensive proposals, budgeting and forecasting summaries. The focus was increasingly to bring simplicity and authenticity to the Group under the one Howden brand.

#### The interests of the company's employees

The Group's Our People First culture means that it supports employees' aspirations and provides opportunities to make a difference. Howden Group is built on a foundation of employee ownership, with 35.2% of the shares in the holding company being owned by employees, enabling employees to share in the Group's success. As a result, the likely long term consequences of any decision made by the directors are aligned with the interests of employees.

The stakeholder engagement section below sets out how the directors have engaged with employees and responded to the issues raised through the most recent employee survey.

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### The company's relationships with clients, insurers and others

By driving the desired culture throughout the company, management aims to continuously deliver a quality service to clients, including welcoming employees' creativity to deliver high-class expertise.

The company looks to diversify its business lines and employs strategies to help mitigate against the loss of clients.

During the year, the Group was one of a number of organisations that responded to the Red Cross and the need to improve the provision and efficiency of humanitarian relief in the event of a volcanic eruption. The Group's charitable Foundation, Financial Lines and reinsurance divisions, and capital markets business all supported the launch of the world's first catastrophe bond for volcanic eruptions, by the Danish Red Cross. The bond raises humanitarian funds in advance, and allows aid to be released more quickly and effectively while offering uncorrelated returns for investors.

#### Impact on communities and the environment

The company reviews its impact on communities through the Howden Group Sustainability Committee was set up in 2019 to identify opportunities for improvement in the Group's approach to sustainability and to embrace a more inclusive way of working. The Group is also a signatory of the UN Global Compact, by which it has promised to take responsibility for its impact and to work in a way that supports and benefits society.

The Group is determined to reduce its environmental impact as much as it possibly can, by continuing to build a sustainable business while reducing, replacing, recycling and continuing the journey to becoming carbon negative.

The Group also wishes to support society and this is managed through fundraising and volunteering, and giving back through the charitable Howden Group Foundation.

#### Maintaining high standards of business conduct

The directors are responsible for setting high standards of business conduct, to ensure that the company's commitments to stakeholders are met. The company abides by the Modern Slavery Statement and is committed to ensuring that its business dealings are carried out in compliance with the relevant laws. In doing so, the board endorses the implementation and promotion of ethical business practices, to protect workers from being abused and exploited. The board also supported the decision that, following training, a set of UK procurement principles should be created.

#### The need to act fairly between members of the company

The company is a wholly owned subsidiary of Howden Group and the Group has a board which consists of directors representing both institutional and employee shareholders in order to make sure that members are treated fairly. When employee share incentives are considered there is a careful assessment by the board and the Group Remuneration Committee that there is a balance between dilution of existing A shareholder value and value which new share incentive holders can derive.

#### **Stakeholder engagement**

The table below describes how the company and Howden Group engages with its stakeholders and explains how the directors ensure they are aware of the views of each stakeholder group.

#### **Clients**

##### *Why we engage*

Understanding clients and how their demands change allows the company and the Group to provide tailored products and is intrinsic to its long term success. Clients often request solutions and new initiatives that insurance can provide for them.



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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### *Our approach to engaging*

The company works with the Howden One network and other Howden Group subsidiaries to use local on the ground experts from around the world to form a network of shared skills and knowledge. This allows the company to bring expertise to clients while observing best practices, and maintaining the necessary regulatory controls, due diligence and care to ensure that clients are satisfied.

The company is regularly in touch with clients and visited them frequently before the Covid 19 lockdown. Face to face meetings are beginning to take place once again and more frequently, enabling the company to build a stronger client relationship and deliver a more tailored solution. Clients inform the company of any new initiatives that they are considering and where they would like the company to assist in placing insurance for them.

#### *Client issues identified through engagement*

Our clients need us to continue to develop new solutions that meet their emerging needs, such as making the best use of data and meeting their ESG objectives.

As an example, during the year the Group launched NOVA, a first of its kind business intelligence platform. It provides users with tools and data visualisations that facilitate a clear understanding of complex insurance data, enabling them to better identify market opportunities, anticipate trends, mitigate risk and make data backed decisions.

The Group has also provided seed funding for the launch of Parhelion, the world's first fully sustainable insurer. It looks at risk through new lens, to support a unique underwriting approach based on data, technology and proprietary ESG criteria. This reflects studies showing a persistently strong correlation between corporates with advanced ESG credentials and low insurance claims, enabling Parhelion to offer premium and cover at advantageous terms, while generating strong shareholder returns.

## Employees

#### *Why we engage*

Building and maintaining a People First Culture is embedded in decision making across the company and the Group, and is key to how we attract, engage and retain our employees. Putting employees first supports empowerment, inspires and fosters ideas which in turn benefits clients and strengthens the company's productivity and resilience. The Group is built on a foundation of employee ownership with 35.2% of the shares in the holding company being owned by employees, enabling employees to share in the Group's success. As a result, any decision made by the directors are aligned with the long term interests of employees.

#### *Our approach to engaging*

The company and directors are committed to engaging with employees through multiple formal and informal channels to ensure that employees' views can be taken into account in making decisions which are likely to affect their interests. This includes, but is not limited to the use of the Group Workplace platform, regular internal communications, the use of people surveys and a range of established Employee Resource Groups.

Over the last 12 months the company has made significant investment in building a capable and experienced HR Team to support and enable the delivery of the company's ambitions, and further develop its engagement with, and offering to, employees.

During this time the Group has focused in a number of key areas:

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Covid 19 Impact and subsequent transition

Throughout the Covid 19 pandemic the company has continued to monitor the impact on employees closely, and has maintained highly engaged and proactive Covid 19 response teams to provide support for employees globally. This has enabled all employees to work remotely effectively with the required technology, IT equipment, home office furniture, training and policy support, ahead of government requirements. The company has continued to leverage the online platform Workplace to share and exchange useful information, along with FAQs for all employees to access. The company also supported the repatriation of colleagues to their home country or safe accommodation, providing necessary personal protection equipment, along with monetary donations where appropriate.

In addition to recognising the flexibility required for employees that are parents and or carers, the company has also addressed the potential issues around employee engagement, work life balance and wellbeing, by introducing a range of activities and resources. All UK employees have access to a free mental health app, which complements the 24 hour / 7 day a week access to a Virtual GP, an Employee Assistance Programme and a mental wellbeing champion's network for which the Group provides training and mentoring support.

As the Group transitions to 'a return to the office' the company and the Group have developed and adopted three Global Principles for Hybrid Working – client delivery, in person connection and flexibility and agility. To support the implementation of these principles the Group has developed toolkits, surveys and workshop materials to actively engage and consult with employees on their application. The Group is adopting a flexible and gradual return to the offices, and providing ongoing support and training to employees through this transition, whilst ensuring that the employees' health and wellbeing remains the top priority.

#### Career development and progression

The company and the Group provide visibility of all job opportunities across the Group on Workplace to encourage internal career development. In addition to business objectives, senior leaders have specific objectives focused on development and culture and people that articulate their commitment to employee development. Progress is measured and leaders are held to account on the delivery of these objectives.

All UK employees are asked to ensure that they have objectives relating to their personal development with a mix of on the job development and learning interventions encouraged. Guidance is provided to all employees and line managers to support an effective performance development process. On the basis of feedback from employees through the Global People survey, managers are expected to provide feedback to team members, discuss their ongoing development and help team members to understand how their work has and does contribute to their team, and the wider business. Reviews are also scheduled to take place in advance of the annual compensation review to demonstrate a clearer link between performance and reward for employees.

Through the Group's learning hub employees can access a variety of development resources including compliance and regulatory training, leadership programmes aligned to our leadership framework, top tips on topical interests (e.g. improve your virtual presence) and general business skills (e.g. growth mind set, presenting with impact). The learning solutions are available on an open basis for any employee to access as part of their development. Guidance is provided to all employees and line managers to support an effective performance development process.

As a growing business it is vital that the company recruits the right people in order to continue the success of the company in a sustainable manner. We attract and retain people of the highest calibre through a recruitment process that is designed to be free from bias and discrimination. Over the last 12 months the Group has piloted the use of blind CVs and embedded the tool Textio in all job adverts to ensure the use of inclusive language and attract broader and more diverse candidate pools. To support our ambition to build a robust pipeline of diverse talent, the Group has introduced a number of Early Careers programmes to attract diverse graduate talent to the Group. The Recruitment and Selection Policy is followed, while prioritising employees' development and success.

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Diversity and Inclusion

For the company and the Group, diversity is achieving a rich pool of entrepreneurial talent with different personal and economic characteristics to drive sustainable value creation borne from different thinking. Inclusion means achieving this value creation by being a remarkable place that brilliant people want to work because they are seen and accepted as individuals, valued for the individual difference that they bring to the table, and because they work for a business that allows them to balance their life against the requirements of work. To support this the Group has implemented a number of actions.

- Development of a Group Diversity and Inclusion Committee with representatives from across the organisation, with agreed terms of reference, mandate and ways of working in place.
- Investment in, and development of, our Employee Resource Groups. The Group has restructured its first Employee Resource Group Respect such that all other employee resource groups report into it. In turn, the Respected Employee Resource Group benefits from the appointment of a steering committee. Respect is owned and led by employees and empowered with their own budget to enable them to raise awareness of, and influence the business, in areas that are important to them and to drive collective impact.
- Within the UK the Group has collated D&I statistics from employees to enable the Directors to review insights, identify focus areas and track progress. Over 2022 this will be collated internationally.

A reciprocal mentoring pilot has been launched in the UK designed to help build a better understanding of employee perceptions of organisational culture, and provide leaders with an opportunity to connect and hear first hand the perspectives and experiences of employees from different generations and parts of the business. This will be rolled out globally in 2022.

#### **Insurers and Suppliers**

##### *Why we engage*

It is important for the company to create long term, robust working relationships with our suppliers and insurers with whom we place business. This contributes to the success of our business and ultimately benefits all stakeholders.

##### *Our approach to engaging*

The company works together with its suppliers and insurers to ensure the best client experience and continuity of capacity in order to service the needs of our clients. Senior management regularly meet insurance partners to discuss performance and ways in which we can improve cover for clients. These relationships are managed through TOBAs and contracts in line with Group policies and additional risk and due diligence assessments are carried out in line with the Group's Sourcing Principles. Senior leaders receive regular updates and feedback on insurer and supplier relationships.

#### Community issues identified through engagement

During the year, the company and the Group identified the following issues as a result of its engagement with communities:

During the year all of the Group's school and charity partnerships in the local community were impacted by Covid 19, resulting in the original partnership deliverables being put on hold. Following on from FY20 the in person relationships with local schools and charities initially had to stop. Gradually as employees adapted to the new ways of working/living the Group started to engage with the partnerships online, this included online mentoring, CV reviews, career inspiration webinars and online workshops. As the world now starts to slowly open up, various in person activities have returned while some virtual engagement will be retained. The virtual engagements assist Group employees to volunteer more widely across the UK and internationally with more efficiency alongside work commitments.

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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Fundraising/engagement with charity partners also was limited during this pandemic and all fundraising took place virtually, such as the Group's charity online quiz. The Group also on boarded a new CSR platform, Benevity, to facilitate online giving and donation management. Additionally, the Group delivered raising awareness webinars with the partners to remind employees why it was important to fundraise for the Group's key partners worldwide. These webinars importantly illustrated the impact that the Group was making, such as the new Dementia Friends workshops that are now underway.

#### **Group shareholders**

##### *Why we engage*

The company has a responsibility to engage with shareholders and an ambition to deliver long term, sustainable growth. The company understands the importance of providing information to shareholders so they can support and engage with the Group.

##### *Our approach to engaging*

Howden Group's Institutional shareholders are represented by directors on the board and therefore participate directly in Group strategic decision-making and direction. The Group engages with shareholders via the online Shareholder Portal, shareholder updates via email, CEO video presentations and half year updates. There is a commitment to educate shareholders and prospective shareholders by convening live workshops and Q&As during the internal share offer process.

##### Shareholder issues identified through engagement

During the year, the Group identified the following issues as a result of its engagement with shareholders.

An increasing number of shareholders request to vote, acquire/sell shares, and view their shareholdings online. As a consequence, the Group continues to develop the Share Portal to enable further applications and flexibility within the portal. A further project is to present a share value statement from FY2022.

#### **Regulators**

##### *Why we engage*

As an insurance intermediary, the company is subject to financial services regulations. The company also works with relevant regulators to ensure all aspects of the business comply with local laws and regulations, to uphold the responsibilities to stakeholders

##### *Our approach to engaging*

The company is authorised and regulated by the Financial Conduct Authority (FCA) and has an open and transparent approach to communication with the FCA, engaging with it as required or requested, and in compliance with Principle 11 of the UK Financial Services Handbook.

The company's regulatory communications are managed and facilitated by the Legal and Compliance teams. Significant regulatory matters are reported to the relevant entity board and to the board of the holding company if necessary.

#### **Sustainability**

The company and the Group recognises the importance of sustainability and understand that it positively affects the company, its employees, and the local community.

In 2019 the Group Sustainability Committee, chaired by John Bernstein, non executive director, was formed to help lead the insurance industry towards a cleaner, fairer, healthier, safer world by helping its customers manage risks in a long term sustainable and equitable way, and to be the employer of choice for the best global diverse talent in insurance. The areas of focus include:

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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1. **Setting the Standard** - ensuring our own operation are the very best they can be in terms of ESG practices
2. **Giving Back** - supporting communities in which we live and work through volunteering , fundraising and the Howden Group Foundation; and
3. **Changing the Insurance Narrative** - Using the power of insurance to play a part in finding solutions to the major challenges the world faces.

#### **Setting the standard**

The Group has committed to maintaining high standards of corporate governance, and has engaged with a sustainability management platform in order to obtain key Environmental, Social and Governance data from our businesses worldwide and to report back to our stakeholders annually. Furthermore, the Group continues to work with the relevant regulators to ensure that all aspects of its business comply with local laws. To this end, in 2021, we shared our first Communication on Progress to the UN Global Compact along with our first ClimateWise report. We also became a member of EcoVadis, from which we received a silver sustainability rating with a score of 60/100 putting Howden Group in the 85th percentile.

#### Environment

The company and Howden Group is determined to reduce its environmental impact as much as it can. Some of the Group's actions taken in the UK and worldwide are as follows:

- Reducing carbon footprint: during 2020 the Group globally started the process of becoming carbon neutral. As part of this, we have started to collect scopes 1 3 CO2 emission data. We will then create a carbon management plan and offset any residual carbon footprint. Furthermore we have reduced travel by teleconferencing, video calling and use of instant messaging. Employees are also encouraged to use bicycles and most offices therefore have dedicated bike storage facilities and showers;
- Waste management & recycling: To replace paper with electronic media. Providing recycling bins for paper, cardboard, glass and batteries and actively encourage employees to reduce waste and recycle;
- In partnership with Seven Clean Seas we have pledged to reduce our plastic consumption, and to offset the rest, as part of our wider commitment to curbing the impact our business has on the environment. We have started by removing singleuse plastic: where possible we are removing and finding alternatives to singleuse plastic in the workplace e.g. stationery, meeting rooms, and in 2021 we offset over 66,000kg of plastic the estimated amount used by employees during 2020 at Howden Group level;
- Environmental volunteering: river clean ups/tree planting/mangrove planting;
- Using environmentally responsible materials: to source Forestry Stewardship Council paper for use in all of our printers and recycled black and white toner cartridges. recycled notepad paper and biros etc;
- Energy efficiency: To use energy efficient lighting wherever possible e.g. motion sensor lights; and
- BREEAM rating 'Excellent' UK Group headquarters: London office move in December 2018, and the same approach for an ecobuilding is being taken with other office buildings worldwide.

#### Diversity and Inclusion ('D&I')

The company believes in equal opportunities for all employees, regardless of race, religion, gender, age, sexual orientation, or disability. Howden Group and the company commit to attracting, developing and retaining a culture of equality and diversity in the workplace.

The company provides a supportive and welcoming workplace environment, which represents the communities and cultures within which it lives and work. The aim is to ensure that everyone receives the same consideration when applying for jobs, and that they enjoy the same training, career development and prospects so they can contribute to their full potential.

The company expects the highest standards from its employees, and has put in place policies and procedures to support its expectations.

The company is committed to developing diversity and inclusion awareness and behaviours of employees and senior leadership across the world in order to ensure best practice. Howden Group have launched a D&I committee to develop the D&I agenda globally so that we can continue to attract and retain the right talent, and continue to create an inclusive culture that values and supports every employee.

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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The company has launched its own engagement group: RESPECT, which is an ongoing initiative open to all UK employees to create an open, respectful and inclusive culture with a focus on gender equality, workplace culture, mental health, and multicultural & ethnic diversity. The Group has also launched its first LGBTQ+ Network and has an active Inclusion focus group. Following its successful launch in the UK, the Group is implementing this initiative globally.

Howden Group is also a proud member of Stonewall and everywoman.

#### **Giving back**

CSR activities form part of the Group's wider Sustainability approach, and the Group's CSR strategy consists of three key themes:

- **Education** – working with young people and those not in education, employment, or training through social mobility projects to get them into work;
- **Enterprise** – supporting young entrepreneurs, social entrepreneurs and environmental entrepreneurs to get their businesses off the ground; and
- **Environment** – finding ways to reduce the Group's environmental impact in how it goes about its day to day business.

In 2021, Howden Group launched its own online CSR platform, Group Giving, powered by Benevity, a place where employees can find volunteering, fundraising and matched funding opportunities to engage with worldwide. This enabled the Group to efficiently deliver virtual CSR engagement over the course of the year. It included online fundraisers and virtual volunteering where possible such as bingo nights, quizzes, CV reviews and mentoring. We have also hosted several dementia friend training sessions for UK employees throughout the year.

#### Volunteering

All employees are entitled to two volunteer days per annum. Employees can volunteer with a Group Giving approved initiative or put forward a request for a charity they have a personal connection with. During the year, 1,913 hours of volunteering were recorded.

#### Charitable giving and the Foundation

Founded in March 2014, the Howden Group Foundation (the "Foundation") is a registered charity set up to support our local communities through the Group's CSR strategy and the great charitable work that employees are personally involved in. Chaired by Luis Munoz Rojas, non executive director of Howden Group, the Foundation's initiatives are designed to:

- Relieve sickness;
- Relieve poverty;
- Relieve disasters;
- Relieve unemployment;
- Advance education; and
- Support environmental sustainability.

The Group's employees are involved in the selection process of charities and local organisations supported through charity partnerships and Investing in the Community Awards. To recognise employee fundraising efforts inside and outside of work, the Foundation also matches up to £750 of fundraising per employee, per year. During the year, over £240k was raised by employees worldwide. This is in addition to the cash donations of £925k made by the Group during the year.

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## HOWDEN INSURANCE BROKERS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Strategic Partnerships

Alongside our work with local charity partners, Howden Group also support global organisations through long term strategic partnerships. These multi year relationships link closely with the Howden Group CSR strategy to support Education, Entrepreneurship and the Environment, as well as offering our people the opportunity to make an impact through volunteering and fundraising. In April 2020, the Group launched a multiyear flagship charity partnership with the Prince's Trust across the UK and Australia. Through this partnership the Group supports the Trust's education and enterprise programme. Together, the Group has committed to support over 13,000 young people at risk of exclusion, who need help to succeed in education, and to assist over 479 new young entrepreneurs and 1,780 veterans as they embark on their self-employment journey. During the first year in partnership, 82 employees from across the Group volunteer with the Prince's Trust. Together these volunteers have given approximately 103 hours of their time to support 113 young people. Additionally thousands of young people have been supported through the partnership with the Prince's Trust Australia virtual 'Achieve Fest'. On 21 September 2021, we celebrated City Giving Day in London by hosting Howden Group's belated Prince's Trust partnership launch. We were joined by the team at the Prince's Trust, employees and the Lord Mayor of London Alderman William Russell. In FY21 Howden Group have continued to expand on strategic partnerships, and now have a further five partners, including: Seven Clean Seas; Fundacion Pro Empleo; Danish Red Cross; Care Channels; and The Nature Conservancy.

#### Global Group Giving Week

Each year the Group aims to bring employees together to make a huge impact amongst the communities in which they live and work. Activities may include: fundraising; volunteering; raising awareness events; and pro bono. All activities are inclusive and open to all employees; in support of local organisations; compliant with local fundraising and volunteering regulations and reported to the Group CSR team. In 2021, this took place on 17-21 May, supporting 32 charities worldwide, raising over £66,000 and volunteering over 620 hours.

#### **Changing the Insurance Narrative**

This is where we can have the biggest impact. Insurance has always been an enabler for change and now, as the world faces the biggest existential threat of our lifetime, we are finding ways to use insurance to help society build resilience against climate change and other related risks.

#### Product Development

In 2021 we led on two world firsts; a volcano Catastrophe bond in partnership with the Danish Red Cross and carbon offset invalidation insurance, for which the team involved has so far bound 6 policies which have wrapped 24 million carbon offsets with insurance.

#### Climate Risk & Resilience Division

Following the products developments reported above, the Group launched a new Climate Risk and Resilience division. This division will focus on risk transfer products that help to accelerate and de-risk the move towards a low carbon economy, and to mitigate the results of climate change.

#### Parhelion Investment

In June 2021, the Group invested in the launch of Parhelion, the world's first fully sustainable insurer, which will provide ESG products to meet the risk financing needs of a greener economy.

#### Covid 19 Response

- Virtual & in person volunteering has been taking place worldwide: Companion calls with the Alzheimer's Society, Ementoring with the Prince's Trust and social mobility programmes with our partners schools. Foodbank donations have continued from employees and in July 2021 the Group sponsored a food bank in East London whilst providing weekly volunteers to help prepare the food packages.
- Donations of 300+ care packages were sent to key workers across the UK; and
- Worldwide response to local Covid19 research and relief efforts. In particular we led a global 'Reaching India' campaign raising over £6,000 for two local Indian charities; Goonj and Kailash Stayarthi's Foundation as selected by Howden India. virtual fundraising events e.g. pet competition, quiz nights, bingo and taskmaster.

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**HOWDEN INSURANCE BROKERS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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This report was approved by the board and signed on its behalf.



**A Bragoli**  
Director

Date: 17/12/2021



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## HOWDEN INSURANCE BROKERS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

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The Directors present their report and the financial statements for the year ended 30 September 2021.

#### Principal activity

The principal activity of the Company during year was that of a regulated insurance intermediary. It does not take insurance risk. The entity is registered with the FCA and is a member of the Howden Group Holdings Limited group of companies.

#### Results and dividends

The profit for the year, after taxation, amounted to £129m (2020 - loss for the year after taxation £0.4m).

The Company paid £30m in dividends during the year (2020 - £Nil). No dividends have been proposed after the financial year end (2020 - £Nil).

#### Directors

The Directors who served during the year were:

J D I Bennett (Non-Executive Director) (resigned 1 October 2020)  
J C Birkmire (Non-Executive Director)  
O T Davies (resigned 3 November 2020)  
A Bragoli  
A Barrett (appointed 8 October 2020)  
N Coles (appointed 9 October 2020)  
S A Davies (Non-Executive Director) (appointed 1 October 2020)  
S T Greener (appointed 26 October 2020)  
P W N Redgate (appointed 16 October 2020)  
E Richardson (appointed 23 October 2020, resigned 1 October 2021)  
B D Rugge-Price (appointed 23 October 2020)  
C P R Evans  
A K Cameron  
A S W Hall (appointed 18 November 2020)  
D Williams (appointed 13 January 2021)

#### Employment policies

The Company is an equal opportunity employer and bases decisions on an individual's ability regardless of race, religion, gender, age or disability.

Applications for employment by disabled persons are always fully considered having regard to their particular aptitudes and abilities. Should an employee become disabled, every effort will be made to ensure that their employment with the Company continues and, in the event that they are unable to continue to work, that their financial interests are safeguarded. The Company's policy is designed to ensure that, as far as possible, the opportunities for training, career development and prospects of disabled persons should be identical with those for other employees.

Employees are kept informed of the financial and economic performance of the Group by means of regular briefings and consultation.

#### Charitable donations

The Company made £84,000 (2020 - £41,000) of charitable donations in the year ended 30 September 2021.

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## HOWDEN INSURANCE BROKERS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### Directors' indemnity insurance

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate Directors' and Officers' liability insurance cover is in place in respect of all the Company's Directors.

#### Matters covered in the strategic report

The following information has been included in the strategic report and incorporated into this report by reference:

- financial risk management objectives and policies
- future developments

#### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

#### Covid-19 impact

During 2020 and 2021 a global crisis ("Covid-19") spread across the world. This led to severe disruption, with governments putting in place measures such as temporary closure of sites of business activities and social distancing to limit the spread of Covid-19. Whilst the insurance broking industry is expected to be less impacted than other industries such as retail in this crisis, there is uncertainty in terms of the duration of the pandemic and subsequent impacts on the wider economy. If clients were to undergo financial distress as a result, this could impact the future demand for the Company's services as well as increase the credit risk arising over outstanding amounts due from clients. Government restrictions have led to staff working from home. However, the investment in the IT infrastructure by the Howden Group over the recent years has facilitated this significant operational change.

#### Post balance sheet events

On 1 October 2021, Sturge Taylor & Associates Limited and Fastnet Marine Insurance Services Limited transferred their businesses to Howden Insurance Brokers Limited.

On 1 October 2021, Medical Professional Risk Solutions Limited ceased its business and began trading as Howden Insurance Brokers Limited.

On 1 October 2021, the Company transferred its reinsurance business to fellow group company Howden Reinsurance Brokers Limited.

#### Auditor

The auditor, Deloitte LLP, will not be proposed for reappointment. Ernst and Young LLP will be proposed as auditor for the following financial period in accordance with Section 485 of the Companies Act 2006.

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**HOWDEN INSURANCE BROKERS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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This report was approved by the board and signed on its behalf.



**A Bragoli**  
Director

Date: 17/12/2021

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## HOWDEN INSURANCE BROKERS LIMITED

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2021

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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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

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## HOWDEN INSURANCE BROKERS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN INSURANCE BROKERS LIMITED

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#### Report on the audit of the financial statements

##### Opinion

In our opinion the financial statements of Howden Insurance Brokers Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 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 which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 31.

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

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

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

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

##### Other information

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

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## HOWDEN INSURANCE BROKERS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN INSURANCE BROKERS LIMITED

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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 material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](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 their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks 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.; 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 including relevant internal specialists such as tax, IT and actuarial regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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## HOWDEN INSURANCE BROKERS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN INSURANCE BROKERS LIMITED

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The company earns fees and commissions from its insurance broking activities and there is a fraud risk that brokerage is inappropriately accelerated or deferred between accounting periods.

We have assessed that there is a significant risk of material misstatement relating to revenue recognition which is pinpointed to the cut-off assertion specifically around the year end.

- We have obtained an understanding of the revenue process, including procedures for determining the commission percentages in accordance with policies and binder agreements and the flow of financial information into the general ledger;
- Assessed the design and implementation of controls in the revenue process specifically focusing on the controls that address revenue recognition cut-off; and
- Performed cut-off testing around the year-end date by selecting additional samples for revenue recognised in September 2021 and October 2021 to identify any transactions which may have been erroneously recognised as revenue in the incorrect period;
- Reviewed debits to revenue in the October listing and tested as a separate population to address the 'fraud risk' that transactions may be fictitiously booked in September and reversed out in October.

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 in-house 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, reviewing internal audit reports and reviewing correspondence with HMRC.

#### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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## HOWDEN INSURANCE BROKERS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN INSURANCE BROKERS LIMITED

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#### 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regim and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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.



David Rush FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP  
Statutory Auditor  
London

Date: 17 December 2021



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**HOWDEN INSURANCE BROKERS LIMITED**

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**INCOME STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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	Note	2021 £000	2020 £000
Turnover	4	295,146	66,897
<b>Gross profit</b>		<u>295,146</u>	<u>66,897</u>
Administrative expenses		(208,895)	(71,432)
Other operating income	5	600	-
<b>Operating profit/(loss)</b>	6	<u>86,851</u>	<u>(4,535)</u>
Profit on disposals		55,776	750
Interest receivable and similar income	11	1,634	2,952
Interest payable and similar expenses	12	(905)	-
<b>Profit/(loss) before tax</b>		<u>143,356</u>	<u>(833)</u>
Tax on profit/(loss)	13	(14,018)	450
<b>Profit/(loss) for the financial year</b>		<u><u>129,338</u></u>	<u><u>(383)</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement.

All results were derived from continuing operations.

The notes on pages 27 to 48 form part of these financial statements.

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HOWDEN INSURANCE BROKERS LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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	2021 £000	2020 £000
Profit/(loss) for the financial year	129,338	(383)
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) for the year	129,338	(383)

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement.

All results were derived from continuing operations.

The notes on pages 27 to 48 form part of these financial statements.

**HOWDEN INSURANCE BROKERS LIMITED**  
**REGISTERED NUMBER: 00725875**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Intangible assets	15	19,153	275
Tangible assets	16	88	31
		<u>19,241</u>	<u>306</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	381,869	127,048
Current asset investments	18	112,119	411
Cash at bank and in hand	19	408,955	58,915
		<u>902,943</u>	<u>186,374</u>
Creditors: amounts falling due within one year	20	(721,334)	(87,210)
<b>Net current assets</b>		<u>181,609</u>	<u>99,164</u>
<b>Total assets less current liabilities</b>		<u>200,850</u>	<u>99,470</u>
Creditors: amounts falling due after more than one year	21	(246)	(29)
<b>Provisions for liabilities</b>			
Other provisions	22	(83)	(107)
		<u>(83)</u>	<u>(107)</u>
<b>Net assets</b>		<u><u>200,521</u></u>	<u><u>99,334</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	43,095	43,095
Share premium account	25	1,914	1,914
Other reserves	25	24,824	22,975
Profit and loss account	25	130,688	31,350
		<u><u>200,521</u></u>	<u><u>99,334</u></u>

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**HOWDEN INSURANCE BROKERS LIMITED**  
**REGISTERED NUMBER: 00725875**

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 30 SEPTEMBER 2021**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**A Bragoli**  
Director



**C P R Evans**  
Director

Date: 17th December 2021

Date: 17th December 2021

The notes on pages 27 to 48 form part of these financial statements.

**HOWDEN INSURANCE BROKERS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 October 2020	43,095	1,914	22,975	31,350	99,334
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	129,338	129,338
<b>Total comprehensive income for the year</b>	-	-	-	129,338	129,338
Dividends: Equity capital	-	-	-	(30,000)	(30,000)
Share based payment	-	-	1,849	-	1,849
<b>Total transactions with owners</b>	-	-	1,849	(30,000)	(28,151)
<b>At 30 September 2021</b>	<b>43,095</b>	<b>1,914</b>	<b>24,824</b>	<b>130,688</b>	<b>200,521</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 October 2019	43,095	1,914	22,232	31,733	98,974
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(383)	(383)
<b>Total comprehensive income for the year</b>	-	-	-	(383)	(383)
Share based payment	-	-	743	-	743
<b>Total transactions with owners</b>	-	-	743	-	743
<b>At 30 September 2020</b>	<b>43,095</b>	<b>1,914</b>	<b>22,975</b>	<b>31,350</b>	<b>99,334</b>

The notes on pages 27 to 48 form part of these financial statements.

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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 1. General information

Howden Insurance Brokers Limited ("the Company") is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales, company number 00725875. The address of its registered office is One Creechurch Place, London, EC3A 5AF.

The principal activity of the Company during the year was that of a regulated insurance intermediary. It does not take insurance risk. The entity is registered with the FCA and is a member of the Howden Group Holdings Limited group of companies.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The following accounting policies have been applied in dealing with items that are considered material in relation to the financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Monetary amounts in these financial statements are rounded to the nearest £'000 unless otherwise indicated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company meets the definition of a qualifying entity and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12 (a) - (e):

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Howden Group Holdings Limited as at 30 September 2021 and these financial statements may be obtained from the Group Finance Department, One Creechurch Place, London, EC3A 5AF.

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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The Company's business activities, future outlook, business risks and uncertainties and risk management are set out in the Directors' Report and Strategic Report. As at 30 September 2021, the Company has net assets of £200.5m (2020 - £99.3m) and net current assets £181.6m (2020 - £99.2m).

After making the necessary enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least twelve months from the date of signing/approval of these financial statements. Accordingly, they continue to adopt the going concern basis in the preparation of the annual report and financial statements.

##### 2.4 Foreign currency translation

###### **Functional and presentational currency**

The Company's functional and presentational currency is Pounds Sterling (£).

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of the transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the Income Statement within 'finance income or costs'.

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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue consists principally of brokerage, commissions and fees associated with the placement of insurance contracts, net of commissions payable to other directly involved parties. Revenue from brokerage, commission and fees are recognised on the inception date of the risk. Any adjustments to commissions arising from premium additions or reductions are recognised as and when they are notified by third parties.

Where contractual obligations exist for the performance of post placement activities, a relevant proportion of revenue received on placement is deferred and recognised over the period during which the activities are performed.

Profit commission is recognised when the amount can be estimated, with a reasonable degree of certainty, and is equivalent to the minimum value expected to be received.

##### 2.6 Insurance intermediary assets and liabilities

Insurance intermediaries act as agents in placing the insurable risks of their clients with insurers and as such, generally, are not liable as principals for the amounts arising from such transactions. Accordingly, receivables arising from insurance broking transactions are not included as assets of the Company, other than the receivable for fees and commissions earned on the transaction, which is recognised within trade receivables. No recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client and is recognised as an insurance payable.

Fiduciary cash arising from insurance broking transactions is included within insurance cash. The Company is entitled to retain the investment income on any cash flows arising from insurance related transactions.

##### 2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

##### 2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.



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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.9 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Income Statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Income Statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Income Statement is charged with fair value of goods and services received.

##### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.11 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Income Statement over its useful economic life and shall not exceed ten years.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is charged on a straight-line basis.

The estimated useful lives range as follows:

Goodwill	-	ten years
Computer software	-	three to ten years
Book of business	-	five years

##### 2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- over the outstanding lease period
Motor vehicles	- three to five years
Fixtures and fittings	- four to five years
Other fixed assets	- three to five years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### 2.13 Valuation of investments, associates or joint ventures

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares are stated at historic cost less impairment.

##### 2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value (including transaction costs), and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value (including transaction costs), and are measured subsequently at amortised cost using the effective interest method.

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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.17 Employee benefits

###### **Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

###### **Defined contribution scheme**

The amount charged to the Income Statement in respect of pension and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. The Company has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

##### 2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

##### 2.19 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.19 Financial instruments (continued)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

##### 2.20 Hedge accounting

The Company has entered into exchange forward contracts to manage its exposure to fluctuations in exchange rates due to a large portion of its business being conducted in United States Dollars. These derivatives are measured at fair value at each reporting date. To the extent that the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

Hedge accounting is discontinued if the hedged transaction is no longer expected to occur, the amount accumulated in the cash flow hedge reserve is reclassified to the income statement immediately. If the hedged transaction is expected to occur, the amount accumulated in the cash flow hedge reserve is reclassified to the income statement when the hedged transaction affects the income statement.

##### 2.21 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives, including separately embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

###### *Interest bearing loans and borrowings*

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

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HOWDEN INSURANCE BROKERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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2. Accounting policies (continued)

2.21 Financial liabilities (continued)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

*Derecognition of financial liabilities*

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.22 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Company's Directors to exercise judgements and estimates that have been made in preparing the financial statements, as well as make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

#### **Critical judgements in applying the Company's accounting policies**

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

#### *Revenue recognition*

Revenue includes commission and fees receivable at the later of policy inception date or when the policy placement has been completed and confirmed. To the extent that the Company is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the fair value of the fulfilment of these obligations. Profit commission and other contingent fee arrangements are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Deferred income for post placement obligations*

The amount of income to be deferred to meet cost of providing services after a policy incepts is an estimate based on the number of policies placed, the duration of the policies and cost of claims handling staff (including associated costs such as premises).

Deferred income for post placement obligations as at 30 September 2021 was £6.1m (2020 - £2.3m).

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HOWDEN INSURANCE BROKERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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4. Analysis of revenue

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Brokerage, commissions and fees	294,942	66,732
Fiduciary income	204	165
	<u>295,146</u>	<u>66,897</u>

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	92,530	52,942
Rest of Europe	9,511	4,401
Rest of the world	193,105	9,554
	<u>295,146</u>	<u>66,897</u>

5. Other operating income

	2021 £000	2020 £000
Intercompany revenue	<u>600</u>	<u>-</u>

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 £000	2020 £000
Amortisation of intangible fixed assets	1,309	158
Depreciation of tangible fixed assets	59	32
Exchange differences	172	137
Other staff costs	<u>3,387</u>	<u>830</u>



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**HOWDEN INSURANCE BROKERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**7. Profit on disposals**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Profit on disposals	55,766	750

The profit on disposal is in relation to the sale of specialist rural, commercial and high net worth business lines to fellow group company A-Plan Holdings on 10 May 2021.

**8. Auditor's remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	226	103

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the ultimate parent company.

**9. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	136,849	33,648
Social security costs	12,097	3,923
Cost of defined contribution scheme	8,799	2,666
	<b>157,745</b>	<b>40,237</b>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Directors	37	39
Insurance and broking	922	269
Technical and admin	326	152
	<b>1,285</b>	<b>460</b>

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HOWDEN INSURANCE BROKERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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10. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	6,806	1,047
Company contributions to defined contribution pension schemes	53	18
	<u>6,859</u>	<u>1,065</u>

During the year retirement benefits were accruing to 8 directors (2020 -1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,346,000 (2020 - £733,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,667 (2020 - £NIL).

11. Interest receivable

	2021 £000	2020 £000
Interest receivable from group companies	1,587	2,914
Other interest receivable	47	38
	<u>1,634</u>	<u>2,952</u>

Interest receivable from group companies is on a loan due from a fellow group undertaking. Interest is payable at 1.5% (2020 - 5%) on the loan.

12. Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to group companies	<u>905</u>	<u>-</u>

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**HOWDEN INSURANCE BROKERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**13. Taxation**

	<b>2021 £000</b>	<b>2020 £000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	14,819	136
Adjustments in respect of prior year	3	(216)
<b>Total current tax</b>	<u>14,822</u>	<u>(80)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(474)	(336)
Adjustments in respect of previous periods	-	(10)
Effect of changes in tax rates	(330)	(24)
<b>Total deferred tax</b>	<u>(804)</u>	<u>(370)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>14,018</u>	<u>(450)</u>
No tax was charged or credited directly to the Statement of Changes in Equity in current or prior year.		

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 -lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>2021 £000</b>	<b>2020 £000</b>
Profit/(loss) on ordinary activities before tax	<u>143,356</u>	<u>(832)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	27,238	(158)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	714	101
Adjustments in respect of the prior year	3	(226)
Profit on disposal to group company	(10,757)	(142)
Transfer pricing adjustments	(2,850)	-
Changes to tax rate	(330)	(25)
<b>Total tax charge for the year</b>	<u>14,018</u>	<u>(450)</u>

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HOWDEN INSURANCE BROKERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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13. Taxation (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

14. Dividends

	2021 £000	2020 £000
Dividends paid in the year	30,000	-

During the year the Company paid £30m in dividends (2020 - £NIL) of which £NIL (2020 - £NIL) was outstanding as at 30 September 2021.

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**HOWDEN INSURANCE BROKERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**15. Intangible assets**

	Book of business £000	Computer software £000	Goodwill £000	Work in progress £000	Total £000
<b>Cost</b>					
At 1 October 2020	65	592	3,575	-	4,232
Additions	16,839	-	-	713	17,552
Transfers intra group	905	4,902	-	1,982	7,789
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	17,809	5,494	3,575	2,695	29,573
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>					
At 1 October 2020	35	347	3,575	-	3,957
Charge for the year on owned assets	912	397	-	-	1,309
Transfers intra group	905	4,249	-	-	5,154
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	1,852	4,993	3,575	-	10,420
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 30 September 2021	15,957	501	-	2,695	19,153
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2020	30	245	-	-	275
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Additions to book of business relate to the purchase of the St. Giles and Safeonline groups of companies during the period.

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**HOWDEN INSURANCE BROKERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**16. Tangible fixed assets**

	Short-term leasehold property £000	Motor vehicles £000	Fixtures and fittings £000	Other fixed assets £000	Total £000
<b>Cost or valuation</b>					
At 1 October 2020	70	92	409	537	1,108
Additions	-	66	-	-	66
Transfers intra group	130	-	31	1	162
Disposals	(70)	(72)	(409)	-	(551)
At 30 September 2021	130	86	31	538	785
<b>Depreciation</b>					
At 1 October 2020	70	87	409	511	1,077
Charge for the year on owned assets	31	15	4	9	59
Transfers intra group	99	-	13	1	113
Disposals	(70)	(73)	(409)	-	(552)
At 30 September 2021	130	29	17	521	697
<b>Net book value</b>					
At 30 September 2021	-	57	14	17	88
At 30 September 2020	-	5	-	26	31

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HOWDEN INSURANCE BROKERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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17. Debtors

	2021 £000	2020 £000
Insurance debtors	87,982	14,355
Trade debtors	144	-
Amounts owed by parent company	228,796	95,647
Amounts owed by fellow group subsidiaries	28,141	12,110
Other debtors	6,661	2,035
Prepayments and accrued income	10,790	636
Tax recoverable	17,980	1,694
Deferred taxation	1,375	571
	<u>381,869</u>	<u>127,048</u>

Amounts owed by group undertakings are unsecured and repayable on demand.

Trading balances are not interest bearing, arranged facilities will bear interest at a pre-arranged and competitive rate.

18. Current asset investments

	2021 £000	2020 £000
Insurance cash held in investment accounts	<u>112,119</u>	<u>411</u>

During the year ended 30 September 2021, the Company invested insurance cash in US Dollar and Sterling Treasury Liquid Reserve funds with Goldman Sachs Asset Management International.

19. Cash and cash equivalents

	2021 £000	2020 £000
Bank current accounts	3,511	1,618
Insurance broking bank accounts	405,444	57,296
	<u>408,955</u>	<u>58,914</u>

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HOWDEN INSURANCE BROKERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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**20. Creditors: Amounts falling due within one year**

	2021 £000	2020 £000
Insurance creditors	516,317	57,707
Amounts owed to ultimate parent company	517	6,492
Amounts owed to fellow group subsidiaries	122,740	8,548
Corporation tax	14,831	-
Other creditors	1,246	1,579
Accruals and deferred income	65,683	12,884
	<u>721,334</u>	<u>87,210</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

Trading balances are not interest bearing, arranged facilities will bear interest at a pre-arranged and competitive rate.

**21. Creditors: Amounts falling due after more than one year**

	2021 £000	2020 £000
Accruals and deferred income	<u>246</u>	<u>29</u>

**22. Deferred taxation**

	2021 £000	2020 £000
At beginning of year	571	201
Charged to profit or loss	804	370
<b>At end of year</b>	<u>1,375</u>	<u>571</u>

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Remuneration deductible when paid	<u>1,375</u>	<u>571</u>



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HOWDEN INSURANCE BROKERS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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23. Provisions

	2021 £000	2020 £000
<b>Other provision</b>		
At start of year	107	88
(Credit)/charge for the year	(24)	19
<b>At end of year</b>	<u>83</u>	<u>107</u>

The balance of £83,000 (2020 - £107,000) relates to claims against the Company. Provisions are expected to be utilised within 5 years.

24. Share capital

	2021 £000	2020 £000
<b>Allotted, called up and fully paid</b>		
43,095,464 (2020 -43,095,464) Ordinary shares of £1 each	<u>43,095</u>	<u>43,095</u>

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

25. Reserves

**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

**Other reserves**

This reserve consists of the total contribution to the equity capital of the Company that was not made in exchange for shares.

**Profit and loss account**

This reserve consists of current and prior period retained profits and losses, less any dividends paid.

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## HOWDEN INSURANCE BROKERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 26. Share based payments

The Company participates in a group share-based payment plan, whereby employees of the Company are issued with "D" or "E" shares of Howden Group Holdings, the ultimate parent company. The "D" and "E" shares convert to "A" shares of Howden Group Holdings based on a number of conditions, which include continued employment after four or five years, performance of the relevant business unit and performance of the "A" share price of Howden Group Holdings. The charge recognised in the Income Statement of £3.0m in the year ended 30 September 2021 (2020 - £2.0m) is calculated on the fair value of the "D" and "E" shares issued to the employees of the Company.

#### 27. Contingent liabilities

On 29 April 2015, the ultimate parent company Howden Group Holdings along with the Company and fellow subsidiary Hyperion Refinance S.a.r.l., entered into a financing agreement with Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, HSBC Bank plc, Lloyds Bank plc, Royal Bank of Scotland and ING Capital LLC. Under the terms of this agreement, the Company together with a number of other subsidiaries have given guarantees in respect of Hyperion Refinance S.a.r.l.'s obligations under the terms of the agreement.

On 20 December 2017, the ultimate company Howden Group Holdings along with fellow subsidiaries HIG Finance 2 Limited and Hyperion Refinance S.a.r.l. entered into an amended and restated credit agreement with the Group's lenders in respect of the Group's main lending facilities. As part of the amended and restated credit agreement the Company is a guarantor in respect of obligations undertaken by Howden Group Holdings, HIG Finance 2 Limited and Hyperion Refinance S.a.r.l..

#### 28. Commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8.8m (2020 - £2.7m). Contributions totalling £Nil (2020 - £Nil) were payable to the fund at the reporting date.

#### 29. Related party transactions

The Company has taken advantage of the exemption available under Section 33 of FRS 102 not to disclose related party transactions with subsidiaries that are wholly owned within the group.

There were no other related party transactions in the year.

#### 30. Post balance sheet events

On 1 October 2021, Sturge Taylor & Associates Limited and Fastnet Marine Insurance Services Limited transferred their businesses to Howden Insurance Brokers Limited.

On 1 October 2021, Medical Professional Risk Solutions Limited ceased its business and began trading as Howden Insurance Brokers Limited.

On 1 October 2021, the Company transferred its reinsurance business to fellow group company Howden Reinsurance Brokers Limited.

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**HOWDEN INSURANCE BROKERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**31. Controlling party**

The immediate parent undertaking is Howden Broking Group Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent company is Howden Group Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales.

The largest and smallest group of which the Company is a member for which group financial statements are drawn up is that of Howden Group Holdings Limited. Copies of the financial statements of this Company can be obtained from the Group Finance Department at the registered office, One Creechurch Place, London, EC3A 5AF.