Registration Number 00832566

RCC Insurance Brokers plc

Directors' Report and Financial Statements

for the year ended 31 December 2020

Company Information

Directors	W Murray H Irving S Hawkins
Secretary	H Irving
Company Number	00832566
Registered Office	Whitefriars House 6 Carmelite Street London EC4Y 0BS
Auditor	Mazars LLP The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

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Strategic Report
For the year ended 31 December 2020

The Directors present their strategic report on RCC Insurance Brokers plc (the Company) for the year ended 31 December 2020.

Review of the business

Principal Activities and Business Review:

The Company arranges business insurance and life assurance specialising in the hospitality, leisure, care, childcare and education, medical and retail sectors.

During 2020, RCC Insurance Brokers plc continued to outsource the management and administration of its insurance intermediary services. RCC Insurance Brokers plc (trading as Christie Insurance) retains ownership of the Christie Insurance brand and under the agreement all customers shall remain customers of RCC Insurance Brokers plc acknowledging that regulatory requirements may require the name of the counterparty to the agreement to be disclosed as principal.

Risks and Uncertainties:

We operate in a world with a heightened awareness of risk. In growing and developing our businesses we have made a conscious decision to try and minimise unrewarded risk. We have done this in the following ways:

1. We provide an extensive portfolio of professional services for the hospitality and leisure, care and education, medical and retail sectors, so that we are not dependent solely on the fortunes of one sector; and

2. We have a spread of work which deliberately covers both corporate and private clients.

That stated, whilst we have endeavoured to reduce risks, we are not immune to movements in the global economy or changes in the economic or legislative environments in the countries in which we do business. In addition, such things as the psychological effect of natural disasters, terrorist attacks, banking crises, currency crises and changes in behaviour pattern due to environmental based legislation can all impact our businesses in unexpected ways. All of our activities rely on the recruitment and retention of skilled individuals.

The following may adversely affect our markets and businesses:

- changes in employee and business legislation
- economic slowdown and
- global pandemic

The above list of risks is meant to highlight, in addition to any noted elsewhere in this report, those we consider relevant today and is not intended to be an exhaustive list of risks facing the businesses.

Global and national disruptive economic events – notably the potential impact of climate change and Brexit – are not risks that are considered unique to any of the services we provide. As the majority of the company's income is derived from UK sources, the business impact of Brexit is considered to be minimal. The risks presented by the Coronavirus pandemic have been managed during the period by utilising the available financial support from the government. The ongoing impact of the pandemic in relation to our markets is under constant review.

Key Performance Indicators:

Significant key performance indicators for the company are:

- retention rate of clients
- retention rate of policies
- level of new business incepted

Strategic Report (continued)
Review of strategy and business model

Christie Insurance has a unique and important advantage over other brokers. Our close working relationships with other members of the Christie Group not only give us early opportunities to work with their clients, they also enable us collectively to add value by delivering fully bespoke and joined-up solutions.

The unprecedented events of 2020 were a major cause of a challenging insurance market, with UK rates increasing across many sectors., UK insurers took an increasingly cautious approach to new business, and the economic uncertainty that the pandemic has brought about continues to impact on confidence. The resulting uncertainties are set to continue well into 2021.

However, it is in times like these that an intermediary's true quality is revealed, and we have successfully proved our resilience despite this extremely challenging market.
Our approach has always been to consistently acknowledge the challenges we face and then to work hard to create solutions.

With no staff placed on furlough, we were able rapidly and effectively to transfer all employees to working from home without any interruption of our client service levels.

In January 2021, the Supreme Court handed down its ruling on the test case for Business Interruption brought by the Financial Conduct Authority. The case was brought to provide clarity as to whether and the extent to which insurers were obliged to indemnify relevant business interruption policyholders for financial losses incurred following interruption to their businesses resulting from the Covid-19 pandemic and the lockdown measures imposed by the UK Government. The ruling, which is the final step in the test case process, is binding on the eight insurers involved in the test case but will also influence the way in which insurers not involved but who sell similar policies assess claims for these types of losses. The complex judgment ran to 112 pages. A summary of the Supreme Court ruling is on our web site:

https://www.christieinsurance.com/pdfs/Covid-19-and-FCA-Business-Interruption-Cover-Test-Case.pdf

In 2021 we recommend that businesses prepare early for insurance renewal, ensuring they have available the complete and accurate information required to ensure a smooth renewal. As a result of challenges in the care sector we have determined that in future we will contact those clients ahead of their policy-renewal dates to ensure all concerned have sufficient time to consider all the options open to them.

Looking ahead, we anticipate some normalisation of the insurance market once all the concerns about Covid-19 litigation have been removed. While this might occur relatively far into the future, we are confident that we have the right team in place and excellent insurer and client relationships to maximise opportunities throughout 2021 and beyond.

This report was approved by the board on 1 April, 2021

H Irving
Company Secretary
Registered no. 00832566

Directors' Report

For the year ended 31 December 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Principal Activities

The Company arranges business insurance and life assurance specialising in the hospitality, leisure, care, childcare and education, medical and retail sectors. No material changes to the company's principal activities are expected in the future.

Results and Dividends

The results for the year are set out in the Statement of Comprehensive Income on page 14. The Directors do not recommend a dividend be paid during 2020 (2019: £250,000). The profit before tax for the year was £170,000 (2019: £166,000). The total comprehensive income for the year was £178,000 (2019: £166,000) and this amount has been transferred to reserves.

Employees

The Directors recognise the benefits which accrue from keeping employees informed on the progress of the business and involving them in the Company performance. Our parent company, Christie Group plc, operates an employee share ownership scheme which provides eligible employees with the opportunity to become a shareholder in Christie Group plc and further align their own interests with those of other shareholders. In terms of employee information and updates, the Company engages with employees and workers as the Directors considers appropriate and to the extent that is permissible noting Christie Group plc's obligations to comply with the requirements of AIM and the Market Abuse Regulations.

The Company is committed to providing equality of opportunity to all employees and workers regardless of sex, gender, marital status, race, religion, nationality, age, disability or sexual orientation. When recruiting, the Company does so on the basis of an objective assessment of applications received and whether candidates have the appropriate skills and experience required for the role. Promotions and appointments are made on the basis of merit and should be without regard to any other factors. The Company is committed to the continual development of its employees and workers where that development is considered appropriate in enabling the better performance of an individual's role.

Health, Safety and the Environment

The Directors consider the health, safety and environmental protection aspects of the business to be of great importance, as the prevention of personal injury, the avoidance of damage to health and the protection of the environment are important business and social responsibilities. Management practices within the Company are designed to ensure so far as is reasonably practicable, the health, safety and welfare at work of employees, contractors and visitors and the implementation of environmentally aware and friendly policies.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. See note 3 on page 20.

Directors

The Directors who served during the year are detailed below:

C J Day (resigned 5 June 2020)
S J Hawkins
M A Craigen (resigned 6 November 2020)
W Murray
H Irving (appointed 16 November 2020)

During the year and as at the date of the Directors report, appropriate directors and officer's insurance was in place.

Going concern

The Directors have considered detailed and extensive financial forecasts, in light of the disruption caused by Covid-19. Those forecasts cover a period up to 31st December 2022, using the information available to management at the time.

Directors' Report (continued)
Going concern (continued)

Having reviewed these forecasts and reviewed the implications of them in terms of cashflow and the available cash resources, management believe the company has sufficient resources to continue as a going concern for the foreseeable future.

These financial forecasts were produced in January 2021 and reviewed in March 2021 and therefore reflect actual financial performance up to that date, with forecasts for the subsequent period up to 31st December 2022. These financial forecasts take account of the government roadmap announced on 22 February 2021 and include appropriate modelling to reflect any financial support schemes available including but not restricted to including the utilisation of the UK government's Coronavirus Job Retention Scheme extension until September 2021 as announced by the Chancellor in the budget on the 4 March 2021.

These financial forecasts and going concern assessments have been shared with the statutory auditors, Mazars LLP.

Directors' Indemnities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. Where considered appropriate, deeds have been executed which indemnify certain Directors of the Company as a supplement to the Directors' and officers' insurance cover. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were first enacted from 5 February 2020 and remain in force for all current and past Directors of the Company to whom an indemnity has been awarded.

Auditor

Mazars LLP shall hold office subject to and in accordance with the provisions of section 489 of the Companies Act 2006.

Disclosure of information to auditor

The Directors confirm that:

- so far as each director is aware, there was no relevant audit information of which the company's auditor is unaware; and

- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

This report was approved by the board on 1 April, 2021

H Irving
Company Secretary
Registered no. 00832566

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RCC INSURANCE BROKERS PLC

Opinion

We have audited the financial statements of RCC Insurance Brokers plc (the 'company') for the year ended 31st December 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 and Accounts 2020 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RCC INSURANCE BROKERS PLC

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during 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.

Matters on which we are required to report by exception

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.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RCC INSURANCE BROKERS PLC

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 the financial statements.

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. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pension's legislation and employment regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, ISA risk of revenue recognition and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management theidr policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RCC INSURANCE BROKERS PLC

Use of the audit 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.

Sarah Lancaster

Sarah Lancaster (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date 1 April 2021

Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue		**360**	360
Employee benefit expenses	*5*	**(105)**	(119)
		255	241
Other operating expenses		**(94)**	(89)
Operating profit		**161**	152
Finance income	*6*	**9**	14
Profit before tax	*7*	**170**	166
Taxation	*8*	**8**	-
Profit for the year after tax		**178**	166
Total comprehensive income for the year		**178**	166

The accompanying notes are an integral part of these financial statements.

All amounts derive from continuing activities.

Statement of Changes in Equity
As at 31 December 20

	Share capital £'000	Fair value and other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	**900**	**4**	**129**	**1,033**
Total comprehensive income for the year	-	-	166	166
Dividends paid	-	-	(250)	(250)
Balance at 1 January 2020	**900**	**4**	**45**	**949**
Total comprehensive income for the year	-	-	178	178
Dividends paid	-	-	-	-
Balance at 31 December 2020	**900**	**4**	**223**	**1,127**

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Deferred tax assets	*9*	**1**	1
		1	1
Current assets			
Trade and other receivables	*10*	**911**	981
Current tax assets		**12**	4
Cash and cash equivalents	*11*	**271**	22
		1,194	1,007
Total assets		**1,195**	1,008
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	*12*	**900**	900
Fair value and other reserves	*13*	**4**	4
Retained earnings	*13*	**223**	45
Total equity		**1,127**	949
Liabilities			
Current liabilities			
Trade and other payables	*14*	**68**	59
Total liabilities		**68**	59
Total equity and liabilities		**1,195**	1,008

The accompanying notes are an integral part of these financial statements.

The financial statements of RCC Insurance Brokers plc, registered number 00832566, were approved by the Board of Directors on 1 April, 2021 and signed on its behalf by:

W Murray
Managing Director

H Irving
Finance Director

Notes to the Financial Statements

1. General information

RCC Insurance Brokers plc (trading as Christie Insurance) is a company incorporated in the United Kingdom under the Companies Act 2006. The registered office is given on page 2. Christie Insurance advises on the commercial insurance needs of clients of Christie & Co and Christie Finance, across the hospitality, leisure, care, childcare and education, medical and retail sectors, using in-depth knowledge of these sectors to act for clients with both pace and precision.

The financial statements are presented in pounds sterling, the currency of the primary economic environment in which the Company operates and rounded to the nearest £000.

2. Summary of significant accounting policies

Accounting policies for the year ended 31 December 2020

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

2.1 Basis of preparation

The financial statements of RCC Insurance Brokers plc have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006. The Company financial statements have been prepared under the historical cost convention, and on a going concern basis.

The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Reduced disclosures

The company has taken advantage of the following disclosure exemptions under FRS101:
(a) The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
(b) The requirements of IAS 7 Statement of Cash Flows;
(c) The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
(d) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
(e) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements; and
(f) The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

The information is included within the consolidated financial statements of Christie Group Plc as at 31 December 2020. These accounts may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

Going Concern

Having reviewed the Company's detailed monthly budgets, projections and funding requirements to 31 December 2022, taking account of reasonable possible changes in trading performance over this period, particularly in light of COVID-19 risks and counter measures, the Directors believe they have reasonable grounds for stating that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing these Financial Statements.

Notes to the Financial Statements (continued)

2.1 Basis of preparation (continued)

New standards, interpretations and amendments to published standards that are not yet effective
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning after 1 January 2021 or later periods and have not been early adopted.

- IAS 1 (amended) Presentation of Financial Statements (effective 1 January 2022)

It is anticipated that none of these new standards, amendments and interpretations currently in issue at the time of preparing the financial statements will have a material effect on the company financial statements.

2.2 Revenue recognition

To determine whether to recognise revenue, the Company follows the IFRS 15 five step process. Revenue from contracts with customers is recognised when the Company satisfies a performance obligation for a contracted service

Revenue from principal activities are assessed using the following model:

(1) Identify the contract
(2) Identify performance obligations
(3) Determine the transaction price
(4) Allocation of the transaction price; and
(5) Recognise revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services provided in the ordinary course of the Company's activities.

<u>Performance obligations</u>
Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct service or a series of distinct services that are substantially the same and have the same pattern of transfer to the customer.

Services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

Where performance obligations require certain targets to be achieved, revenue is only recognised once the promised has been fulfilled.

<u>Transaction price</u>
At the start of the contract, the total transaction price is estimated as the fair value of consideration to which the Company expects to be entitled to for satisfying performance obligations and transferring the promised services to the customer, including expenses and excluding value added taxes and discounts.

The transaction price is generally determined by the stand-alone selling price. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative standalone selling prices.

<u>Revenue recognition</u>
Performance obligations can be satisfied in a variety of ways through completion of specific obligations, or as services are rendered. Revenue recognised is the value allocated to the satisfied performance obligation over time or at a point in time.

Notes to the Financial Statements (continued)

2.2 Revenue recognition (continued)

Revenue derived from the Company's principal activities and derived wholly from activities the UK and Europe (is shown exclusive of applicable sales taxes or equivalents) is recognised as follows:

Insurance broking

Insurance brokerage is accounted for when the insurance policy commences.

Other income is recognised as follows:

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.3 Trade receivables

Trade receivables are recognised using the expected credit loss model, less any provision for impairment. The Company applies the IFRS 9 simplified approach to measuring forward-looking expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and accrued income, including contract assets. A provision for impairment of trade receivables is assessed at both the point of initial recognition and when there is further objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income statement.

To measure the expected credit losses, trade receivables have been grouped based on a shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of the 12 months preceding 31 December 2020. The historical loss rates do not lead to any material adjustment.

2.4 Cash and cash equivalents

Cash and cash equivalents are recognised initially at fair value and subsequently measured at amortised cost. Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position.

2.5 Taxation including deferred tax

Tax on Company profits is provided for at the current rate applicable.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This is reviewed annually.

2.6 Share capital

Ordinary shares are classified as equity.

2.7 Employee benefits

Pension obligations – personal pension plan

The Company contributes towards a personal pension scheme for participating employees. These employees are currently entitled to such contributions after a qualifying period has elapsed. Payments to the scheme are charged as an employee benefit expense as they fall due. The Company has no further payment obligations once the contributions have been paid.

Notes to the Financial Statements (continued)

2.7 Employee benefits (continued)

Share based compensation

The fair value of employee share option schemes, including Save As You Earn (SAYE) schemes, is measured by a Black-Scholes pricing model. In accordance with IFRS 2 'Share-based Payments' the resulting cost is charged to the Statement of Comprehensive Income over the vesting period of the options. The value of the charge is adjusted to reflect expected and actual levels of options vesting. No expense was recognised in respect of share options granted before 7 November 2002 and that vested before 1 January 2005.

Christie Group plc operates an equity-settled, long term incentive plan designed to align management interests with those of shareholders - the Company participates in this scheme. For share options granted after 7 November 2002 and vested after 1 January 2005 the fair value of the employee's services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each Statement of Financial Position date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Statement of Comprehensive Income, and a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Commissions and bonus plans

The Company recognises a liability and an expense for commissions and bonuses, based on formula driven calculations. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.8 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends, which are paid prior to approval by the Company's shareholders, they are recognised on payment.

3. Financial risk management

The Company uses a limited number of financial instruments, comprising cash, short-term deposits, bank loans and overdrafts and various items such as trade receivables and payables, which arise directly from operations. The Company does not trade in financial instruments.

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Credit risk

The Company has no significant concentrations of credit risk and has policies in place to ensure that sales are made to customers with an appropriate credit history.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available funding through an adequate amount of committed credit facilities. The Company ensures it has adequate cover through the availability of bank overdraft and loan facilities. At 31 December 2020 and 31 December 2019 the Company had no borrowings.

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Total cash and cash equivalents held by the Company at 31 December 2020 were £271,000 (2019: £22,000).

Notes to the Financial Statements (continued)
3.1 Financial risk factors (continued)

c) Cash flow and interest rate risk
The Company finances its operations through a mix of cash flow from current operations together with cash on deposit and bank and other borrowings. Borrowings are generally at floating rates of interest and no use of interest rate swaps has been made. Overall the Company's trading operations are normally cash generative.

The Company's interest rate risk arises from cash balances and borrowings subject to variable interest rates. For the year ended 31 December 2020, assuming all other variables remained equal but interest rates were 0.25% higher or lower throughout the year, the impact on the post tax profit would be a maximum increase or decrease of £2,000 (2019: £2,000).

3.2 Fair value estimation
The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

4. Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.
Estimated impairment of amounts owed by group undertakings.
Amounts owed by group undertakings are subject to an impairment review both annually and when there are indications that the carrying value may not be recoverable, in accordance with the accounting policy stated in note 2.3.

5. Employee benefit expenses

Staff costs for the Company during the year	**2020 £'000**	2019 £'000
Salaries and short term employee benefits	**82**	93
Other benefits	**8**	8
Social security expense	**12**	13
Post employment benefits	**3**	5
	105	119

Average number of people (including executive directors) employed by the Company during the year was	**2020 Number**	2019 Number
Administration	**1**	1
	1	1

5.1 Directors' emoluments

	2020 £'000	2019 £'000
Remuneration and other emoluments	**82**	101
Pension contributions*	**3**	5
	85	106

* This represents the Company contributions paid to the personal pension plan in respect of Directors.

The emoluments of S J Hawkins were paid by the ultimate parent company or by other Group Companies.

The emoluments of H Irving were paid by other subsidiaries of Christie Group plc.

Notes to the Financial Statements (continued)

6. Finance income

	2020 £'000	2019 £'000
Other interest receivable	9	14
Net finance income	**9**	14

7. Profit before tax

Services provided by the Company's auditor

During the year the Company obtained the following services from the Company's auditor as detailed below:

	2020 £'000	2019 £'000
Audit services - statutory audit	7	4

8. Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax at 19% (2019: 19%)	8	-
Over provision of prior year tax	-	-
Total current tax	8	-
Deferred tax		
Origination and reversal of timing differences	-	-
Impact of change in the UK corporation tax rate	-	-
Total deferred tax	-	-
Tax charge on profit	**8**	-

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK of 19% as follows:

	2020 £'000	2019 £'000
Profit before tax	170	166
Tax at standard rate of UK corporation tax of 19% (2019: 19%)	(32)	32
Effects of:		
- utilisation of current tax losses and other deductions	30	(29)
- net income not deductible for tax purposes	2	(3)
- group tax loss carry back	7	-
Total tax charge	**8**	-

9. Deferred tax

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the year are shown below. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

Notes to the Financial Statements (continued)

9. Deferred tax (continued)

	2020 £'000	2019 £'000
Deferred tax assets comprise:		
Fixed asset timing differences	1	1
At 31 December	**1**	1

Movements in the deferred tax asset:	**2020 £'000**	2019 £'000
At 1 January	1	1
Transfer to the statement of comprehensive income	-	-
At 31 December	**1**	1

10. Trade and other receivables

Current assets	**2020 £'000**	2019 £'000
Amounts owed by group undertakings	**885**	894
Other debtors	**13**	77
Prepayments	**13**	10
	911	981

Amounts owed by group undertakings includes unsecured loans of £881,000 which are subject to an interest rate of 1.50% per year and repayable on demand. All other balances are interest free and repayable on demand.

11. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and on hand	**271**	22

12. Share capital

Ordinary shares of £1 each	**Number**	**2020 £'000**	Number	2019 £'000
Allotted and fully paid:				
At 1 January and 31 December	**900,00**	**900**	900,000	900

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

Notes to the Financial Statements (continued)

13. Reserves

13.1 Fair Value and Other Reserves

	Fair value and other reserves £'000
At 1 January 2020	4
At 31 December 2020	**4**

	Fair value and other reserves £'000
At 1 January 2019	4
At 31 December 2019	**4**

Share based payments

Certain employees hold options to subscribe to shares in the ultimate holding Company, Christie Group plc.

Under the Share Option Scheme the Christie Group plc Remuneration Committee can grant options over shares to employees of the company. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of the grant. The contractual life of an option is 10 years. Awards under the Share Option Scheme are generally reserved for employees at senior management level. Options granted under the Share Option Scheme will become exercisable on the third anniversary of the date of the grant. Exercise of an option is subject to both continued employment and the performance conditions attached to the options being achieved

The ultimate holding company, Christie Group plc, also operates a Save As You Earn (SAYE) scheme which was introduced in 2002 and in which Company employees participate. Under the SAYE scheme eligible employees can save up to £500 per month over a three or five year period and use the savings to exercise options granted at the market price of the shares under option at the date of the grant. As at 31 December 2020, all share options had expired.

13.2 Retained Earnings

Retained earnings include the realised gains and losses made by the Company.

14. Trade and other payables

	2020 £'000	2019 £'000
Amounts owed to group undertakings	**27**	36
Accruals	**41**	23
	68	59

All trade and other payables are denominated in UK sterling.

Amounts owed to group undertakings includes unsecured loans of £25,000 that are subject to an interest rate of 3.75% per year and repayable on demand. All other balances are interest free and repayable on demand.

Notes to the Financial Statements (continued)

15. Contingent liabilities

The Company is party to composite cross guarantees between the bank, its ultimate parent undertaking and fellow subsidiaries. The Company's contingent liability under these guarantees at the year-end was £719,000 (2019: £3,182,000).

16. Financial assets & liabilities

The carrying value of financial assets and liabilities, which are principally denominated in Sterling were as follows:

Assets	**2020 £'000**	2019 £'000
Trade and other receivables	**911**	981
Cash and cash equivalents	**271**	22
	1,182	1,003

Liabilities	**2020 £'000**	2019 £'000
Trade and other payables	**68**	59
	68	59

The carrying value of financial instruments is a reasonable approximation of fair value due to the short-term maturities of these instruments.

17. Related parties

17.1 Ultimate parent undertaking

The Company's immediate parent undertaking is Christie Financial Services Limited, a wholly owned subsidiary of Christie Group Plc. The Company's ultimate parent undertaking is Christie Group Plc, a Company registered in England and Wales. Consolidated financial statements incorporating the results of the Company are prepared by Christie Group plc and no other intermediate holding Company. Copies of the consolidated financial statements may be obtained from the Registrar of Companies, Companies House, Crown Way, Maundy, Cardiff, CG14 3UZ.

17.2 Identity of related parties

The Company has related party relationships with its ultimate parent undertaking Christie Group plc and other Group companies.

17.3 Transactions with group undertakings

The Company has taken advantage of the exemption in FRS 101 from disclosing relating party transactions entered into between two or more members of a Company, provided that any subsidiary which is a party to the transaction is wholly owned by a member of that Group.

Outstanding balances between Group entities as at the Statement of Financial Position date are disclosed within notes 10 and 14 above.

17.4 Transactions with directors

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. In the opinion of the board, the Company's key management comprises the directors and information regarding their emoluments stated in accordance with IFRS is set out below:

	2020 £'000	2019 £'000
Directors remuneration	**85**	106
Directors' national insurance contributions	**10**	13
	95	119