

**Registered number: 00973765**

## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2019**



## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

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## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Directors' Report**

**For the Year Ended 31 December 2019**

The Directors present their annual report together with the audited financial statements of Barclays Insurance Services Company Limited (the 'Company') for the year ended 31 December 2019.

### **Profit and dividends**

During the year the Company made a profit after tax of £24,647,000 (2018: £15,625,000). Dividends of £18,550,000 (2018: £16,460,000) were paid during the year as follows: £6,350,000 in September 2019 and £12,200,000 in December 2019.

### **Post balance sheet events**

The decision to align all future insurance activity into the Company is expected to increase operating profit for 2020 due to transfer of Payment Protection (PPI) product as well as the introduction of new products in 2020. Payment Protection (PPI) product will be recognised in the Company effective from 01 Jan 2020 which was previously recognised in Barclays Bank UK PLC ("the parent").

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak and have concluded that its business strategy remains appropriate and adequate capital and liquidity is being maintained. The Company continues to operate in line with management's expectations.

The Board of Directors in their meeting held on 28 July 2020 have approved a final dividend of £7,400,000 (£74 per share) in respect of the year ended 31 December 2019. This is in addition to £6,350,000 (£63.5 per share) and £12,200,000 (£122 per share) interim dividend paid during the year. The financial statements for the year ended 31 December 2019 do not include the effect of final dividend appropriations which will be accounted for subsequent to the year end.

### **Directors**

The Directors of the Company, who served during the year and up to the date of signing the financial statements, together with their dates of appointment and resignation, where appropriate, are as shown below:

G Beecham (resigned 08 December 2019)  
G Bennett (resigned 08 December 2019)  
C McGrath (resigned 08 December 2019)  
N M De Niese (appointed 12 December 2019)  
D W Kelly (appointed 03 June 2019)  
A M Stewart (appointed 12 December 2019)

Since the year end, C J Mack was appointed as a Director on 05 June 2020 and D Klee was appointed as a Director on 19 June 2020.

### **Going concern**

After reviewing the Company's performance projections (including the implications from the COVID-19 outbreak), the available banking facilities and taking into account the support available from Barclays Bank UK PLC, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. Although the directors have observed some decline in revenue in 2020 and considered protracted revenues for the remainder of the year, the Directors have assessed that they continue to have adequate resources to meet its operating costs and its minimum capital requirement. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Directors' Report**

**For the Year Ended 31 December 2019**

#### **Statement of directors' responsibilities in respect of the Strategic report, The Directors' report and the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### **Financial risk management**

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to are outlined in note 17.

#### **Directors third party indemnity provisions**

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2019 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities, including qualifying third party indemnity provisions and qualifying indemnity provisions which may occur (or have occurred) in connection with their duties, powers or office.

## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Directors' Report For the Year Ended 31 December 2019**

#### **Independent auditors**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

#### **Statement of disclosure of information to auditors**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor are unaware. The Directors have taken all the 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 are aware of that information.

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

DocuSigned by:  
  
C68A78E21DD441...  
**C J Mack**  
Director  
Date: 28 July 2020

## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Strategic Report**

**For the Year Ended 31 December 2019**

#### **Review and principal activities**

The principal activity of Barclays Insurance Services Company Limited ('the Company') is the selling of general and life insurance services. The Company does not hold client monies or directly underwrite general and life insurance policies.

The majority of the Company's distribution arrangements are with companies within the Aviva PLC Group, and with Legal & General across various insurance products accounting for approximately 97% of the Company's total income this year (2018: 95%). The Company started providing Legal and General Life Insurance products from 01 Jan 2019 following the transfer of the products from the Parent in accordance with the strategic decision to consolidate all Insurance products in the Company.

#### **Business performance**

The results of the Company show a profit before tax of £30,428,000 (2018: £19,290,000) for the year and total comprehensive income of £24,647,000 (2018: £15,625,000). The profit of the Company has increased in the year due to the inclusion of the life product, as noted above, from 01 Jan 2019. Net cash inflow from operating activities for 2019 was £16,234,000 (2018: £12,003,000). The major reason for the increase in cash flow in proportion to 2018 pertains to transfer of life products in the Company.

#### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Barclays PLC group ("the Group") and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which includes Capital and Liquidity risk; Wholesale and Retail credit risk; Market risk; Financial crime risk and Capital demand, are discussed in the Barclays PLC annual report which does not form part of this report.

Whilst the direct and indirect impact of the Coronavirus (COVID-19) outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries. In addition, an escalation in geopolitical tensions or increased use of protectionist measures may also negatively impact the Company's business.

#### **Future outlook**

The Directors remain confident that the Company will maintain the current level of performance in the future.

#### **Key performance indicators**

The Directors of Barclays PLC manage the Group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Barclays UK, the relevant business cluster for the Company is discussed in the Barclays PLC annual report, which does not form part of this report.

## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Strategic Report (continued) For the Year Ended 31 December 2019**

#### **Section 172(1) statement**

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of Barclays Insurance Services Company Limited (the 'Company') for the benefit of its sole member, and in doing so had regard, amongst other matters, to:

- the likely consequences 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's maintaining a reputation for high standards of business conduct; and
- to act fairly between members of the Company.

The Directors also took into account the views and interests of a wider set of stakeholders, including our regulator, the Government, and non-government organisations. You can find out more about who are key stakeholders are, how management engaged with them, the key issues raised and actions taken on pages 14 to 15 of the Barclays PLC annual report 2019 which is incorporated by reference into this statement.

Considering this broad range of interests is an important part of the way the Board makes decisions; however, in balancing those different perspectives it won't always be possible to deliver everyone's desired outcome.

#### **How does the board engage with stakeholders?**

The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of Barclays means that stakeholder engagement often takes place at an operational level.

In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the Barclays group.

The Board considers and discusses information from across the organisation to help it understand the impact of Barclays' operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the board through reports sent in advance of each board meeting, and through in-person presentations.

As a result of these activities, the board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies act 2006.

The following is an example of how the Directors have had regard to the matters set out in sections 172 when discharging their section 172 duties and the effect of that on certain of the decisions taken by them.

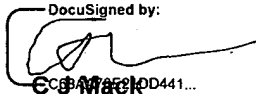
## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Strategic Report (continued) For the Year Ended 31 December 2019**

#### **Engagement in action**

In 2019, the Board approved the consolidation of the Life Profits Business and transfer of all Business Insurance into the Company. This was part of the strategic intent to consolidate all Insurance products/ business into the Company. The transformation of the Business Insurance was achieved by driving sustainable business growth, and ensuring colleagues customers and partners were engaged throughout the whole process. This included increased personalisation, launch of new propositions and infrastructure developments, through a resilient control framework. The impact on a range of stakeholders including customers, clients, colleagues and suppliers was considered prior to the consolidation.

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

DocuSigned by:  
  
CCP-WACB  
Director  
Date: 28 July 2020



## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Independent Auditor's Report to the Members of Barclays Insurance Services Company Limited**

#### **Opinion**

We have audited the financial statements of Barclays Insurance Services Company Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Independent Auditor's Report to the Members of Barclays Insurance Services Company Limited**

#### **Strategic report and Directors' report**

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

**Independent Auditor's Report to the Members of Barclays Insurance Services Company Limited**

**The purpose of our audit work and to whom we owe our responsibilities**

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.



Richard Smith (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

15 Canada Square  
London  
E14 5GL

Date: 29 July 2020

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 December 2019**

	<b>Note.</b>	<b>2019 £000</b>	<b>2018 £000</b>
<b>Continued operations</b>			
Revenue	6	68,380	44,313
<b>Gross profit</b>		<u>68,380</u>	<u>44,313</u>
Administrative expenses	7	(38,069)	(25,138)
<b>Profit from operations</b>		<u>30,311</u>	<u>19,175</u>
Finance income	9	117	115
<b>Profit before tax</b>		<u>30,428</u>	<u>19,290</u>
Tax expense	10	(5,781)	(3,665)
<b>Profit for the year</b>		<u>24,647</u>	<u>15,625</u>
<b>Other comprehensive income:</b>			
<b>Total comprehensive income</b>		<u><u>24,647</u></u>	<u><u>15,625</u></u>

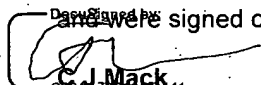
The accompanying notes on pages 15 to 31 form an integral part of the financial statements.

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED**  
**Registered number: 00973765**

**Statement of Financial Position**  
**As at 31 December 2019**

	Note	2019 £000	2018 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax assets	10	7	9
		<u>7</u>	<u>9</u>
<b>Current assets</b>			
Trade and other receivables	12	13,101	3,727
Cash and cash equivalents		17,843	14,947
		<u>30,944</u>	<u>18,674</u>
<b>Total assets</b>		<u>30,951</u>	<u>18,683</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other liabilities	13	5,963	6,909
Current tax liabilities	13	5,779	3,663
Provisions	14	5,792	791
		<u>17,534</u>	<u>11,363</u>
<b>Total liabilities</b>		<u>17,534</u>	<u>11,363</u>
<b>Net assets</b>		<u>13,417</u>	<u>7,320</u>
<b>Issued capital and reserves</b>			
Share capital	15	100	100
Retained earnings		13,317	7,220
<b>TOTAL EQUITY</b>		<u>13,417</u>	<u>7,320</u>

The financial statements on pages 11 to 31 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

  
**C. J. Mack**  
 Director

Date: 28 July 2020

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Statement of Changes in Equity  
For the Year Ended 31 December 2019**

	<b>Share capital</b> £000	<b>Retained earnings</b> £000	<b>Total equity</b> £000
<b>At 1 January 2019</b>	100	7,220	7,320
<b>Comprehensive income for the year</b>			
Profit for the year	-	24,647	24,647
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	-	24,647	24,647
<b>Contributions by and distributions to owners</b>			
Dividends	-	(18,550)	(18,550)
<b>Total contributions by and distributions to owners</b>	-	(18,550)	(18,550)
<b>At 31 December 2019</b>	100	13,317	13,417

	<b>Share capital</b> £000	<b>Retained earnings</b> £000	<b>Total equity</b> £000
<b>At 1 January 2018</b>	100	8,055	8,155
<b>Comprehensive income for the year</b>			
Profit for the year	-	15,625	15,625
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	-	15,625	15,625
<b>Contributions by and distributions to owners</b>			
Dividends	-	(16,460)	(16,460)
<b>Total contributions by and distributions to owners</b>	-	(16,460)	(16,460)
<b>At 31 December 2018</b>	100	7,220	7,320

The accompanying notes on pages 15 to 31 form an integral part of the financial statements.

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Statement of Cash Flows  
For the Year Ended 31 December 2019**

	2019 £000	2018 £000
<b>Continued operations</b>		
<b>Cash flows from operating activities</b>		
Profit for the year	24,647	15,625
<b>Adjustments for</b>		
Finance income - interest received	(117)	(115)
Income tax expense	5,781	3,665
	<u>30,311</u>	<u>19,175</u>
<b>Movements in working capital:</b>		
Increase in trade and other receivables	(9,374)	(1,085)
Decrease in trade and other payables	(2,333)	(491)
Increase/(decrease) in provisions	1,293	(66)
	<u>19,897</u>	<u>17,533</u>
<b>Cash generated from operations</b>		
Income taxes paid	(3,663)	(5,530)
	<u>16,234</u>	<u>12,003</u>
<b>Cash flows from investing activities</b>		
Acquisition of new business - net consideration	5,095	-
Interest received	117	115
	<u>5,212</u>	<u>115</u>
<b>Net cash from investing activities</b>		
<b>Cash flows from financing activities</b>		
Dividends paid	(18,550)	(16,460)
	<u>(18,550)</u>	<u>(16,460)</u>
<b>Net cash used in financing activities</b>		
<b>Net cash increase/(decrease) in cash and cash equivalents</b>	<u>2,896</u>	<u>(4,342)</u>
Cash and cash equivalents at the beginning of year	14,947	19,289
<b>Cash and cash equivalents at the end of the year</b>	<u><u>17,843</u></u>	<u><u>14,947</u></u>

The accompanying notes on pages 15 to 31 form an integral part of the financial statements.

## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **1. Reporting entity**

Barclays Insurance Services Company Limited (the 'Company') is a private limited company domiciled and incorporated in England. The Company's registered office is at 1 Churchill Place, London, E14 5HP. The Company's principal activity of which is the selling of insurance services.

#### **2. Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as adopted by the EU. They were authorised for issue by the Company's board of Directors on 28 July 2020.

Details of the Company's accounting policies are included in note 4, including changes during the year in note 2.2.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

After reviewing the Company's performance (including the implications from the COVID-19 outbreak), the available banking facilities and taking into account the support available from Barclays Bank UK PLC, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak and have concluded that its business strategy remains appropriate and adequate capital and liquidity is being maintained. The Company continues to operate in line with management's expectations.

#### **2.1 Basis of measurement**

The financial statements have been prepared on the historical cost convention on a going concern basis adjusted to include the fair valuation of certain financial instruments to the extent required or permitted under IFRS 9 Financial Instruments as set out in the relevant accounting policies.

#### **2.2 Changes in accounting policies**

##### **i) New standards, interpretations and amendments effective from 1 January 2019**

##### **IFRS 16 - Leases**

In January 2016, the IASB issued IFRS 16 Leases, which was subsequently endorsed by the EU in November 2017, and will replace IAS 17 Leases for period beginning on or after 1 January 2019. IFRS 16 has no impact on the Company's accounting policies.

##### **ii) New standards, interpretations and amendments not yet effective**

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:



## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **2. Basis of preparation (continued)**

##### **ii) New standards, interpretations and amendments not yet effective (continued)**

##### **IFRS 17 – Insurance contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts that were issued in 2005.

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The standard is currently effective from 1 January 2021, and the standard has not yet been endorsed by the EU. The Company is currently assessing the expected impact of adopting this standard.

The Directors do not anticipate any impact of this standard as this standard is not applicable to the Company

#### **3. Functional and presentation currency**

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### **4. Accounting policies**

##### **4.1 Revenue**

Fees and commission are recognised when the service is provided. The Company applies IFRS 15 - Revenue from Contracts with Customers. The standard establishes a five-step model governing revenue recognition. The five-step model requires Barclays Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

The Company recognises the revenue at a point in time when the insurance product is sold to the customers. There will not be any additional services rendered once the customer enters into an insurance policy with the insurance provider. Clawback provision is raised against the commission recognised for when the Company needs to repay a portion of the commission received from the insurance service provider if a customer early terminates their insurance policy.

##### **4.2 Insurance broking assets and liabilities**

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transaction form part of trade and other receivables.

## BARCLAYS INSURANCE SERVICES COMPANY LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 4. Accounting policies (continued)

##### 4.3 Interest

Interest income or expense is recognised on all interest bearing financial assets and liabilities recorded at amortised is calculated using the effective interest method.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

##### 4.4 Financial assets and liabilities

The Company applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets.

###### *Recognition*

The Company recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

###### *Classification and measurement*

Financial assets are classified on the basis of two criteria:

- i) the business model within which financial assets are managed; and
- ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Company assesses the business model criteria at a portfolio level at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods sales expectations for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

## BARCLAYS INSURANCE SERVICES COMPANY LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 4. Accounting policies (continued)

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

###### *Financial assets at amortised cost*

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cashflows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest.

###### *Financial liabilities*

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are derecognised when extinguished. The Company's financial liabilities comprise trade and other payables and borrowings in the balance sheet.

###### *Determining fair value*

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid value in an active market wherever possible. Where no such active market exists for the particular asset, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

###### *Impairment of financial assets*

The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost. Intercompany exposures in the individual financial statements, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The impact of the ECL on financial assets is not material.

## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **4. Accounting policies (continued)**

##### **4.5 Taxation**

Income tax payable on taxable profits ('current tax') is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current year or prior year taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously with the same tax authority.

##### **4.6 Provisions**

Provisions are recognised to account for any clawback due to cancellation of policies.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### **4.7 Dividends**

Dividends are recognised when they become legally payable. Dividends on ordinary shares are recognised in equity in the period in which they are paid.

##### **4.8 Cash and cash equivalents**

For the purposes of the cash flow statement, cash comprises cash in hand, demand deposits, cash equivalents and overdrafts. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. Trading balances are not considered to be part of cash equivalents.

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****5. Accounting estimates and judgements****Estimates and assumptions**

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that the Directors consider to have a significant effect on the financial statements are disclosed below:

**Critical accounting estimates and judgements in applying accounting policies****Clawback provision**

As disclosed in note 14 the Company provides for supplier commission clawback in respect of mid-term cancellations of home insurance policies in last twelve months to compute the expected future clawbacks. Whereas, for Life insurance policies, the Company maintains clawback for four years for the expected future clawbacks. The Company has made the provision based on estimates of the cost of existing and future clawbacks in accordance with the requirements of IAS 37 and IFRS 15. The value of the provision have been determined using the most current available data from insurance service providers and represents the Directors' best estimate.

**6. Revenue**

	2019 £000	2018 £000
Fees and commissions	68,380	44,138
Other income	-	175
	<u>68,380</u>	<u>44,313</u>

All of the Company's fees and commissions are derived from the provision of insurance broking services to customers of the Barclays PLC group within the United Kingdom. Based on the risks and returns, the Directors consider that the Company had only one business and geographic segment during the year. Therefore, the disclosures for the primary segment have already been given in these financial statements.

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****7. Profit before tax**

The following items have been charged in arriving at profit before tax:

	2019 £000	2018 £000
Cost recharge	37,738	24,382
<b>Auditor's remuneration</b>		
- Audit of the Company's annual financial statements	152	154
- Other services pursuant to legislation	12	12
Other administrative expenses	167	590
	<u>38,069</u>	<u>25,138</u>

The cost recharge includes direct and overhead costs incurred by Barclays Bank UK PLC which are recharged to the Company, see Related party note 16.

**8. Employee and key management, including Directors:**

Disclosures of Directors' remuneration as required by the Companies Act 2006 are as follows:

	2019 £000	2018 £000
Aggregate remuneration in respect of qualifying services	78	-
Aggregate amounts receivable under long term incentive schemes	-	-
Aggregate contributions due to Barclays Group pension schemes	7	-
<b>Total Directors' remuneration</b>	<u>85</u>	<u>-</u>

The Company has no direct employees during 2019 and 2018. All staff employed in the business were contracted to Barclays Execution Services Limited (Previously Barclays Services Limited) or Barclays Bank UK PLC during 2019 and 2018. These costs are included in the Cost recharge above.

**Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Directors of the Company listed on page 2, and the Financial Controller of the Company.

One Director is accruing retirement benefits under a defined benefit or a defined contribution scheme (2018: Nil).

One Director exercised options under the Barclays PLC Sharesave Scheme during 2019 (2018: Nil).

One Director is entitled to benefits under the Share Value Plan (2018: Nil).

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****9. Finance income and expense****Recognised in profit or loss**

	2019 £000	2018 £000
<b>Finance Income</b>		
Interest receivable from group companies	117	115
<b>Total finance income</b>	<u>117</u>	<u>115</u>
<b>Other interest payable</b>	-	-
<b>Total finance expense</b>	<u>-</u>	<u>-</u>
<b>Net finance income recognised in profit or loss</b>	<u>117</u>	<u>115</u>

Interest income from related parties relates solely to interest on cash in a bank account held with Barclays Bank UK PLC.

**10. Tax expense****10.1 Income tax recognised in profit or loss**

	2019 £000	2018 £000
<b>Current tax</b>		
Current tax on profits for the year	5,779	3,663
<b>Total current tax</b>	<u>5,779</u>	<u>3,663</u>
<b>Deferred tax expense</b>		
Origination and reversal of timing differences	2	2
<b>Total deferred tax</b>	<u>2</u>	<u>2</u>
	<u>5,781</u>	<u>3,665</u>
<b>Total tax expense</b>	<u>5,781</u>	<u>3,665</u>

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****10. Tax expense (continued)****10.1 Income tax recognised in profit or loss (continued)**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2019 £000	2018 £000
Profit for the year	24,647	15,625
Income tax expense	5,781	3,665
<b>Profit before income taxes</b>	<b>30,428</b>	<b>19,290</b>
Tax using the Company's domestic tax rate of 19% (2018:19%)	5,781	3,665
<b>Total tax expense</b>	<b>5,781</b>	<b>3,665</b>

**Changes in tax rates and factors affecting the future tax charges**

The main rate of UK corporation tax is 19%. Legislation has been introduced to reduce the main rate of UK corporation tax to 17% from 1 April 2020.

In the March 2020 budget announcement, the Chancellor confirmed that the rate of corporation tax will remain at 19% from 1 April 2020. This measure has been made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. Since this change (cancelling the enacted reduction to 17%) was not enacted or substantively enacted on the balance sheet date, this has not been used to calculate current or deferred tax for tax disclosures for year ended 31 December 2019.

**10.2 Current tax assets and liabilities**

	2019 £000	2018 £000
<b>Current tax liabilities</b>		
UK Corporation tax payable	5,779	3,663

**10.3 Deferred tax balances**

The following is the analysis of deferred tax assets presented in the statement of financial position:

	2019 £000	2018 £000
Deferred tax assets	7	9

The deferred tax asset is attributable to temporary differences in respect of assets transferred from the Woolwich Insurance Services Limited plant pool which have now been fully depreciated for accounting purposes.



**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****11. Dividends**

An analysis of dividends paid is as follows:

	2019 £000	2018 £000
First interim dividend of £63.50 (2018: £44.00) per Ordinary share paid in September 2019 (2018: August)	6,350	4,400
Second interim dividend of £122.00 (2018: £120.60) per Ordinary share paid in December 2019 (2018: December)	12,200	12,060
	<u>18,550</u>	<u>16,460</u>

**12. Trade and other receivables**

	2019 £000	2018 £000
Receivables from related parties	18	-
Other receivables	13,083	3,727
<b>Total trade and other receivables</b>	<u>13,101</u>	<u>3,727</u>
Less: current portion - other receivables	(13,083)	(3,727)
Less: current portion - receivables from related parties	(18)	-
<b>Total current portion</b>	<u>(13,101)</u>	<u>(3,727)</u>
<b>Total non-current portion</b>	<u>-</u>	<u>-</u>

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

**13. Trade and other payables**

	2019 £000	2018 £000
Payables to related parties	3,671	6,129
Other payables	2,292	780
Other payables - tax and social security payments	5,779	3,663
<b>Total trade and other payables</b>	<u>11,742</u>	<u>10,572</u>
<b>Total current portion</b>	<u>(11,742)</u>	<u>(10,572)</u>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****14. Provisions**

	<b>Claw back &amp; other provisions £000</b>
At 1 January 2019	791
Increase on account of transfer of life product from the Parent	4,041
Other increases	7,399
Released during the year	(6,439)
<b>At 31 December 2019</b>	<b>5,792</b>

The Company provides for supplier commission clawback in respect of mid-term cancellations of home insurance policies in the last twelve months to compute the expected future clawbacks. Whereas, for Life products, the Company maintains clawback for 4 years for the expected future clawbacks.

**15. Share capital****Authorised**

	<b>2019 Number</b>	<b>2019 £000</b>	<b>2018 Number</b>	<b>2018 £000</b>
<b>Shares treated as equity</b>				
Ordinary shares of £1.00 each	100,000	100	100,000	100
	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

**Issued and fully paid**

	<b>2019 Number</b>	<b>2019 £000</b>	<b>2018 Number</b>	<b>2018 £000</b>
<b>Ordinary shares of £1.00 each</b>				
At 1 January and 31 December	100,000	100	100,000	100

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****16. Related party transactions**

The definition of related parties includes the parent company, the ultimate parent company, the subsidiaries, associates and joint venture companies, as well as the Company's key management personnel which include its Directors.

Particulars of transactions with Group Companies, and the balances outstanding at the year end are disclosed in the tables below:

**Other related party transactions**

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount		Balance outstanding	
		2019 £000	2018 £000	2019 £000	2018 £000
Parent company	Interest received	117	115	-	-
Parent company	Cost recharge	(37,738)	(24,382)	-	-
Parent company	Assets	-	-	17,861	14,947
Parent company	Liabilities	-	-	(3,671)	(6,129)
<b>Total</b>		<b>(37,621)</b>	<b>(24,267)</b>	<b>14,190</b>	<b>8,818</b>

The transfer of the Life product from the Parent to the Company was exercised with effective from 1st January 2019 and as a result liabilities amounting to £5,095k were transferred.

The transfer of the life insurance product from the parent to the Company is a common control transaction since the life insurance product is under the control of the parent before and after the transfer.

The net assets that are acquired as part of a business in a common control transaction were accounted for using predecessor book values (i.e. predecessor accounting).

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****17. Financial risks**

The Company's activities expose it to a variety of financial risks. Consequently, the Company devotes considerable resources to maintaining effective controls to manage, measure and mitigate each of these risks, and regularly reviews its risk management procedures and systems to ensure that they continue to meet the needs of the business.

The Board of Directors monitors the Company's financial risks and has responsibility for ensuring effective risk management and control.

**a) Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Company's counterparties fail to fulfil their contractual obligations to the Company.

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. Risk rating is the main method used to measure credit risk. The Company's exposure to them is subject to financial limits. The Company has a diversified the concentration of credit risk as its main debtors are with legal entities within the Aviva Group and Legal & General Group being the highest contributors to Company's external income. Both these companies have 'stable' credit rating for the year. In addition, the Company endeavours to receive regular payments in order to reduce any significant credit risk.

**Maximum exposure to credit risk**

The below exposures are considered neither past due nor impaired. The Company does not hold any collateral as security.

The following table shows the maximum exposure to credit risk at 31 December 2019 and 2018:

	2019	2018
	£000	£000
Cash and cash equivalents	17,843	14,947
Trade and other receivables	13,083	3,727
<b>Total maximum exposure</b>	<b>30,926</b>	<b>18,674</b>

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****Credit rating of financial assets**

The following table shows the credit rating for counter parties:

	2019 £000	2018 £000
A+	174	3,082
AA	126	-
A	-	646
AA-	12,650	-
BBB+	134	-
NR*	(1)	(1)
Total	<u>13,083</u>	<u>3,727</u>

**b) Liquidity risk**

Liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its payment obligations as they fall due.

The monitoring and reporting of liquidity risk take the form of cash flow measurements and projections for the next day, week and month as these are key periods for liquidity management. Sources of liquidity are regularly reviewed.

The Company maintains a mixture of long term and short term committed facilities that are designed to ensure the Company has sufficient available funds for operations and planned expansion.

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****b) Liquidity risk (continued)****Contractual maturity of financial assets and financial liabilities**

<b>As at 31st Dec 2019</b>	<b>On demand £000</b>	<b>Not more than 6m £000</b>	<b>Total £000</b>
Cash and cash equivalents	17,843	-	17,843
Trade and other receivables	18	13,083	13,101
<b>Total financial assets</b>	<b>17,861</b>	<b>13,083</b>	<b>30,944</b>
Trade and other payables	(5,766)	(197)	(5,963)
<b>Total financial liabilities</b>	<b>(5,766)</b>	<b>(197)</b>	<b>(5,963)</b>

<b>As at 31st Dec 2018</b>	<b>On demand £000</b>	<b>Not more than 6m £000</b>	<b>Total £000</b>
Cash and cash equivalents	14,947	-	14,947
Trade and other receivables	-	3,727	3,727
<b>Total financial assets</b>	<b>14,947</b>	<b>3,727</b>	<b>18,674</b>
Trade and other payables	(6,725)	(184)	(6,909)
<b>Total financial liabilities</b>	<b>(6,725)</b>	<b>(184)</b>	<b>(6,909)</b>

**BARCLAYS INSURANCE SERVICES COMPANY LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****18. Capital management**

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern
- To maintain an optimal capital structure in order to reduce the cost of capital
- To generate sufficient capital to support asset growth
- To meet the minimum regulatory requirements set by the FCA under the Companies Act 2006

The Board of Directors is responsible for capital management and has approved minimum control requirements for capital and liquidity risk management.

The Company regards as capital its equity, as shown in the balance sheet.

Total capital is as follows:

	2019 £000	2018 £000
Called up share capital	100	100
Retained earnings	13,317	7,220
<b>Total capital resources</b>	<b>13,417</b>	<b>7,320</b>

The Company uses a percentage of annual profit before tax to monitor the capital structure in line with the regulatory requirements. Capital as a percentage of profit before tax was 44.1% at the end of 2019 (2018: 37.9%).

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**19. Parent undertaking and ultimate holding company**

The Company is a subsidiary undertaking of Barclays Bank UK PLC which is the immediate parent company incorporated in the United Kingdom and registered in England.

The largest group in which the results of the Company are consolidated is that headed by Barclays PLC, 1 Churchill Place London E14 5HP. The smallest group in which they are consolidated is that headed by Barclays Bank UK PLC, 1 Churchill Place London E14 5HP. No other Group financial statements include the results of the Company.

The consolidated financial statements of these groups are available to the public and may be obtained from, Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

## **BARCLAYS INSURANCE SERVICES COMPANY LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **20. Events after the reporting date**

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak and have concluded that its business strategy remains appropriate and adequate capital and liquidity is being maintained. The Company continues to operate in line with management's expectations.

On the 11th of March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. The deferred tax balances included within the accounts have been calculated with reference to the rate of 17%, as required under IFRS. However, following the substantive enactment of the rate of 19%, it is anticipated that the reversal of temporary differences will occur at this rate and that the maximum impact on the quantum of the net deferred tax asset recognised will not be material.

The Board of Directors in their meeting held on 28 July 2020 have approved a final dividend of £7,400,000 (£74 per share) in respect of the year ended 31 December 2019. This is in addition to £6,350,000 (£63.5 per share) and £12,200,000 (£122 per share) interim dividend paid during the year. The financial statements for the year ended 31 December 2019 do not include the effect of final dividend appropriations which will be accounted for subsequent to the year end.