Berry Palmer & Lyle Limited

Annual report and financial statements

For the year ended 31 March 2022

Registered number: 01661686

Contents

Company information

Directors	S D Aspinall J C H Berry T J Cullis J W Esdaile M J Graham
Secretary	T J Cullis
Company number	01661686
Registered office	52 Lime Street London EC3M 7AF
Auditor	Mazars LLP 30 Old Bailey London EC4M 7AU
Banker	HSBC Bank plc 60 Fenchurch Street London EC3M 4BA

Strategic report

The directors present their strategic report for Berry Palmer & Lyle Limited (the "Company") for the year ended 31 March 2022.

Principal activity and review and analysis of the business

The Company's principal activity is the intermediation of specialist insurance contracts concerning trade and investment risks predominantly in emerging markets. The Company has an international client base and operates from offices in the UK and Hong Kong.

Business development and financial performance remain satisfactory, as shown by the key performance indicators below:

		2022	**2021**
Turnover	- 28.8%	£17,544,656	£24,639,763
Operating profit	- 30.8%	£7,720,322	£11,150,887
Operating margin		44.0%	45.3%

The reductions in turnover and operating profit are as a consequence of the continued transfer of business from the Company to another subsidiary of the BPL Group of Companies, BPL SAS.

In order to service the needs of EEA domiciled clients, post-Brexit, from the UK, a branch office of BPL SAS was established on 1st April 2019 which subsequently saw a flow of income from the Company to this branch office. At the same time, the Company sought to impose a management charge on its fellow Group subsidiary companies to recoup operational expenditure incurred on their behalf. The net effect of this has been in absolute terms a reduction in turnover and operating profit, but an operating margin that has remained broadly constant year on year. Further details on this can be found in the "Future Developments" section of the Directors' report.

Employee share ownership

The Board considers that preserving the Company's independence is vital to its continuing success. A dividend of £13,250,000 (2021: £11,500,000) was paid to its parent during the year to facilitate both ongoing equity redistribution transactions and the payment of dividends to shareholders of its parent.

Strategic report (continued)

Working capital

Credit control is managed in accordance with terms of settlement set by underwriters on a contract-by-contract basis.

The Company's business does not follow a seasonal pattern and cash flows can be subject to material fluctuations depending on the timing and quantum of individual transactions. Moreover, the Company from time to time receives and settles material claims and claims recoveries. For these reasons comparisons of period end balances are not necessarily significant. Working capital is managed in accordance with the client money rules of the Financial Conduct Authority (FCA) and its counterpart in Hong Kong. Fiduciary funds exceeded settlement liabilities by the required margin at all times during the year.

Regulatory capital

The Board aims to maintain regulatory capital levels materially in excess of the minimum requirement of the FCA as set out in its MIPRU regulation.

Business development

The Board maintains a variety of key performance indicators concerning business transaction volume, income forecasts, development of new sources, and statistics by class of business. However, the directors consider that it would be prejudicial to the Company's business and a breach of their obligations under section 172 of the Companies Act to publish such information in a public document visible to its competitors. Other key performance indicators relate to internal workflow and quality control, which are applied and monitored continuously.

Regulatory and compliance

There have been no changes to the Company's regulatory position, nor any intervention by the Company's regulators, during the year.

Principal risks and uncertainties facing the business

The Board maintains a risk register and monitors the key risks facing the Company, together with the adequacy of the controls used for managing these risks. The Board conducts a formal review at least annually.

The Board considers that the principal commercial risks and uncertainties facing the Company are as follows:

Commercial risks

The Company acts in a competitive marketplace and is mindful of the capabilities and actions of its competitors. It counters this risk by maintaining its focus on the quality of its staff and the breadth of its service.

Reputational risk

It also places a high priority on the protection of its reputation, which it achieves by maintaining its focus on the training and competence of its workforce and the application of quality controls.

Strategic report (continued)

Regulatory risk

A varied approach is taken to the underwriting of the Company's specialist classes of insurance business by international regulators. The Company monitors the ability of the insurance markets with which it places insurance to continue to conduct business in the event of regulatory change.

Cyber/Information Security and Infrastructure risk

The Board recognises the increasing threat of a malicious attack on the Company's systems and data and the consequential impact this may have on its various stakeholders. To this end, it employs the services of various security specialists who monitor its infrastructure to detect attack attempts, scan its email traffic for malicious activity and filter accessibility to website content. Vulnerability assessments are carried out regularly and any weaknesses noted and remediated. Strong end user password protocols are followed and staff are also subject to compulsory cyber awareness training. Staff mobile assets are encrypted and centrally tracked. With regard to infrastructure, all hardware used is within warranty and maintained under strict maintenance agreements stipulating 24-hour replacement. Disaster recover testing takes place to give comfort over the robustness of failover provisions.

Operational and other risks

The Board considers that it has adequate protections in place concerning operational risks, including business disruption, and that its margins provide adequate protection against exchange rate, liquidity and credit risks.

Section 172 statement

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

A) The likely consequence of any decisions in the long-term;

B) The interests of the wider Group's employees;

C) The need to foster the Company's business relationships with suppliers, customers and others;

D) The impact of the Company's operations on the community and the environment;

E) The aim of the Company is to maintain a reputation for high standards of business conduct; and

F) The need to act fairly between members of the Group.

The directors of the Company maintain regular contact with both employees and the Group's shareholders. This allows directors to appreciate the context of current projects and to be on hand to assist and advise where necessary. The culture that the Company and wider Group strives for and the way that the Group works means that there is regular communication with its key stakeholders. Management drives the desired culture throughout the Group, this having been set by the Company's directors who are additionally responsible for setting high standards of business conduct to ensure that the commitment to stakeholders is met. This is achieved by continuously delivering a quality service to clients, and by maintaining a culture of empowerment by putting the employees first, providing agility, and embracing the integrity of the employees and supporting their aspirations.

The Company's long-term model reflects the determination to share successes and to grow in a responsible, sustainable way. This goes beyond environmental and societal impacts; it impacts the products the Company offers,

Strategic report (continued)

the talent hired, and how the Company manages its future. The Company is determined to reduce its environmental impact as much as it possibly can - continuing to build a sustainable business while reducing, replacing, recycling, and commencing the process of becoming carbon neutral. The Company also wishes to support society and manages this through fundraising and volunteering, a commitment to protect the environment and giving back through the Company's Charity Committee.

The board ensures that it addresses the s172 requirements by allocating responsibility for specific areas to senior management, conducting board and committee meetings with the use of clear agendas, discussion and review of appropriate board papers, budgeting and reforecasting, and strategy events. Decisions discussed and reached in board meetings are reported against agreed strategic objectives set annually.

Key stakeholders are identified during board and committee meetings and stakeholder engagement takes place in numerous forms; the board receives quarterly reports from senior management staff which include a full overview of the Company, including a strategic update, financial performance, business updates, regulations, legal matters, risks, errors and omissions, client updates and team updates. Actions resulting from discussion of these reports are agreed and then shared with stakeholders as appropriate.

Our stakeholders

Clients

Why the Company engages

The Company advises on and intermediates large and complex insurance transactions. In doing so it is clear that policyholders and prospective policyholders are its clients. It acts exclusively and unambiguously for its clients as their agent, providing the highest levels of service and advice at all times and trying to obtain the best pricing and terms from insurers. In fulfilling its role to clients it also, like many transacting intermediaries, provides services to insurers. While the Company does not act for insurers or charge them for services, it is nevertheless aware of its obligations to treat insurers - as its clients' counterparties - fairly and transparently.

Understanding clients' needs and demands for credit and political risk insurance ("CPRI"), and tailoring the Company's products and services accordingly, is vital to the Company's long-term success as the leading specialist broker within CPRI.

How the Company engages

The Company has a number of broking teams which take a very proactive and hands-on approach to engaging with clients, both through the handling of their day-to-day enquiries, policies and claims, and through providing them with broader market intelligence and data – for example, the Company's Market Insight reports and other reports on the CPRI market's response to events with a global impact, such as the Covid-19 pandemic, and more recently the Ukraine/Russia conflict.

The digitalization of the CPRI market is also a key area of engagement with the Company's clients to drive efficiencies in the insurance placement process and further enhance client service levels. The Company remains focused on rolling out its digital portfolio management solution, BPL Sphere, to its clients, giving them full and immediate visibility across all their CPRI data, via a single portal.

The Company's board closely monitors client servicing levels, business development activities, product development and other commercial initiatives in order to support sustainable growth over the long term.

Strategic report (continued)

Employees

Why the Company engages

Empowerment of staff by putting them first is ultimately beneficial to clients too. Collaboration of employees' knowledge and skills has a motivating effect on others and ensures the ongoing success of the Company by ensuring its clients are offered the most suitable solutions to their needs.

How the Company engages

The Company's board engages with employees through regular update meetings, akin to an AGM but for staff only, as well as through an internal website and direct electronic correspondence. It strives to support employees' ambitions by encouraging the completion of professional qualification exams, providing both financial support and time off to enable the completion of exams, and also awards generous exam completion bonuses. Recruiting the right people is vital to the continued success of the wider Group. The Company strives to ensure that its recruitment process is free from bias and discrimination and the result of this is an approach which has resulted in it being able to attract and retain staff of the highest quality.

In August 2021, a complete review was undertaken of our people policies and a revised Employee Handbook was issued, reaffirming our commitment to equal opportunities. The policies were developed with a mindfulness on how BPL support, encourage and instil inclusive behaviours, policies and practices which are supportive of individual needs.

Through the pandemic, staff were encouraged to work from home and were supported in this way by facilitating the acquisition of the necessary home-working equipment to ensure their roles could be performed as seamlessly as possible. Video-conferencing software was made available to all staff to ensure that easy and regular contact could be maintained with their peers and reporting lines. Given the success of home-working across the Group, subsequent to the easing of lockdown restrictions, in September 2021, we reviewed and established changes to our working practices to adopt a hybrid working model and core hours. The aim has been to create a sense of balance between the home and office, and we have seen an increase in the sense of wellbeing amongst our employees as a result. Their mental and physical wellbeing has improved and their ability to manage the demands of work and home, easier to achieve. This sense of wellbeing is known to be a key component of inclusivity and fostering a culture of trust and acceptance.

Facilitating this, the Group's new HR platform allows staff to book their time off more easily, be that for holidays, study and medical leave, as well as booking office-working time. The platform also gives staff access to details of the various insurances and other benefits that the Group has provided for them free of charge and how to access these, and also acts as a portal to enable management to quickly communicate Group news and developments to all staff and issue feedback on surveys.

In November 2021, the board of the Company's parent approved the creation of a Diversity and Inclusion Steering Committee, which reports to this board via the Operations Committee, and to our Financial Risk and Compliance Committee (FRACC) via the identification of D&I and culture risks on our Risk Register. All Groups, Committees and Boards meet on a quarterly basis to approve recommendations made by each and to ensure oversight.

We had an overwhelming response from our call for volunteers to the D&I Steering Committee with 90% of employees requesting to be included. This again evidences our culture and work continues to strengthen this further.

Strategic report (continued)

Our D&I Steering Committee is representative of all levels of hierarchy in the business from trainees, brokers, operational specialists and board directors. We have achieved a diverse group who represent different genders, ages, ethnicities, the LGBTQ+ community and the neurodiverse. This has created an enthusiasm and energy to achieve meaningful progress.

Suppliers

Why the Company engages

Long-term, robust working relationships with suppliers provides stability to the Company's operations.

How the Company engages

Thorough due diligence is conducted on all prospective suppliers to ensure that the service they claim to be able to provide is the reality for the Company. Comparisons to alternate suppliers are made to ensure that those ultimately chosen provide the best blend of value and customer service to the Company. Significant capital expenditure is first discussed at board level. A procurement policy that is currently being drafted will seek to ensure that supplier relationships are regularly reviewed to ensure ongoing fitness for purpose and value for money, as part of the Group's sustainability initiatives.

The Company abides by the Modern Slavery Statement and is committed to ensuring that its business dealings are carried out in compliance with relevant laws and, in doing so, the Group endorses the implementation and promotion of ethical business practices to protect workers from being abused and exploited.

Communities and the environment

Why the Company engages

The Company recognises the importance of sustainability to its key stakeholders and is committed to supporting local communities and reducing its environmental impact.

How the Company engages

The Company's Charity Committee exists to oversee and channel the Company's corporate charitable donations and forge partnerships with organisations which align with causes close to colleagues anywhere in the world, and where the Company's support can make a meaningful impact.

In addition, the Charity Committee exists to encourage employee engagement in its activities and in those organisations which the Company is supporting. All employees are entitled to 2 days for charitable volunteering each year for organisations of their choice, and the Company match-funds employee donations up to £500 each per year.

The Committee's overriding focus is to support charities that work to promote human welfare. In line with the above, in recent years the Company has particularly focused on charities that work to further training, skills and employment opportunities for people from challenging and disadvantaged backgrounds, especially young people, both in the UK and overseas.

In the financial year end to 31 March 2022, the Company donated over £186,000 to charitable causes. This included donations to its main charity partners: Bedford & District Cerebral Palsy Society, East End Community Foundation and the British Red Cross Ukraine Humanitarian appeal. The Company also made donations to the Disasters

Strategic report (continued)

Emergency Committee (DEC) Afghanistan Crisis as well as a number of other smaller organisations local to the Company's employees.

In recent years, great progress has been made at BPL to identify and address our Corporate Social Responsibilities ("CSR") and our Environmental, Social and Governance ("ESG") obligations. We are working to establish our demographics and recognise how diverse a company we are and how we can make proactive steps to promote access, development, and inclusivity. We are conscious that any decisions within the CSR and ESG space are followed by meaningful actions. Our work continues as we stay focused on this important area for our business.

These initiatives as detailed in our Social Values Report 2022 and our ESG policy, aim to promote and reaffirm our culture of belonging and opportunity for all, whilst recognising the important role business has in addressing wider global environmental and social issues and promoting positive change. We have engaged with the Lloyd's market and wider Insurance networks and specialised outside organisations, to develop our commitment to a series of actions through to the end of 2023 and beyond, that are both meaningful and measurable. The Company has longstanding partnerships with Uptree (who assist with social integration) and the Resurgo Trust (a UK-registered charity) to support our ambitions for social mobility and integration within the Insurance sector. In 2023, we plan to take on a further Uptree recruit. We are also committed to our work with Ambitious About Autism to promote work opportunities and support for the neurodiverse. In addition, we have recently agreed to partner with the Employers Network for Equality & Inclusion who guide, support and challenge the business in relation to CSR policy and practice. They also provide support to ensure we remain culturally mindful in the CSR, ESG and D&I space given our global presence.

Regulators

Why the Company engages

As an insurance intermediary in the financial services sector, the Company operates in a highly regulated environment and is subject to the oversight and supervision by regulators in the jurisdictions within which it operates.

How the Company engages

The Company is authorised and regulated by the Financial Authority Conduct ("FCA") and has an open and transparent communication with the FCA, engaging with it as required or requested, and in compliance with Principle 11 of the FCA Handbook. The Company's Hong Kong branch is licensed appropriately to operate in this territory and engages with the Hong Kong Insurance Authority (HKIA) as needed.

The Company's regulatory communications and liaison are managed by the Compliance Department. The Compliance Director is a member of the Group's Finance, Risk, Audit and Compliance Committee (FRACC) and provides quarterly updates to the committee, with significant matters escalated to the board as necessary.

Strategic report (continued)

Shareholders

Why the Company engages

The Company finds itself in the relatively unique position of being part of a Group of companies that is entirely employee-owned which makes dialogue with shareholders even more important bearing in mind that implicitly a good deal of its employees will be shareholders: there is a high degree of circuity at play in that a satisfied shareholder means a satisfied employee that in turn will strive for greater success leading to greater reward for that individual in the form of their stake becoming more valuable. Hence the Company's board understanding the importance of providing information to the FRACC and parent company board so that shareholders are able to fully understand how the investment of their remuneration stands to provide them with both future income from distributions and long-term capital growth.

How the Company engages

The Company holds "town hall" meetings that all staff and shareholders are freely able to attend. These act as interim annual general meetings (with a formal AGM taking place each October), allowing senior management (Executive Chairman, Managing Directors, CFO) to update all in attendance on the progress of the Group, any new developments or initiatives that may impact them, and current financial performance. For those unable to attend, these meetings are recorded and posted on the Group's internal website for replay at employees' convenience.

Approval

This report was approved by the Board on 6 September 2022 and signed on its behalf by:

J C H Berry
Director

Directors' report

The directors present their report and the financial statements for the Company for the year ended 31 March 2022.

The Company's registration number is 01661686.

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Future developments

As was mentioned in prior years, in order to navigate the impact of Brexit on the Group's revenues, the directors of the Company's parent established a UK branch of a fellow subsidiary undertaking, BPL SAS, which is incorporated in France. This enabled the Company to continue to be able to service EEA-domiciled business via the wider BPL (Holdings) Limited group. The impact of this arrangement has been a decline in revenue attributable to the Company in the year, with this revenue being booked to the UK branch of the French subsidiary instead. Although further transfers of business from the Company to this subsidiary are expected, the majority are now considered to have taken place. The directors do not envisage these transfers threatening the ongoing solvency of the Company in light of the fact that the group operates a transfer pricing strategy that recompenses the Company for operational services that it provides to the other subsidiary companies of the group. Such a policy is expected to remain in place indefinitely but its recharge methodology may be refined over time. The net effect of these changes was, like last year, a negligible impact on the overall operating margin of the Company.

The pandemic has gradually become a more accepted part of lives, and given our well established and leadership position in the market, the directors expect the company to continue to be able to weather any changing market conditions related to it. It remains difficult to accurately predict future income but we continue to monitor developments closely and maintain a very resilient business capable of absorbing a significant decline in annual income (as discussed in further detail in the Going Concern section of this report), given the Company's high level of variable and discretionary costs, together with its capital resources.

Directors' report (continued)

Though the Russia/Ukraine crisis will no doubt create CPRI market losses, the extent is yet to be realised and therefore is difficult to quantify at the current time. Overall, the CPRI market is far less exposed to these countries than previously having consciously wound down aggregations since the Crimean annexation in 2014. The CPRI market's credit exposure to Russia is almost exclusively to blue chip Russian obligors where sanctions implications are still evolving. In Ukraine, the predominant CPRI issues relate to Political Violence coverage where losses are yet to be quantified. In the meantime, the Company is not yet experiencing any significant hardening of the market and business volumes and income levels are holding up. Russia and Ukraine represent just over 5% of the Group's overall managed portfolio. Over the last 6 months, new business enquiries for those territories equated to less than 0.3% of totals, though overall new business flows were up on prior year equivalents. In addition, insurer appetite for the Group's business is proving resilient with no significant deviations in quote ratios evident since the start of the conflict. Focus will now be directed to the 1 January 2023 reinsurance renewal season which could see reinsurers contract support or place additional constraints on direct insurers, resulting in reductions in CPRI market appetite and/or higher pricing. However, historically the Company has fared well in hard markets with its prestigious client base creating a natural hedge as insurers typically favour strong counterparties and valued partnerships in times of economic stress whilst accompanying this with a propensity to increase premium rates to compensate for heightened risk, resulting in proportionate increases in commission earnings.

Results and dividends

The profit for the year, after taxation, was £6,353,746 (2021: £9,106,727).

During the year, the directors recommended and paid dividends totalling £13,250,000 (2021: £11,500,000) to enable the Company's parent to finance equity redistribution transactions among employees.

Branch office

The Company operates a branch in Hong Kong.

Financial instruments

Foreign exchange risk

The Company is exposed to foreign exchange risk through transactions in foreign currencies. This risk is managed by matching assets and related liabilities by currency wherever possible, and through the use of foreign exchange contracts as disclosed in Note 16.

Credit risk

The Company has a concentration of credit risk on its cash investments. It manages this risk by operating an investment policy that restricts placement of these investments only with highly creditworthy financial institutions. There is also a risk that other debtors will not pay. The Company minimises this risk by maintaining sound credit and collection policies.

Interest rate risk

The Company's operations are subject to the risk of interest rate fluctuations only as it affects interest earning assets.

Directors' report (continued)

Directors

The directors set out below held office during the year from 1 April 2021 to the date of this report, except as stated.

J C H Berry	Chairman
S D Aspinall	Joint Managing Director
T J Cullis	Chief Financial Officer, Company Secretary
J W Esdaile	Joint Managing Director
M J Graham	Director

Charitable contributions

During the year, the Company made payments for charitable purposes of £186,009 (2021: £172,530).

Qualifying third party indemnity provisions

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers.

Going concern

The directors have determined that the going concern basis of preparation of these financial statements remains appropriate having assessed the principal risks and having considered the ongoing impact of the COVID-19 pandemic, and more recently the Ukraine/Russia conflict.

Although the initial global reaction to the pandemic was one of significant alarm, over the course of the past two years the Company has continued to generate stable profits with the already mentioned falls in income a consequence of its Brexit strategy rather than an actual decline in appetite for the Company's – and wider Group's - services. Throughout all lockdown periods, operations continued to function, and we were able to service clients thanks to the quality of our IT infrastructure which afforded us the ability to work well remotely. More recently, and in common with clients and insurers, we have seen a return to the office for many staff but such was the success of remote working, we have formally introduced a hybrid working pattern, as mentioned in our earlier s172 statement.

Neither the pandemic or the Russia/Ukraine conflict have yet to negatively impact brokerage income either as a consequence of clients' own retrenchment and reduction in business activity on the demand-side or reduced appetite from insurers due to heightened credit risk volatility on the supply side. In fact, at wider Group level, turnover has grown year on year for the past two years. Despite a dip in enquiry level in the first few months following the outbreak of COVID-19, enquiry levels soon returned to pre-pandemic levels and are now higher than at this point last year, suggesting that the pandemic and the Russia/Ukraine conflict have had minimal impact on business at the present time also.

On the supply side, whilst insurer risk appetite has evolved and become more conservative, it remains strong and due to the Company's long standing and well-regarded client base, we continue to be able to match a large part of demand with insurer capacity. One of the key concerns at the beginning of the pandemic was that insurers could suffer significant heightened claims activity due to increases in payment defaults and insolvencies. Whilst there has been concern about claims in the monoline credit insurance space, the specialist credit market in which we operate has yet to witness significant losses.

Directors' report (continued)

The directors continue to consider several scenarios concerning income reductions. Given the cost base of the Company and being mindful of its historic strong operating margins, a 50% reduction in income could be withstood and budgeted fixed costs for the next financial year remain covered. The first 5 months of the year to 31 March 2023 have been encouraging in terms of the stability of both demand and supply suggesting the Company will remain profitable over the next 12 months.

The Company continues to have excellent liquidity and continues to be cash generative and cashflow positive in the current financial year. All cash held by the Company is accessible within one business day and therefore the directors consider that liquidity remains sufficient to meet the demands of the business.

In addition, the Company's assets are assessed for recoverability on a regular basis, and the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors believe that the Company is well placed to manage its business risks satisfactorily and have a reasonable expectation that the Company will have adequate resources to continue in operational existence for at least 12 months from the signing date of these financial statements and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus, the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Statement as to disclosure of information to auditor

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

- so far as that director is aware, there is no audit information which should have been made available to the Company's auditor and has not been; and
- that director has taken all the steps that ought to have been taken as a director to establish information that might be needed by the Company's auditor in connection with preparing their report and to pass on that information to the Company's auditor.

This report was approved by the Board on 6 September 2022 and signed on its behalf by:

J C H Berry
Director

Independent auditor's report to the members of Berry Palmer & Lyle Limited (continued)

Opinion

We have audited the financial statements of Berry Palmer & Lyle Limited (the 'company') for the year ended 31 March 2022 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 31 March 2022 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.

Independent auditor's report to the members of Berry Palmer & Lyle Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 10, 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.

Independent auditor's report to the members of Berry Palmer & Lyle Limited (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: the Financial Conduct Authority regulations, licensing requirements and tax legislation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the 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.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the estimates relating to income deferrals; revenue recognition which we pinpointed to cut off and significant one-off or unusual transactions.

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;

Independent auditor's report to the members of Berry Palmer & Lyle Limited (continued)

- 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.

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.

ABarker

Amanda Barker (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

30 Old Bailey
London
ECM4 7AU

Profit and loss account

For the year ended 31 March 2022

Continuing operations	Note	2022 £	2021 £
Turnover	3	17,544,656	24,639,763
Other operating income	4	6,632,584	5,842,097
Administrative expenses		(16,456,918)	(19,330,973)
Operating profit	4	7,720,322	11,150,887
Interest receivable and similar income	7	5,923	23,150
Interest payable and similar expenses	8	(12,134)	(27,871)
(Loss) / Gain arising on derivative financial instruments held at fair value	16	(51,406)	82,644
Profit on ordinary activities before taxation		7,662,705	11,228,810
Taxation	9	(1,308,959)	(2,122,083)
Profit for the year attributable to the owners of the Company		6,353,746	9,106,727

The notes on pages 22 to 39 are an integral part of these financial statements.

Statement of comprehensive income

For the year ended 31 March 2022

Continuing operations	2022 £	2021 £
Profit for the year attributable to the owners of the Company	6,353,746	9,106,727
Other comprehensive income		
Exchange differences arising on translation of foreign operations	5,114	(50,866)
Total comprehensive income for the year attributable to the owners of the Company	6,358,860	9,055,861

The notes on pages 22 to 39 are an integral part of these financial statements.

Balance sheet

As at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	**10**	511,105	451,678
Tangible assets	**11**	2,977,496	3,423,764
		3,488,601	3,875,442
Current assets			
Debtors	**12**	7,576,016	5,518,662
Cash at bank and in hand	**13**	17,013,719	24,602,778
		24,589,735	30,121,440
Creditors: amounts falling due within one year	**14**	(15,368,571)	(14,066,884)
Net current assets		9,221,164	16,054,556
Total assets less current liabilities		12,709,765	19,929,998
Creditors: amounts falling due after more than one year	**15**	(2,636,354)	(2,986,723)
Net assets		10,073,411	16,943,275
Capital and reserves			
Called up share capital	**18**	500,000	500,000
Capital contribution reserve	**19**	943,431	922,155
Profit and loss account	**19**	8,629,980	15,521,120
Total equity		10,073,411	16,943,275

These financial statements were approved by the Board and signed on its behalf by:

TJ Cullis

Director

6 September 2022

J C H Berry

Director

6 September 2022

The notes on pages 22 to 39 are an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 March 2022

	Called up share capital	Capital contribution reserve	Profit and loss account	Total
	£	£	£	£
At 31 March 2020	500,000	836,898	17,965,259	19,302,157
Profit for the year	-	-	9,106,727	9,106,727
Other comprehensive income	-	-	(50,866)	(50,866)
Total comprehensive income	-	-	9,055,861	9,055,861
Capital contribution from the parent company in respect of share-based payments	-	85,257	-	85,257
Dividends paid	-	-	(11,500,000)	(11,500,000)
At 31 March 2021	500,000	922,155	15,521,120	16,943,275
Profit for the year	-	-	6,353,746	6,353,746
Other comprehensive income	-	-	5,114	5,114
Total comprehensive income	-	-	6,358,860	6,358,860
Capital contribution from the parent company in respect of share-based payments	-	21,276	-	21,276
Dividends paid	-	-	(13,250,000)	(13,250,000)
At 31 March 2022	500,000	943,431	8,629,980	10,073,411

The notes on pages 22 to 39 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2022

1 Accounting policies

1.1 General information

Berry Palmer & Lyle Limited (the "Company") is a private limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is 52 Lime Street, London, EC3M 7AF.

These financial statements have been presented in Pounds Sterling as this is the Company's functional currency, being the currency of the primary economic environment in which the Company operates.

1.2 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention, as modified for the fair value of certain financial instruments.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which the Company has complied with.

In preparing these financial statements, the Company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 *Related Party Disclosures*; and
- from presenting a statement of cash flows, as required by Section 7 *Statement of Cash Flows*.

On the basis that equivalent disclosures are given in the consolidated financial statements of the parent company, the Company has also taken advantage of the exemption not to provide certain disclosures required by Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instrument Issues*. Details of where the parent company's financial statements can be obtained are given in note 23.

Notes to the financial statements (continued)

For the year ended 31 March 2022

1 Accounting policies (continued)

1.3 Revenue

Revenue is measured at the fair value of the consideration receivable, net of discounts and rebates, and excluding VAT and other sales taxes or duty.

1.3.1 Turnover

Turnover comprises brokerage and fees.

Brokerage
Brokerage is derived from insurance contracts and is recognised on the inception date of individual contracts, or if later, the date on which placement has been substantially completed. Brokerage is stated net of commissions to third parties.

Instalments
For contracts where the premium is payable in instalments, brokerage on such instalments is normally recognised when they fall due. Where premium instalments arise from deferred credit terms, and there is no possibility of cancellation, income on such instalments is recognised on inception or, if later, when the placement has been completed.

Adjustments
Brokerage arising from mid-term premium adjustments is recognised when such adjustments are made.

Future servicing obligation
Most contracts carry an obligation to provide post placement services, principally contract administration and amendment, claims handling and advice. Where there is the possibility of future servicing, an element of income relating to the policy is deferred to cover such associated contractual obligations.

Returned premiums and cancellations
In determining the fair value of brokerage to be recognised, an adjustment is made to reflect the amount of brokerage that may become repayable due to the cancellation and return premium of the underlying policy. In addition, certain contracts contain contingent obligations to make a return of premium, where a proportion of the brokerage earned would also be returnable.

Fee income
Fee income represents amounts receivable for consultancy services, and is recognised over the period in which the services are performed.

1.3.2 Other operating income

Other operating income relates to management services provided to overseas group companies and is recognised over the period in which the services are performed.

1.3.3 Interest income

Interest income is recognised as interest accrues using the effective interest rate method.

Notes to the financial statements (continued)

For the year ended 31 March 2022

1 Accounting policies (continued)

1.4 Taxation

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax liabilities are provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of total comprehensive income in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.5 Foreign currencies

Foreign currency transactions are translated into the functional currency of the reporting entity using the exchange rate prevailing at the date the transactions took place.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities at the reporting date, are reported within administrative expenses within profit or loss.

Where currencies are forward sold, gains or losses arising in relation to exchange rate movements at the reporting date are reported as gains or losses arising on derivative financial instruments held at fair value within profit or loss. The Company does not enter into derivative contracts for speculative purposes.

The assets and liabilities of the overseas branches are translated at the exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognised as other comprehensive income.

Notes to the financial statements (continued)

For the year ended 31 March 2022

1 Accounting policies (continued)

1.6 Intangible assets other than goodwill

Intangible assets other than goodwill comprise computer software.

Intangible assets are initially recognised at cost and are subsequently measured at cost less any accumulated amortisation and impairment losses.

Amortisation is calculated to write off the cost less residual value of all intangible fixed assets, to profit or loss in equal annual instalments over their estimated useful lives at the following rates:

Computer software	25% - 33.3% straight line

1.7 Tangible assets

Tangible assets comprise computer hardware, office equipment and fixtures and fittings that are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost less residual value of all tangible fixed assets, to profit or loss in equal annual instalments over their estimated useful lives at the following rates:

Computer hardware	25% - 33.3% straight line
Office equipment	20% straight line
Fixtures and fittings	Over the lease term

1.8 Impairment of assets

At each reporting date, the Company reviews the carrying value of its assets, or cash generating units, to determine whether there is any indication that those assets, or cash generating units, have suffered an impairment loss. If any such indication exists the recoverable amount is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset, or cash generating unit, is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, or cash generating unit, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset, or cash generating unit, is less than the carrying amount an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets, or cash generating units, is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply.

Notes to the financial statements (continued)

For the year ended 31 March 2022

1 Accounting policies (continued)

1.9 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic and non-basic financial instruments, which comprise cash and cash equivalents, trade and other debtors, trade and other creditors, fixed asset investments and derivative financial instruments. The Company has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instrument Issues* in full.

Financial assets – classified as basic financial instruments

Cash and cash equivalents
Cash and cash equivalents including cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less and non-statutory trust and fiduciary cash balances.

Trade and other debtors
Trade and other debtors are initially recognised at the transaction price, including any transaction costs. All amounts are receivable within one year and are measured at the undiscounted amount expected to be receivable, net of any impairment.

Fixed asset investments
Fixed asset investments are initially recognised at the transaction price, excluding any transaction costs, and are subsequently measured at fair value through profit or loss.

At each reporting date, the Company assesses whether there is objective evidence that any financial asset, which is not held at fair value through profit or loss, may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

Trade and other creditors
Trade and other creditors are initially recognised at the transaction price, including any transaction costs. All amounts are payable within one year and are measured at the undiscounted amount expected to be payable.

Derivative financial instruments – classified as non-basic financial instruments

Derivative financial instruments comprise forward foreign exchange contracts that are initially recognised at the transaction price, excluding any transaction costs, and are subsequently measured at fair value through profit or loss.

Notes to the financial statements (continued)

For the year ended 31 March 2022

1 Accounting policies (continued)

1.10 Insurance broking debtors and creditors

The Company has no legal title to the fiduciary assets arising from its insurance broking activities because it acts as the agent of its clients. In recognition of this relationship, insurance debtors are included as assets only to the extent of the brokerage due to the Company included within the relevant insurance premiums receivable.

Notwithstanding their fiduciary status, insurance cash balances are recognised within current assets. Such cash is held by the Company to make settlements of insurance payables on behalf of the principals from which it was received. The Company is also entitled to retain investment income arising from such balances.

Insurance creditors are shown as liabilities only to the extent that the Company holds fiduciary cash to meet the settlement payable.

Where settlement of insurance debtors and creditors is made to insurers through certain market settlement bureaux, the amounts of such insurance debtors and creditors are stated as net balances due to those bureaux, rather than as debtors and creditors due from.or to the individual third parties they represent.

Insurance broking debtors and creditors are basic financial instruments and are recognised and measured in accordance with the financial instrument accounting policies, set out above.

1.11 Employee benefits

Short-term benefits
Short-term benefits, including holiday pay and other similar benefits, are recognised as an expense in the period in which the service is received. An accrual is recognised for short-term compensated absences where entitlement has accumulated, but has not been taken, at the reporting date.

Post-employment benefits
The Company operates a defined contribution pension scheme on behalf of employees. Contributions are made to externally funded schemes and are charged to profit or loss in the year to which the contributions relate.

Share-based payments
From time to time the Company's parent, which is wholly owned by employees of its subsidiary undertakings and by employee benefit trusts, invites certain employees to invest in the parent's share capital. It does this by granting share options at exercise prices approved by HMRC. The granting of share options in this way is regarded by financial reporting standards as the making of "share-based payments".

The share-based payments expense is the fair value of the options at their date of grant, estimated using a Black Scholes model, and taken to profit or loss over their minimum vesting periods. As the share options are settled using the shares of the parent company, an equal and opposite amount is recognised in the capital contribution reserve.

1.12 Lease arrangements

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

Notes to the financial statements (continued)

For the year ended 31 March 2022

2 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

2.1 Critical judgements in applying the Company's accounting policies

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

Assessing indicators of impairment - In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability.

The key assumptions concerning the future, and other key sources of estimation uncertainty, 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.

Establishing the fair value of investments - When the fair value of investments cannot be measured based on quoted prices in active markets or on the price of a recent transaction for an identical instrument, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Establishing the fair value of share options - The directors apply a Black Scholes model when establishing the fair value of share options at the date at which they are granted. The directors have applied judgement when estimating the inputs to the model, the variability of which will impact the fair value calculated by the model. Changes to the fair value estimate will impact the share-based payments expense that is recognised in profit or loss. Further information is set out in note 20.

Measuring the fair value of brokerage - At the reporting date, the directors measure the fair value of brokerage which includes an adjustment to reflect potential cancellations and returned premiums. As future cancellations and returned premiums are unknown, the directors estimate cancellation and returned premium rates based on the historical incidence of return premium volumes and make adjustments accordingly. Variations to the estimates will affect the amount and timing of brokerage recognised.

Measuring deferred brokerage - The Company defers brokerage in respect of future servicing requirements associated with business placed. As the future servicing requirements are unknown, at the reporting date the directors have established an estimate of the brokerage to be deferred based on historic patterns in post-placement activities and experience of similar business placed. Variations to the estimates will affect the amount and timing of brokerage recognised.

Notes to the financial statements (continued)

For the year ended 31 March 2022

3 Turnover

Turnover represents the value of brokerage, fees and commissions charged to clients.

	2022	2021
	£	£
Brokerage and fees	17,544,656	24,639,763
	17,544,656	24,639,763

An analysis of turnover by geographical markets is not given as the directors consider this is prejudicial to the Company's interests as provided by the Companies Act 2006 and SI 2008 No.410.

Brokerage income arising from general insurance activities by the Hong Kong branch amounted to £187,037 (2021: £319,348) during the year. None (2021: Nil) arose from long-term business.

4 Operating profit

This is stated after charging/(crediting):

	2022	2021
	£	£
Operating lease expenses – land and buildings	768,473	777,583
Depreciation of tangible assets	542,644	560,867
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	57,044	53,806
Foreign exchange (gains) / losses on brokerage	(66,058)	257,753
Loss on sale of tangible assets	-	64
Amortisation of intangible assets	138,367	50,972
Other income – Management charges	(6,632,584)	(5,842,097)

Fees paid to the Company's auditor, Mazars LLP, for services other than the statutory audit of the Company are not disclosed in these financial statements as they are separately disclosed in the consolidated accounts of the Company's parent, BPL (Holdings) Limited.

In the year, the Company imposed a management charge on other operating subsidiary companies within the BPL group of companies in order to recoup a proportion of expenditure incurred by it in respect of operational services provided to these companies. The total value of invoices issued to other group companies in respect of management services was £6,632,584 (2021: £5,842,097).

Notes to the financial statements (continued)

For the year ended 31 March 2022

5 Staff costs

The average monthly number of employees (including executive directors) was:

	2022	2021
Management and administration	31	29
Broking and technical	15	16
	46	45

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	8,953,635	11,512,141
Social security costs	1,302,915	1,568,752
Pension costs	835,442	633,416
Share-based payments	21,276	85,257
	11,113,268	13,799,566

6 Directors' remuneration

Directors' aggregate remuneration comprised:

	2022 £	2021 £
Remuneration:		
Emoluments	3,069,356	3,741,574
Share-based payments	-	7,504
Pension contributions	4,269	12,916
	3,073,625	3,761,994

There were 2 directors (2021: 3) to whom benefits were accrued under defined contribution pension schemes during the year.

Two directors (2021: 1) exercised share options during the year.

Notes to the financial statements (continued)

For the year ended 31 March 2022

6 Directors' remuneration (continued)

	2022	2021
	£	£
Remuneration of the highest paid director:		
Emoluments	751,688	917,998
Pension contributions	2,060	1,854
	753,748	919,852

7 Interest receivable and similar income

	2022	2021
	£	£
Interest arising on bank balances	5,923	23,150

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest incurred on bank balances and other expenses	12,134	27,871

9 Taxation

The tax charge recognised in profit comprises:

	2022	2021
	£	£
Current tax		
UK corporation tax on profit for the year	1,290,415	2,068,587
Adjustments in respect of prior years	-	(1,395)
Total current tax	1,290,415	2,067,192
Deferred tax		
Origination and reversal of timing differences	(18,444)	53,502
Adjustments in respect of prior years	-	1,389
Effect of tax change on opening balances	36,988	-
Total deferred tax	18,544	54,891
Total tax	1,308,959	2,122,083

Notes to the financial statements (continued)

For the year ended 31 March 2022

9 Taxation (continued)

Tax on profit on ordinary activities for the year is calculated based on the standard rate of corporation tax in the UK of 19%. The differences are reconciled below:

	2022 £	2021 £
Profit on ordinary activities before taxation	7,662,705	11,228,810
Corporation tax calculated at 19% (2021: 19%)	1,455,914	2,133,474
Effects of:		
Tax credit on share scheme	(271,273)	(72,851)
Expenses not deductible for tax purposes	141,680	61,517
Adjustments in respect of prior years and other	(17,362)	(57)
Total tax	1,308,959	2,122,083

Factors that may affect future tax charges
In the Spring Budget 2021, the UK Government announced that from 1 April 2021 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2021. Deferred taxes at the balance sheet date are measured at the enacted rate at the end of the reporting period of 19%. Subsequent to the balance sheet date, it was announced in the Budget on 3 March 2022 the rate of corporation tax would be increased to 25% with effect from 1 April 2023. The Finance Bill 2022 was substantively enacted on 24 May 2022 to effect this change.

Notes to the financial statements (continued)

For the year ended 31 March 2022

10 Intangible assets

	Computer software £
Cost	
At 31 March 2021	639,015
Additions	197,797
Exchange differences	73
At 31 March 2022	836,881
Amortisation	
At 31 March 2021	187,337
Amortisation	138,367
Exchange differences	72
At 31 March 2022	325,776
Carrying value	
At 31 March 2022	511,105
At 31 March 2021	451,678

Amortisation charge is included within the administrative expenses in the profit and loss account.

Notes to the financial statements (continued)

For the year ended 31 March 2022

11 Tangible assets

	Computer hardware	Office equipment	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 31 March 2021	1,297,809	289,259	3,294,534	4,881,602
Additions	96,374	-	-	96,374
Exchange differences	73	15	-	88
At 31 March 2022	1,394,256	289,274	3,294,534	4,978,064
Depreciation				
At 31 March 2021	780,329	150,026	527,483	1,457,838
Depreciation	270,756	52,252	219,636	542,644
Exchange differences	72	14	-	86
At 31 March 2022	1,051,157	202,292	747,119	2,000,568
Carrying value				
At 31 March 2022	343,099	86,982	2,547,415	2,977,496
At 31 March 2021	517,480	139,233	2,767,051	3,423,764

12 Debtors

	2022	2021
	£	£
Insurance debtors	2,924,817	2,255,960
Prepayments and accrued income	1,048,730	1,273,996
Amounts due from group undertakings	3,097,458	834,199
Other debtors	195,426	341,024
Corporation tax recoverable	309,585	813,179
Derivative financial instruments (note 16)	-	304
	7,576,016	5,518,662

Amounts receivable from group undertakings are unsecured, interest free and repayable on demand.

Insurance debtors includes £nil (2021: £nil) in respect of brokerage receivable arising from insurance intermediation activities in Hong Kong.

Notes to the financial statements (continued)

For the year ended 31 March 2022

13 Cash at bank and in hand

	2022	2021
	£	£
Own funds	11,419,931	19,579,540
Fiduciary funds	5,593,788	5,023,238
	17,013,719	24,602,778

Fiduciary funds arising from insurance intermediation activities in the UK are held in non-statutory trust accounts in accordance with the regulations of the Financial Conduct Authority. Fiduciary funds of £1,777 (2021: £903) arising from insurance intermediation activities in Hong Kong were held in segregated client accounts in accordance with the requirements of the Hong Kong Insurance Authority.

14 Creditors: amounts falling due within one year

	2022	2021
	£	£
Insurance creditors	6,511,375	4,856,216
Accruals and deferred brokerage income	4,703,926	7,456,653
Amounts due to group undertakings	3,159,982	327,200
Other tax and social security	793,617	1,138,042
Derivative financial instruments (note 16)	51,102	-
Deferred tax liability (note 17)	135,673	117,129
Other creditors	12,896	171,644
	15,368,571	14,066,884

Amounts due to group undertakings are unsecured, interest free and payable on demand.

Insurance creditors includes £835 (2021: £nil) in respect of brokerage payable arising from insurance intermediation activities in Hong Kong.

Notes to the financial statements (continued)

For the year ended 31 March 2022

15 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Lease commitment	1,809,899	1,983,813
Future servicing obligation	448,514	425,325
Return premiums and cancellations provision	377,941	577,585
	2,636,354	2,986,723

16 Derivative financial instruments

	2022 £	2021 £
Fair value		
At 31 March	304	(82,340)
Fair value losses recognised in profit and loss account	(51,406)	82,644
At 31 March	(51,102)	304

The Company uses forward foreign exchange contracts to minimise exposure to short-term foreign exchange risk associated with current assets denominated in foreign currencies. Such contracts, which have a maturity of less than one year, are derivative financial instruments for the purposes of these financial statements.

The fair value of such instruments has been calculated using market and non-market inputs to estimate expected discounted cash flows. These include the contracted exchange rates of individual contracts, and forward exchange rates determined by the issuers of those contracts.

The notional and fair value of the open derivative financial instruments at the reporting date were as follows:

	Notional value 2022	Notional value 2021	Fair value 2022 £	Fair value 2021 £
Euro denominated contracts	€770,000	€480,000	(7,953)	10,980
United States dollar denominated contracts	$2,230,000	$1,955,000	(43,149)	(10,676)
			(51,102)	304

Notes to the financial statements (continued)

For the year ended 31 March 2022

17 Deferred tax

	2022 £	2021 £
At 31 March	(117,129)	(62,238)
Movement during the year recognised in profit or loss	(18,544)	(53,502)
Adjustment in respect of prior year	-	(1,389)
At 31 March	(135,673)	(117,129)

Represented by:

Deferred tax (liability)/asset:

	2022 £	2021 £
Excess of depreciation over capital allowances	(197,977)	(173,089)
Defined contribution pension scheme	18,284	20,050
Share-based payments	44,020	35,910
	(135,673)	(117,129)

The net deferred tax asset expected to reverse during the forthcoming financial year is £18,284 (2021: £20,050). This primarily relates to the reversal of a pension scheme accrual.

18 Called up share capital

	2022 Number	2021 Number	2022 £	2021 £
Allotted, called up, issued and fully paid				
Ordinary shares of £1 each	500,000	500,000	500,000	500,000

The Company has one class of ordinary shares; each share carries one voting right per share but no right to fixed income.

19 Reserves

Capital contribution reserve
The capital contribution reserve represents the cumulative economic cost of granting options (see Note 1.11). This cost has been taken to profit or loss and reflected as a capital contribution made by the Company's parent.

Profit and loss account
The profit and loss account represents cumulative profits and losses arising from operations including foreign exchange gains and losses arising on translation of foreign operations.

Notes to the financial statements (continued)

For the year ended 31 March 2022

20 Share-based payments

The Company's parent grants options over shares to certain employees. Share options transactions during the year are summarised as follows:

	Number of B ordinary shares under option 2022	Weighted average exercise price 2022 £	Number of B ordinary shares under option 2021	Weighted average exercise price 2021 £
Outstanding at beginning of period	4,083	12.00	26,183	12.00
Granted during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Transferred to another Group entity in the period	-	-	(17,100)	12.00
Exercised during the period	-	-	(5,000)	12.00
Outstanding at the end of the period	4,083	12.00	4,083	12.00
Exercisable at the end of the period	4,083	12.00	4,083	12.00

The options outstanding at 31 March 2022 had a weighted average remaining contractual life of 3 years and 9 months (2021: of 4 years and 9 months).

	Number of D ordinary shares under option 2022	Weighted average exercise price 2022 £	Number of D ordinary shares under option 2021	Weighted average exercise price 2021 £
Outstanding at beginning of period	75,025	12.88	96,900	11.08
Granted during the period	-	-	23,250	15.00
Lapsed during the period	(2,000)	15.00	-	-
Transferred to another Group entity in the period	-	-	(33,000)	11.97
Exercised during the period	(39,150)	12.41	(12,125)	5.00
Outstanding at the end of the period	33,875	13.27	75,025	11.08
Exercisable at the end of the period	18,325	11.79	-	-

The options outstanding at 31 March 2022 had a weighted average remaining contractual life of 6 years and 1 month (2021: 7 years and 5 months).

All options vest within 1 to 7 years and are exercisable between 1 and 10 years from the date of grant.

The share-based payments expense represents the estimated fair value of the options at the time they are granted and is spread over their minimum vesting periods.

Notes to the financial statements (continued)

For the year ended 31 March 2022

20. Share-based payments (continued)

Fair value is calculated using a Black Scholes model using the following assumptions:

	Tranche 2	Tranche 1
Weighted average share price	£15	£15
Weighted average exercise price	£15	£15
Expected volatility	25%	25%
Expected life	12 months	1 – 7.5 years
Risk free rate	0.13%	1.08%

Expected volatility was determined by reference to the volatility of similar listed entities. The expected life in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The share-based payments expense recognised in the year was £21,276 (2021: £85,257). A further £22,750 (2021: £44,026) will be taken to profit or loss in future years.

21 Operating leases

The Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	Land and buildings 2022 £	Land and buildings 2021 £
Not later than one year	911,304	910,652
Later than one year not later than five years	3,455,217	3,455,170
Later than five years	5,464,856	6,327,728
Total	9,831,377	10,693,550

22 Related party transactions

The Company has taken advantage of the exemption conferred by Section 33 Related Party Transactions not to disclose transactions with wholly owned members of the group.

23 Ultimate controlling party

The Company's immediate and ultimate parent undertaking is BPL (Holdings) Limited.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by BPL (Holdings) Limited. Copies of the group financial statements are available on request from 52 Lime Street, London, EC3M 7AF.