

**RCHL Old Limited**  
**(Formerly known as Rural Insurance Group Limited)**

**Annual Report and Financial Statements**

**for the year ended 31 March 2020**



**Company Registration No. 2207611**

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**Officers and Advisers**

<b>Directors</b>	Mr T Smyth Mr L D Harvey Mr A C A Gribben
<b>Secretary</b>	Miss L Brophy
<b>Principal bankers</b>	Santander UK Corporate Bank 58/60 Briggate Leeds LS1 6AS
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
<b>Tax advisors</b>	Rawlinson & Hunter 6 New Street Square New Fetter Lane London EC4A 3AQ
<b>Registered office</b>	3.1 Carrwood Park Selby Road Swillington Common Leeds West Yorkshire LS15 4LG
<b>Company Registration number</b>	2207611

**Strategic Report for the year ended 31 March 2020****Principal activities**

The company's principal is that of an insurance underwriting agent. The principal trading assets of the Company were sold in February 2020, following which the Company is in run-off, however, it continues to manage those insurance policies not included in the aforementioned disposal that are still live. In February 2020, the Company changed its name from Rural Insurance Group Limited to RCHL Old Limited.

**Review of the business**

The results for the company as set out on page 10 shows a profit before taxation of £20,770,224 (2019: loss of £2,190,539) following a gain on disposal of £22,143,685, and operating loss of £1,543,722 (2019: loss of £2,228,533). Total equity of the company shows a surplus of £20,824,864 (2019: £1,200,625).

Turnover was £3,514,614 (2019: £3,106,137), with gross margin down on prior year due to the competitive new business market, this was offset by the lower commission rate adjustment required in 2020 compared to the prior year.

**Future outlook**

Following the sale of the principal trade during the year ended 31 March 2020, the company is in run off as an insurance underwriting agent, following which, it will facilitate the claims function operated by a third-party claim's handler.

**Going Concern**

Primary Group (UK) Limited, who is a related party and fellow subsidiary of Primary Group Holdings 1 Limited, has confirmed its commitment to maintain financial support, indicating its intention to support the company for at least the next twelve months from the approval of the financial statements by providing or procuring such finance as is necessary in order that the company is able to meet its obligations as and when they fall due. Accordingly, the directors believe that the preparation of the financial statements on the going concern basis is appropriate.

**Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by directors delegated with the appropriate responsibilities. Compliance with regulation, legal and ethical standards is a high priority for the company.

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home). At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

The Senior management team holds regular review meetings to review and report back to the Board on all risk related issues.

**Strategic Report for the year ended 31 March 2020 (continued)****Principal risks and uncertainties (continued)**

Principal risks arising from the competitive marketplace are:

- continued downward pressure on underwriting margins and a low interest rate environment;
- entrance of significant competitors in our core markets.
- current risk carriers terminate or significantly reduce capacity.
- changes to the regulatory environment.

**Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are amounts due from insurers and insurance intermediaries.

The company manages the levels of credit risk it accepts, and such risks are subject to regular review. Each account is closely monitored by the credit control function.

**Operational risk**

Operational risk is the risk of loss due to inadequate or failed internal processes, people, systems or from external events.

The company manages operational risk by having suitable processes and systems in place. Our risk management function looks to capture risk information in a robust and consistent manner.

**Regulatory and Conduct Risk**

In the ordinary course of business, these risks could lead to reputational damage, regulatory or legal censure, fines or prosecutions and other types of non-budgeted operational risk losses associated with our conduct and activities.

*Regulatory Risk*

We have no appetite for material and firm level risks resulting in reputational damage, regulatory or legal censure, fines or prosecutions and other types of non-budgeted operational risk losses associated with the Company's activities. We maintain a robust and appropriate internal control environment. On a monthly basis the emerging regulatory landscape including FCA and equivalent bodies' publications are reviewed and analysed. The business impact is summarised and shared with the senior team and where appropriate plans are drafted to drive the change required within legislation deadlines.

*Conduct Risk*

Conduct risk has been defined as risks arising from the Company's conduct in direct relationships with commercial customers, or indirect relationship with customers via Brokers or Claims Suppliers. This also includes Claims suppliers and Broker Schemes with Delegated Authority. Our code of conduct is "We will always aim to treat people with honesty and integrity, putting the interests of our customers first".

On a regular basis the following reports are considered and challenged from a customer perspective;

- Complaints Analysis is reported at the end of the previous month.
- The Conduct Risk Dashboard is updated Quarterly and reports on a number of agreed Conduct Risk areas.
- The Conduct Risk Framework is RAG rated on a monthly basis by the Senior Management Team.

**Strategic Report for the year ended 31 March 2020 (continued)****Financial Risk Management (continued)****Regulatory and Conduct Risk (continued)****Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due. The primary liquidity risk of the company is the obligation to pay insurers. All insurance related monies are held in non-statutory trust accounts for the sole benefit of the relevant insurers. Regular forecasts are performed to ensure that the company maintains an appropriate level of liquidity.

**Interest rate risk**

Interest rate risk arises primarily from borrowing from group companies. The company monitors interest rates on a monthly basis and reviews the materiality of the impact of any changes.

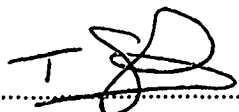
**Cyber Risk**

The risks and opportunities which digital technologies, devices and media bring us are manifest. Cyber risk is never a matter purely for the IT team, although they clearly play a vital role. An organisation's risk management function needs a thorough understanding of the constantly evolving risks as well as the practical tools and techniques available to address them.

**Key performance indicators**

Financial key performance indicators include turnover (2020: £3,514,614, 2019: £3,106,137) and operating loss before depreciation, amortisation and exceptional items (2020: £290,527, 2019: £334,523). Non-financial key performance indicators are focused on customer outcomes, conduct risk and operational effectiveness. These are monitored on a regular basis by management and form part of the monthly reporting cycle.

Approved by the Board and signed on its behalf by:

  
.....  
Mr T Smyth  
Director

Date: 26 MARCH 2021  
.....

**Directors' Report for the year ended 31 March 2020**

The directors present their report and the audited financial statements for the year ended 31 March 2020.

**Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 March 2020 (year ended 31 March 2019: £nil).

**Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Mr M P Smith	(Resigned 1 September 2020)
Mr L D Harvey	
Mr R Skingle	(Resigned 27 February 2020)
Mr T Smyth	
Mr A C Gribben	
Mr G M Coates	(Appointed 29 August 2019)
Mr D Cahoon	(Resigned 28 February 2020)

**Qualifying third-party indemnity provisions**

The directors are protected by an indemnity insurance provision as defined by Section 234 of the Companies Act 2006. The indemnity cover has been in place for the period covered by these financial statements and ongoing from the date of approval of the directors report.

**Employees**

The company's employees represent a wide variety of skills and abilities. The directors endeavour to provide training, safe and pleasant working conditions, good communication and teamwork, and a sense of pride and purpose that enables each individual to flourish. Recruitment and promotion is undertaken without prejudice to age, sex or race and, in particular, the company recognises the contribution which can be made by disabled employees and gives them consideration for employment equal to that of the able-bodied, taking account of job requirements and the practical accommodations which can be made.

**Statement of disclosure of information to auditors**

Each director at the date of approval of this report confirmed that there is no relevant audit information of which the company's auditors 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 auditors are aware of that information.

**Future Developments**

Future Developments are discussed in the strategic report on page 3.

**Financial Risk Management**

Financial risks are discussed in the strategic report on pages 4 and 5.

**Directors' Report for the year ended 31 March 2020 (continued)****Independent auditors**

The company has elected to dispense with the requirement to hold an Annual General Meeting and reappoint auditors annually. Accordingly, PricewaterhouseCoopers LLP, having indicated their willingness to do so, will continue as the company's auditors.

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

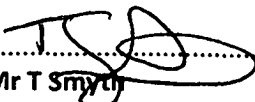
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The financial statements on pages 10 to 22 were approved by the Board and signed on its behalf by:

  
.....  
Mr T Smyth  
Director  
Date: 26 MARCH 2021  
.....



## ***Independent auditors' report to the members of RCHL Old Limited (Formerly known as Rural Insurance Group Limited)***

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

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#### **Opinion**

In our opinion, RCHL Old Limited (Formerly known as Rural Insurance Group Limited)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report for the year ended 31 March 2020, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report for the year ended 31 March 2020.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

#### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Sean Forster (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 March 2021

**Statement of Comprehensive Income for the year ended 31 March 2020**

	Note	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Turnover	4	3,514,614	3,106,137
Administrative expenses		(5,058,336)	(5,334,670)
<b>Operating loss</b>	5	<b>(1,543,722)</b>	<b>(2,228,533)</b>
Interest receivable and similar income	7	196,881	37,994
Interest payable and similar expenses	8	(26,620)	-
<b>Loss on ordinary activities</b>		<b>(1,373,461)</b>	<b>(2,190,539)</b>
Gain on Disposal	17	22,143,685	-
<b>Profit/(loss) before taxation</b>		<b>20,770,224</b>	<b>(2,190,539)</b>
Tax on profit/(loss)	9	(1,145,985)	407,020
<b>Profit/(loss) for the financial year</b>		<b>19,624,239</b>	<b>(1,783,519)</b>

The notes to the financial statements on pages 13 to 22 form an integral part of these financial statements.

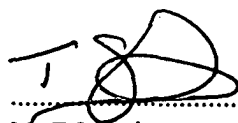
The company has no comprehensive income other than those included in the results above, and therefore no separate statement of total comprehensive income has been presented.

## Statement of Financial Position as at 31 March 2020

	Note	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Fixed assets			
Intangible assets	10	-	928,765
Tangible assets	11	<u>15,497</u>	<u>130,303</u>
		<u>15,497</u>	<u>1,059,068</u>
Current assets			
Debtors	12	24,446,442	4,901,016
Cash at bank and in hand	13	<u>31,413</u>	<u>347,154</u>
		<u>24,477,855</u>	<u>5,248,170</u>
Creditors: amounts falling due within one year	14	<u>(3,644,067)</u>	<u>(5,074,403)</u>
Net current assets		<u>20,833,788</u>	<u>173,767</u>
Total assets less current liabilities		<u>20,849,285</u>	<u>1,232,835</u>
Creditors: amounts falling due after more than one year	15	<u>(24,421)</u>	<u>(32,210)</u>
Net assets		<u>20,824,864</u>	<u>1,200,625</u>
Capital and reserves			
Called up share capital	21	1,141,000	1,141,000
Retained Earnings		<u>19,683,864</u>	<u>59,625</u>
Total shareholders' funds		<u>20,824,864</u>	<u>1,200,625</u>

The notes to the financial statements on pages 13 to 22 form an integral part of these financial statements.

The financial statements on pages 10 to 22 were authorised for issue by the Board of Directors on 26 March 2021 and were signed on its behalf by:



Mr T Smyth  
Director

RCHL Old Limited (formerly known as Rural Insurance Group Limited)  
Company registration number: 2207611

**Statement of Changes in Equity for the year ended 31 March 2020**

	<b>Called up share capital £</b>	<b>Retained Earnings £</b>	<b>Total Equity £</b>
Balance as at 1 April 2018	<u>1,000</u>	<u>1,843,144</u>	<u>1,844,144</u>
Loss for the Financial Year	-	(1,783,519)	(1,783,519)
Total comprehensive expense for the year	-	(1,783,519)	(1,783,519)
Share Issue	1,140,000	-	1,140,000
Balance as at 31 March 2019	<u>1,141,000</u>	<u>59,625</u>	<u>1,200,625</u>
Balance as at 1 April 2019	<u>1,141,000</u>	<u>59,625</u>	<u>1,200,625</u>
Profit for the Financial Year	-	19,624,239	19,624,239
Total comprehensive income for the year	-	19,624,239	19,624,239
Balance as at 31 March 2020	<u>1,141,000</u>	<u>19,683,864</u>	<u>20,824,864</u>

The notes to the financial statements on pages 13 to 22 form an integral part of these financial statements.

**Notes to the Financial Statements for the year ended 31 March 2020****1. General Information**

RCHL Old Limited formerly known as Rural Insurance Group Limited ("the Company") operates as an insurance underwriting agent in run off following the sale of trade in February 2020. The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 3.1 Carrwood Park, Selby Road, Swillington Common, Leeds, West Yorkshire, LS15 4LG.

**2. Statement of Compliance**

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

**3. Accounting policies**

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

**Going Concern**

Primary Group (UK) Limited, who is a related party and fellow subsidiary of Primary Group Holdings 1 Limited, has confirmed its commitment to maintain financial support, indicating its intention to support the company for at least the next twelve months from the approval of the financial statements by providing or procuring such finance as is necessary in order that the company is able to meet its obligations as and when they fall due. Accordingly, the directors believe that the preparation of the financial statements on the going concern basis is appropriate.

**Insurance Balances**

Insurance balances, being amounts receivable from policyholders in respect of net written premiums ("NWP") and payable to the insurer and insurance monies held in designated insurance money accounts are only recognised to the extent that the company retains the risks and rewards of ownership. Following consideration by management, amounts receivable from the policy holder in respect of net written premiums ('NWP') and payable to the insurer are not included as an asset or liability as they do not meet the criteria for recognition of a financial asset or liability. In addition insurance monies held in designated insurance money accounts are not recognised on the balance sheet as the company is not legally entitled to these funds.

**Turnover**

The company generates revenue principally from commissions and fees associated with operating as an insurance underwriting agent. Revenues from brokerage, commissions and fees from insurance intermediary businesses are recognised when the policy is inception.

**Depreciation & Amortisation**

Fixed assets are written off on a straight-line basis over their estimated useful lives being 4 years or for leasehold improvements; period of the lease.

**Notes to the Financial Statements for the year ended 31 March 2020 (continued)****3. Accounting policies (continued)****Operating Leases**

Rentals payable under operating leases, which are those in which a significant proportion of the risks and rewards of ownership are retained by the lessor, are charged on a straight-line basis over the term of the lease.

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over the shorter of their useful lives and the lease term. The capital elements of the related lease obligations are included in the liabilities. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease.

**Taxation**

Taxation for the period comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

- (i) **Current Tax**  
Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.
- (ii) **Deferred Tax**  
Deferred tax is recognized on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**Liabilities for provisions and charges**

Provisions have been made for commission rate adjustments where the contract stipulates a loss corridor. These provisions have now been agreed and incurred on legislative and contractual requirements.

**Pensions**

The company operates non-contributory defined contribution grouped personal pension plans covering the majority of permanent employees where subsidiaries have elected to participate. The assets of the plans are held separately from those of the group in independently administered funds for individual members of staff. The plans are funded by contributions that are charged to the profit and loss account as incurred in accordance with the employment contract of each director or employee.

**Notes to the Financial Statements for the year ended 31 March 2020 (continued)****3. Accounting policies (continued)****Exemptions for qualifying entities under FRS 102**

RCHL Old Limited's accounts are consolidated into RCHL Group Limited's financial statements (being the parent company of the Group). Those consolidated accounts can be obtained from 3.1 Carrwood Park, Selby Road, Leeds, LS15 4LG. FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, required under FRS 102 paragraph 3.17(d) on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the parent company RCHL Group Limited, includes the Company's cash flows;
- (ii) from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited, under FRS 102 paragraph 33.1(a);

**4. Turnover**

All turnover and profit before taxation is derived from the company's principal activities of an underwriting agency carried on in the UK.

**5. Operating loss**

The operating loss is stated after charging:

	31 March 2020 £	31 March 2019 £
Fees payable to group undertaking	2,258,668	1,248,407
Audit	26,985	25,363
Tax fees	15,327	10,425
Amortisation & Depreciation of owned assets	548,725	660,272
Operating lease payment - land & buildings	<u>101,475</u>	<u>101,475</u>



**Notes to the Financial Statements for the year ended 31 March 2020 (continued)****6. Information regarding directors and employees**

Emoluments for the directors were paid by the company and other Companies in the group for the year as follows:

	31 March 2020	31 March 2019
	£	£
Emoluments	293,985	272,814
Contributions to money purchase schemes	14,552	15,338
<b>Total emoluments</b>	<b>308,537</b>	<b>288,152</b>

Employee costs for the Company were as follows:

	31 March 2020	31 March 2019
	£	£
Wages and salaries	1,361,039	2,296,759
Social security costs	137,259	238,419
Other pension costs	59,051	142,478
<b>Total</b>	<b>1,557,349</b>	<b>2,677,656</b>

The average monthly number of people employed by the company (including directors) during the year was as follows:

	31 March 2020	31 March 2019
	No.	No.
<b>Average monthly employees</b>	<b>58</b>	<b>63</b>

**7. Interest receivable and similar income**

	31 March 2020	31 March 2019
	£	£
Loan interest receivable	158,183	35,542
Other interest receivable	38,698	2,452
<b>Total</b>	<b>196,881</b>	<b>37,994</b>

**8. Interest payable and similar expenses**

	31 March 2020	31 March 2019
	£	£
Other interest payable	26,620	-
<b>Total</b>	<b>26,620</b>	<b>-</b>

## Notes to the Financial Statements for the year ended 31 March 2020 (continued)

## 9. Tax on profit/(loss)

## (a) Analysis of current year tax charge/(credit)

	31 March 2020 £	31 March 2019 £
Current tax:		
Based on the profit/(loss) for the year at 19% (2019: 19%)		
Group relief and similar payments	520,245	-
Adjustment to tax in respect of prior periods	-	(353)
Current tax charge/(credit) for the year	520,245	(353)
Deferred tax:		
Deferred tax charge/(credit) for the year (Note 9d)	688,222	(454,849)
Adjustments in respect of previous years (Note 9d)	11,565	303
Adjustments due to change in tax rate (Note 9d)	(74,047)	47,879
Total tax charge/(credit) for the year (Note 9b)	1,145,985	(407,020)

## (b) Factors affecting current tax charge/(credit) for the year:

The tax assessed for the period differs (2019: differs) from the standard rate of corporation tax in the UK at 19% (2019 – 19%). The differences are reconciled below:

	31 March 2020 £	31 March 2019 £
Profit/(Loss) before taxation	20,770,225	(2,190,539)
Profit/(Loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	3,946,343	(416,202)
Effects of:		
Permanent Differences	(2,737,876)	(38,647)
Adjustments to tax in respect of prior periods – group relief	-	(353)
Adjustment to tax in respect of prior periods – deferred tax	11,565	303
Remeasurement of deferred tax – change in UK tax rate	(74,047)	47,879
Total tax charge/(credit) for the year (Note 8a)	1,145,985	(407,020)

## (c) Tax rate change

Financial Act 2016 reduced the main rate to 17% from 1 April 2020. A repeal of the reduction to 17% was substantively enacted through the Budget resolution passed on 17 March 2020.

The deferred tax assets and liabilities reflect the above substantively enacted rates as at the balance sheet date.

**Notes to the Financial Statements for the year ended 31 March 2020 (continued)****9. Tax on profit/(loss) (continued)****(d) Deferred tax asset**

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	-	108,252
Carried forward tax losses	-	517,488
Undiscounted deferred tax asset	<u>-</u>	<u>625,740</u>
	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£</b>	<b>£</b>
Deferred tax asset at the start of the year	625,740	219,073
Deferred tax credit in profit and loss account for the year (Note 8a)	(688,222)	454,849
Prior year adjustment	(11,565)	(303)
Rate change impact	74,047	(47,879)
Deferred tax asset at the end of the year (Note 9a)	<u>-</u>	<u>625,740</u>

Deferred tax is calculated on temporary differences under the liability method using the rate of 19% (2019: 17%).

Deferred tax assets have been recognised to the extent that they are deemed more likely than not to be recovered, based on forecasts of future taxable profits, resulting in an asset of £0 (2019: £625,740) recognised at 19% in relation to depreciation in excess of capital allowances and carried forward tax losses.

£2,688,081 of the Permanent Differences is attributable to utilisation of tax capital losses claimed from other group companies for nil payment.

## Notes to the Financial Statements for the year ended 31 March 2020 (continued)

## 10. Intangible assets

	Software £	Total £
<b>Cost</b>		
As at 1 April 2019	1,999,772	1,999,772
Additions	5,000	5,000
Disposal on sale of trading assets	(2,004,772)	(2,004,772)
<b>As at 31 March 2020</b>	<u>-</u>	<u>-</u>
<b>Accumulated amortisation</b>		
As at 1 April 2019	1,071,007	1,071,007
Charge for the year	435,804	435,804
Depreciation on disposal on sale of trading assets	(1,506,811)	(1,506,811)
<b>As at 31 March 2020</b>	<u>-</u>	<u>-</u>
<b>Net book value</b>		
As at 31 March 2019	928,765	928,765
<b>As at 31 March 2020</b>	<u>-</u>	<u>-</u>

## 11. Tangible assets

	Computer Equipment & Fixtures £	Total £
<b>Cost</b>		
As at 1 April 2019	785,965	785,965
Additions	-	-
Disposals	(25,899)	(25,899)
<b>As at 31 March 2020</b>	<u>760,066</u>	<u>760,066</u>
<b>Accumulated depreciation</b>		
As at 1 April 2019	655,662	655,662
Charge for the year	112,922	112,922
Depreciation on disposal	(24,015)	(24,015)
<b>As at 31 March 2020</b>	<u>744,569</u>	<u>744,569</u>
<b>Net book value</b>		
As at 31 March 2019	130,303	130,303
<b>As at 31 March 2020</b>	<u>15,497</u>	<u>15,497</u>

**Notes to the Financial Statements for the year ended 31 March 2020 (continued)****12. Debtors**

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£</b>	<b>£</b>
Insurance Debtors	<b>48,183</b>	405,498
Amounts owed by group undertakings	<b>24,398,259</b>	3,777,563
Deferred tax asset (Note 8 (d))	-	625,740
Prepayments and accrued income	-	92,215
	<b><u>24,446,442</u></b>	<b><u>4,901,016</u></b>

The insurance debtors amount noted above is after the FRS 102 de-recognition of financial assets and liabilities and represents that amount of commission income outstanding.

**13. Cash at bank and in hand**

The cash at bank and in hand balance of £31,413 (2019: £347,154), represents an amount of commission income collected and office account cash.

£2,978,476 (2019: £3,185,403) is held in designated underwriter accounts under risk transfer agreements with the relevant insurers and the cash legally cannot be used for any other purpose than settlement of claims to policy holders, pay premiums to underwriters and commissions and other income to group undertakings. These balances have not been recognised on the Statement of Financial Position in full due to their nature as they do not meet the criteria for recognition of a financial asset under FRS 102.

**14. Creditors: amounts falling due within one year**

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>85,708</b>	165,717
Finance Lease	<b>13,023</b>	38,161
Provisions	<b>2,651,230</b>	4,253,654
Other creditors	<b>240,002</b>	271,586
Accruals and deferred income	<b>654,104</b>	345,285
	<b><u>3,644,067</u></b>	<b><u>5,074,403</u></b>

Included within Provisions is £2,505,072 (2019: £4,253,654) represent commission rate adjustments where the contract stipulates a loss corridor. These provisions have now been agreed and incurred on legislative and contractual requirements.

## Notes to the Financial Statements for the year ended 31 March 2020 (continued)

### 15. Creditors: amounts falling due after more than one year

	31 March 2020 £	31 March 2019 £
Finance lease	<u>24,421</u>	<u>32,210</u>
	<u>24,421</u>	<u>32,210</u>

### 16. Finance lease

Future minimum payments under finance leases are as follows:

	31 March 2020 £	31 March 2019 £
Within one year	13,023	38,161
In more than one year, but not more than five years	<u>24,421</u>	<u>32,210</u>
Total gross payments	37,444	70,371
Less finance charges included above	<u>(3,903)</u>	<u>(6,468)</u>
	<u>33,541</u>	<u>63,903</u>

### 17. Sale of Trading assets

On 28 February 2020, RCHL Old Limited entered into an Asset Purchase Agreement and sold the trading assets of the company. These assets include Goodwill, the tangible assets, the Business name (being Rural Insurance Group Limited), the business Information, the IT system, and the benefits of the Contracts.

The gain on sale of the assets has been recognised in the Statement of Comprehensive Income. The table below breaks down the various elements of the sale.

	31 March 2020 £
Cash Consideration	23,500,000
<b>Net assets disposed</b>	
Tangible Assets	1,884
Intangible Assets	497,961
Expenses incurred on sale	<u>856,470</u>
	<u>1,356,315</u>
Pre-tax gain on sale	22,143,685
Tax on sale	<u>1,206,170</u>
Gain on sale	<u>20,937,515</u>

The Tax on sale includes payments for Group Relief and utilisation of recognised Deferred Tax Asset.

**Notes to the Financial Statements for the year ended 31 March 2020 (continued)****18. Pension commitments**

The group operates non-contributory defined contribution grouped personal pension plans. The assets of the plans are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the company to the plans and the amount contributed during the year to 31 March 2020 was £89,051 (2019: £142,478).

**19. Commitments under operating leases**

As at 31 March the company had annual land and buildings operating lease commitments as follows:

	31 March 2020 £	31 March 2019 £
Operating leases which expire;		
In less than 1 year	25,369	101,475
Between 2 - 5 years	-	405,900
Later than 5 years	-	143,756
	<u>25,369</u>	<u>651,131</u>

Following the sale of the trading assets the company exited The Hamlet on 30 June 2020.

**20. Related party disclosures**

As permitted under FRS 102, paragraph 33.1A, transactions between group companies which are wholly owned have not been disclosed.

**21. Called up share capital**

	2020 £	2019 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>1,141,000</u>	<u>1,141,000</u>

**22. Ultimate parent undertaking**

The immediate parent undertaking is PBS Holdings Limited. RCHL Group Limited is the largest group of undertakings to consolidate these financial statements. The registered address of RCHL Group Limited is 3.1 Carrwood Park, Selby Road, Swillington Common, Leeds, LS15 4LG.

The ultimate holding company at the date on which the financial statements were approved was Primary Group Holdings 1 Limited, a company incorporated in Bermuda.

In the opinion of the directors, at the date on which the financial statements were approved, the ultimate controlling party is Mr PWH James.