

BRIT GROUP SERVICES LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL  
STATEMENTS

31 DECEMBER 2021



Registered Number: 02245562

# **BRIT GROUP SERVICES LIMITED**

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# **BRIT GROUP SERVICES LIMITED**

## **Company Information**

### **Directors**

M Allan (resigned on 14 February 2022)  
L Denny  
A E Usher  
G Wilkinson (appointed on 28 January 2022)

### **Secretary**

Brit Corporate Secretaries Limited

### **Registered Office**

The Leadenhall Building  
122 Leadenhall Street  
London  
England  
EC3V 4AB

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditor  
7 More London Riverside  
London  
SE1 2RT

# **BRIT GROUP SERVICES LIMITED**

## **Strategic Report**

The Directors present their Strategic Report on the Company for the year ended 31 December 2021.

### **Business review**

During the year the Company continued to provide management services to the other companies in the Brit Limited Group. The ordinary activities of the Company were profit making, with an operating profit margin for the financial year of 10.4% (2020: negative 1.2%). The positive margin was primarily driven by a gain of £14.0m (2020: loss of £10.3m) recognised in 'Other income' (refer to Note 3) in respect of the change in market value of the Fairfax shares held on the statement of financial position. Overall, the Company recorded a profit after tax for the financial year of £15.9m (2020: £0.9m loss), which represents a return on equity of 28.7% compared to a (2.9)% return on equity recorded in 2020. The net assets of the Company increased from £31.3m as at 31 December 2020 to £55.5m as at 31 December 2021.

The Company is the principal employer within the Brit Limited Group. By considering the ratio of front office employees to back office employees, the group monitors the efficiency of its business model by comparing the number of office employees. The ratio for 2021 was 107.7% compared to 105.6% in 2020, reflecting activity in the year as the Company sought to enhance and expand front office functions to support the continued growth of the Brit Limited Group as Syndicate 1618 commenced its first year of underwriting operations in 2021.

In the opinion of the Directors, the state of affairs of the Company at the end of the year was satisfactory. The Directors do not envisage any changes to the current business model in 2022.

### **Principal risks and uncertainties**

The Company is responsible for substantial amounts of expenditure. It is therefore exposed to credit risk should its customers in the Brit Limited Group fail to meet their obligations to pay fees. The Company manages this risk by receiving payment of management fees from Brit Limited Group companies in advance where possible.

#### ***Coronavirus (COVID-19) outbreak***

The Coronavirus (Covid-19) pandemic originated in Hubei Province in China and has since spread across the globe. Governments have taken various actions to contain the pandemic, including social distancing measures, travel restrictions and lockdowns, resulting in the closure of certain businesses. Whilst 2021 has seen the relaxation of some measures, there continues to be heightened uncertainty compared to prior to the pandemic. COVID-19 has caused significant volatility in financial markets. Further outbreaks or variants may cause further financial market volatility in future.

Revenue is generated by the Company on a cost-plus basis and relates to services provided to other Brit Limited Group companies. While the Company has net current liabilities, it remains in an overall net asset position. In addition, as the principal service company of the Brit Limited Group it is supported with additional funding for operational purposes as required. As such, there are no concerns around future cash flows or liquidity of the Company.

The Company has managed the risks posed by the pandemic in line with the Brit Limited Group's Risk Management Framework. Management has focused on ensuring staff wellbeing, launching a number of initiatives following the introduction of mandatory working from home. Risk Management provided reports on the impact of the pandemic on the business throughout 2021 to the Board and Risk Committee. Covid-19 will continue to be an area of focus with the key risks going forward being further financial market volatility and uncertainty over the ultimate claims arising from Covid-19. The wellbeing of staff also remains a priority.

#### ***Russia-Ukraine conflict***

The Russia-Ukraine conflict arising from the Russian invasion of Ukraine is a cause for uncertainty. This uncertainty may have an impact on the operational costs of the Company attributable to the downstream effects of high inflation and commodity prices. At this time, it is too early to make any informed assessments or judgements on what effect, or effects, that this may have on the Company. The Company will continue to monitor developments closely.

### **Result**

The profit for the financial year is £15.9m (2020: £0.9m loss). No interim dividend was paid during the year. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: £nil).

# BRIT GROUP SERVICES LIMITED

## Strategic Report (continued)

### Staff engagement

We want to engage with our employees and invest in their future so that they do not just progress, but thrive – both professionally, and emotionally. By developing and retaining a highly skilled, engaged and motivated workforce, we can generate value for them, the Company and our other stakeholders.

During 2021, with our people working remotely for significant periods of the year, engagement has been more important than ever. As well as our usual engagement activities continuing in the virtual environment, a significant amount of additional engagement has taken place, focussing on staff wellbeing and the challenges we have all faced in 2021.

The Board principally engages with its workforce through its executive Directors. Brit believes in two-way communication between Directors, managers and all staff. It has a number of initiatives and processes designed to support and encourage this, including:

- An employee engagement survey, which takes place every two years across the Brit Limited Group. This is a key mechanism for assessing the views of our staff and leads to further engagement with them. The most recent engagement survey was held in late 2020. We had an excellent response rate of 89% and our overall engagement score increased by 7pps to 76%. In 2021, the Brit Limited Group Chief Executive Officer presented the results to the Board and all teams were taken through their results to allow them to formulate their team action plan. The next survey will take place in 2022.
- Executive Blogs – These blogs provide a useful medium through which the Executive Committee and other members of senior management can update employees on matters such as the Brit Limited Group's performance, initiatives and other developments, charitable activities and market conditions. All employees are encouraged to respond with a question or comment to help facilitate understanding and debate.
- Town Halls – In 2021 our regular Executive Committee updates were delivered using Teams Live, which allows interaction from both those present with the speaker and those dialling in from remote locations. All of our meeting rooms in the Leadenhall building allow for interactive Teams meetings to be broadcast in this way. These hybrid meetings have improved staff engagement, with over 70% joining live and more watching on Stream.
- Spotlight series – These in-depth interviews are circulated to all staff and are a way to highlight new initiatives and projects. Recent topics have included overviews on new innovations launched within Brit and mental health discussions with several colleagues.
- Team Meetings – At Brit, team meetings are encouraged both at a macro and micro level.
- Intranet – The Brit intranet site ('The Hub'), relaunched during 2020, provides a central point of information, news and announcements to support working lives at Brit and provide access to tools and systems essential to people performing their roles.
- Email announcements – Using an email marketing platform, key colleague messages are shared with employees in an engaging and digestible format. During 2021, when there were several periods of remote working, a weekly 'pulse survey' was distributed to help gauge the mental wellbeing of all the workforce.
- In October 2021, Brit held its fifth annual 'Celebrate the Difference week', which provided a focus on individuals being unique, and making everyone feel comfortable bringing their whole self to work. It concentrated on a variety of topics including managing menopause, living in the present, and dealing with bereavement. The various sessions, hosted by external specialists, were held virtually and were very well attended and well received.

Engagement with our staff allows us to assess the extent to which they are motivated. Such motivation contributes to the success of our organisation. Engagement also identifies areas we need to focus on to continue to develop staff motivation. High engagement results have a positive impact on our team performance and employee retention, our service quality (both internally and externally), and our overall business performance, ultimately benefitting all stakeholders.

# BRIT GROUP SERVICES LIMITED

## Strategic Report (continued)

### Stakeholder engagement

The Board recognises the importance of engaging with the Company's key stakeholders.

Why we engage	Form of engagement	Impact of engagement
<p><b>Member and the wider Brit Limited Group</b></p> <p>Brit Group Services Limited is owned by Brit Insurance Holdings Limited, and ultimately by Fairfax Financial Holdings Limited and OMERS Administration Corporation. Our aim is to provide long term sustainable value for our shareholder and the wider Brit Limited and Fairfax groups. Engagement ensures that our objectives are aligned and clearly understood.</p>	<p>Brit Group Services Limited shares a number of Directors with Brit Insurance Holdings Limited and Brit Limited, and the Brit Executive Committee has two representatives on the Board. There is also regular contact between Brit executives and senior management and those of our ultimate shareholders.</p>	<p>This engagement helps ensure that Brit Group Services Limited's strategy is aligned to and supported by our shareholder and the wider Brit Limited Group. Such engagement also presents us with opportunities and to collaborate with other members of the Fairfax Group.</p>
<p><b>Key suppliers</b></p> <p>Supply chain integrity is a critical part of our business, as we rely on a number of key suppliers of goods and services to help us meet the needs of our customers' and those of other stakeholders.</p> <p>On-going engagement with such suppliers helps us ensure that those needs are met and ensures that the standards set by those suppliers meet Brit's criteria.</p> <p>Such suppliers include providers of IT systems, claims management, professional services, facilities, and travel providers.</p>	<p>We determine the risk of the potential engagement by investigating the potential spend value, criticality of the services to be provided and personal information to be shared between parties.</p> <p>We have strong partnerships with a number of critical suppliers. These partnerships are fostered by a range of activities including ongoing dialogue and meetings at both executive and function owner level. We also engage with key suppliers in areas such as technical and product roadmaps, integration planning and disaster recovery.</p> <p>There is also a rigorous on-boarding process for new suppliers.</p>	<p>Such supplier engagement enables us to:</p> <ul style="list-style-type: none"> <li>• Provide a better service to and satisfy the needs of our customers and other stakeholders;</li> <li>• Enhance current operational processes, leading to better efficiencies and increased competitive advantage in the market place;</li> <li>• Comply with appropriate laws and regulations, by implementing suitable controls and measures;</li> <li>• Improve the company's technological resilience; and</li> <li>• Ensure the robustness and integrity of our suppliers, such as their compliance with the Modern Slavery Act 2015.</li> </ul>
<p><b>Trustee and members of the Brit Group Services Limited Defined Benefit Pension Scheme</b></p> <p>The Company, on behalf of the Brit Limited Group, operates a funded defined benefit pension scheme. Engagement with the scheme's corporate trustee ensures the objectives of the trustee and the Company mutually understood, and the interest of the scheme's members protected.</p>	<p>The Company engages with the scheme through the corporate trustee of the scheme, Brit Pension Trustee Limited. The Company is represented on the trustee board by two Company nominated trustee directors.</p>	<p>The impact of this engagement was seen in 2019 during the successful discussions to agree a funding strategy and contribution schedule for the scheme.</p>

# **BRIT GROUP SERVICES LIMITED**

## **Strategic Report (continued)**

### **Section 172(1) Statement**

#### ***Introduction***

As Directors, our key responsibility is to promote the success of the Company. This principle is the cornerstone of our discussions and our decision making. Each Director is cognisant that in discharging this key responsibility, they must have regard to matters set out in s172(1)(a-f) of the Companies' Act. The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company.

#### ***Our strategy***

The Board is responsible for a number of key strategic decisions and on-going performance monitoring. The Directors' assessment of long-term value creation considers the Company's resilience. They determine and monitor risk appetites and tolerances, and they ensure the Company has an effective risk management framework in place.

#### ***Board information***

The Board receives information on a range of relevant topics, and receives information on other areas as requested by the Directors from time to time.

#### ***Our policies and practices***

All relevant factors are appropriately addressed by the Board when considering matters reserved for it. It ensures that all relevant considerations to assist it discharge its responsibilities are embedded in the key operations of the business, in order to help promote the long-term success of the Company.

New key stakeholder relationships are identified through information received and considered by the Board on a regular basis, or through the Board's consideration and approval of substantial contracts and commitments.

#### ***Training***

To assist the Directors discharge their responsibilities, they are provided with on-going training and development opportunities. For the wider workforce who provide operational services under outsourcing arrangements with other Brit Limited Group companies, there is a comprehensive staff development program tailored to meet individual needs. Elements of this training are mandatory, with all staff required to successfully complete e-learning modules on key areas such as money laundering, bribery and corruption, data protection, fraud and cyber risk.

#### ***Our culture***

Building and maintaining the Company's reputation and its high standards of business conduct are essential to the future success of the Company. This is embedded in our culture. The wider workforce is subject to a 'Code of Conduct' setting out the standard we expect from all of our staff. This is regularly reviewed and updated, and compliance is attested to by each employee on an annual basis.

#### ***Our people***

Our people are key to our success. How we engage with them and how we invest in them is set out above.

#### ***Our stakeholders***

The Board recognises the importance of engaging with its broader stakeholder base. Key stakeholders are set out above, together with why and how we engage with them and the outcomes of that engagement.

# **BRIT GROUP SERVICES LIMITED**

## **Strategic Report (continued)**

### **Section 172(1) Statement (continued)**

#### ***Key decisions made by the Directors during the year***

- Approval of 2020 financial statements of Brit Group Services Limited.

On behalf of the Board



**A E Usher**  
Director  
07 July 2022



# **BRIT GROUP SERVICES LIMITED**

## **Directors' Report**

Registered Number: 02245562

The Directors present their report and audited financial statements for the year ended 31 December 2021.

### **Principal activities**

The Company provides management services to other companies in the Brit Limited Group.

### **Going concern**

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Result, dividend and future developments**

The profit for the financial year is £15.9m (2020: £0.9m loss). The net assets of the Company increased from £31.3m at 31 December 2020 to £55.5m at 31 December 2021.

No interim dividend was paid during the year (2020: nil). The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

The Directors do not envisage any changes to the current business model in 2022.

### **Directors**

The names of the Directors of the Company who held office during the financial year and up to the date of signing the financial statements, are listed on page 2 of this report.

### **Employee matters**

Brit is an equal opportunities employer. This means we will not unlawfully discriminate against any person on grounds of colour, religion or belief, race or ethnic origin, nationality or national origin, sex or sexual orientation, marital status, disability, age, pregnancy or maternity, or gender reassignment. We have established policies to ensure that there is no discrimination against applicants for a job or whilst in employment.

The Company is committed to ensuring equal opportunities in relation to job advertisements, recruitment and selection, assessment of work performance or conduct, disciplinary and grievance procedures, conditions of service, promotion and training, pay and benefits and termination of employment.

In the event of employees becoming disabled, every effort is made to ensure their employment with the Company continues and appropriate training arranged. So far as possible, the Company ensures that the training, career development and promotion of any disabled person is identical to that of a colleague who does not suffer from such a disability.

The Company maintains procedures by which all employees are systematically encouraged to express matters that may affect them and are provided with information on matters of concern.

The Employee Share Scheme, as well as other means provide an opportunity for staff involvement in the Company's performance.

### **Environmental responsibility**

The Brit Limited Group is committed to managing and reducing its environmental impact in a cost effective and responsible way. Further detail is available in Brit Limited's annual report and financial statements for the year ended 31 December 2021.

# BRIT GROUP SERVICES LIMITED

## Directors' Report (continued)

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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;
- state whether applicable UK 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 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.

### Statement of disclosure of information to the auditors

In accordance with the provisions of section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are; and
- Each Director has taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Political donations

The Company has not made any political donations during the year.

### Independent Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to have been reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

The review of the business, principal risks and uncertainties, stakeholder engagement information and subsequent events is not shown in the Directors' Report because it is shown in the Strategic Report instead under s414C(11) and Note 25.

On behalf of the Board



**A E Usher**  
Director  
07 July 2022

# **BRIT GROUP SERVICES LIMITED**

## **Independent auditors' report to the member of Brit Group Services Limited**

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

#### **Opinion**

In our opinion, Brit Group Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement, the Statement of Comprehensive Income, and 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.

#### **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.

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

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.

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.

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

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

#### **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.

## **BRIT GROUP SERVICES LIMITED**

### **Independent auditors' report to the member of Brit Group Services Limited (continued)**

#### **Reporting on other information (continued)**

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic Report and the Directors' Report**

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 year ended 31 December 2021 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 the Directors' Report.

#### **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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk of management override of controls and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with the Board and management, including confirming whether there are any known or suspected frauds or non-compliance with laws and regulations;
- assessment of matters reported on the whistleblowing helpline and the results of management's investigation of such matters;
- reviewing relevant meeting minutes including those of the Board;

## **BRIT GROUP SERVICES LIMITED**

### **Independent auditors' report to the member of Brit Group Services Limited (continued)**

#### **Auditors' responsibilities for the audit of the financial statements (continued)**

- testing and challenging, where appropriate, the assumptions and judgements made by management in their significant accounting estimates, for example, in relation to employee benefits, share-based payments and deferred tax;
- identification and testing of journal entries with potential indicators of fraud, particularly those posted by unexpected users or with unusual words, post close and backdated journal entries, and those with unexpected account combinations; and
- designing audit procedures to incorporate unpredictability around the nature, timing and extent of testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 member 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.

#### **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 obtained 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.



Paul Pannell (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
07 July 2022

## BRIT GROUP SERVICES LIMITED

### Income Statement

For the Year Ended 31 December 2021

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Turnover	2	169,618	129,993
Administrative expenses		(164,982)	(127,764)
Other operating income / (expense)	3	14,097	(6,175)
Foreign exchange (losses) / gains	5	(1,115)	2,424
Operating profit / (loss)	5	17,618	(1,522)
Interest receivable and similar income	6	1	15
Profit / (loss) before taxation		17,619	(1,507)
Tax on profit / (loss)	9(a)	(1,673)	604
Profit / (loss) for the financial year		15,946	(903)

The notes on pages 17 to 31 form part of these financial statements.

## BRIT GROUP SERVICES LIMITED

### Statement of Comprehensive Income For the Year Ended 31 December 2021

		Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
	Note		
Profit / (loss) for the financial year		15,946	(903)
Actuarial gains / (losses) on defined benefit pension scheme	10	12,140	(4,217)
Tax relating to actuarial gains / (losses) on defined benefit pension scheme	9(b)	(4,249)	1,489
Total comprehensive income / (loss) recognised in the year		23,837	(3,631)

The notes on pages 17 to 31 form part of these financial statements.

# BRIT GROUP SERVICES LIMITED

## Statement of Financial Position As at 31 December 2021

	Note	31 December 2021 £'000	31 December 2020 £'000
<b>Fixed Assets</b>			
Intangible assets	11	18,974	15,048
Tangible assets	12	10,332	10,657
Employee benefits	10	48,344	35,742
		<b>77,650</b>	<b>61,447</b>
<b>Current Assets</b>			
Debtors	14	64,198	34,577
Prepayments and accrued income		5,351	9,825
Cash at bank and in hand		13,798	6,730
		<b>83,347</b>	<b>51,132</b>
<b>Current Liabilities</b>			
Creditors: Amounts falling due within one year	15	(93,077)	(72,991)
Deferred tax	16	(10,056)	(6,080)
		<b>(103,133)</b>	<b>(79,071)</b>
<b>Net current liabilities</b>		<b>(19,786)</b>	<b>(27,939)</b>
<b>Total assets less current liabilities</b>		<b>57,864</b>	<b>33,508</b>
<b>Creditors: Amounts falling due after more than one year</b>	17	<b>(492)</b>	<b>(435)</b>
Other provisions	18	(1,831)	(1,791)
<b>Net assets</b>		<b>55,541</b>	<b>31,282</b>
<b>Capital and reserves</b>			
Called up share capital	19	700	700
Retained earnings		54,841	30,582
<b>Total shareholder's funds</b>		<b>55,541</b>	<b>31,282</b>

The notes on pages 17 to 31 form part of these financial statements.

The financial statements on pages 13 to 31 were approved by the Board of Directors on 07 July 2022 and signed on their behalf by:



**A E Usher**  
Director

Registered Number: 02245562



# BRIT GROUP SERVICES LIMITED

## Statement of Changes in Equity For the year ended 31 December 2021

	Note	Called up share capital £'000	Retained earnings £'000	Total shareholder's funds £'000
At 1 January 2021		700	30,582	31,282
Total comprehensive income recognised in the year		-	23,837	23,837
Reallocation of forfeited rollover shares to LTIP schemes	20	-	422	422
At 31 December 2021		700	54,841	55,541

  

	Note	Called up share capital £'000	Retained earnings £'000	Total shareholder's funds £'000
At 1 January 2020		700	34,213	34,913
Total comprehensive income recognised in the year		-	(3,631)	(3,631)
At 31 December 2020		700	30,582	31,282

The notes on pages 17 to 31 form part of these financial statements.

# **BRIT GROUP SERVICES LIMITED**

## **Notes to the Financial Statements**

For the year ended 31 December 2021

### **1. Accounting policies and critical accounting estimates and judgements**

#### **(a) Basis of preparation**

The financial statements have been prepared in accordance 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. The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets measured at fair value. The financial statements are presented in Sterling (GBP) and all values are rounded to the nearest £'000 except where otherwise indicated.

The Company is a private company, limited by shares and is incorporated in the United Kingdom. The address of its registered office is The Leadenhall Building, 122 Leadenhall Street, London, England, EC3V 4AB.

The financial statements for the year ended 31 December 2021 were approved for issue by the Board of Directors on 07 July 2022. 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.

#### **(b) Consolidated financial statements**

The financial statements present information relating to Brit Group Services Limited, not to the group of which it is the parent company. Brit Group Services Limited is exempt from preparing consolidated financial statements of the group, under Section 400 of the Companies Act 2006. Brit Limited, which is registered in the UK and is an intermediate holding company, has prepared Group financial statements which are publicly available.

#### **(c) Turnover**

Turnover consists of management fees which are recognised in the accounting period in which the services are rendered.

#### **(d) Expenses**

All expenses are accounted for on an accruals basis.

#### **(e) Foreign Currencies**

Transactions in foreign currencies other than Sterling, United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Unless otherwise stated, transactions in United States dollars, Canadian dollars and Euros are translated at the average rates of exchange for the period. Assets and liabilities in currencies other than Sterling are translated at the rate of exchange ruling at 31 December of each year. Exchange differences arising on translation are dealt with in the income statement.

#### **(f) Interest payable and receivable**

Interest payable and receivable are recognised using the effective interest rate method.

#### **(g) Current taxation and deferred taxation**

##### **(i) Current Taxation**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### **(ii) Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more tax.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

# BRIT GROUP SERVICES LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 1. Accounting policies and critical accounting estimates and judgements (continued)

#### (g) Current taxation and deferred taxation (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### (i) Intangible fixed assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use. Internal development costs that are directly associated with the production of identifiable and unique software products controlled by the Company are also capitalised where the cost can be measured reliably, the Company intends to and has adequate resources to complete development and the computer software will generate future economic benefits. All computer software costs are finite life assets and amortised on a straight-line basis over their expected useful lives, not exceeding a period of five years.

#### (j) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Depreciation is calculated so as to write-off the cost over their estimated useful economic lives on a straight-line basis as follows:

- |  |              |
|--|--------------|
| • Office refurbishment costs, office machinery, furniture and equipment          | 5 - 15 years |
| • Computers, servers, data storage devices, networks and other IT infrastructure | 3 - 5 years  |

#### (k) Post-retirement employee benefits

The Company operates a defined contribution group personal pension plan and makes payments into a number of personal money purchase pension plans. Contributions in respect of these schemes are charged to the income statement in the period to which they relate.

The Company also operates a defined benefit pension scheme. The asset recognised in the statement of financial position in respect of the defined benefit scheme is the fair value of the scheme assets less the present value of the defined benefit obligation which is determined by discounting the estimated future cash outflows. The discount rate is based on market yields at the reporting date of high-quality corporate bonds that have terms to maturity which approximate to those of the related pensions liability.

An asset is recognised only to the extent that it is considered available in the form of future refunds from the plan, taking into consideration any minimum funding requirements that apply to the plan. Actuarial gains and losses are recognised immediately through other comprehensive income. The Company determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

Past service costs arising in the period are recognised immediately as an expense at the earlier of the date when the plan amendment or curtailment occurs and the date when the Company recognises related restructuring costs or termination benefits.

#### (l) Financial assets and financial liabilities

##### (i) Financial assets

Basic financial assets are initially recognised at transaction price. Basic financial assets include current and long-term loans to group undertakings, other debtors and cash at bank and in hand balances. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

# BRIT GROUP SERVICES LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 1. Accounting policies and critical accounting estimates and judgements (continued)

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### (ii) Financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Some financial liabilities are measured at fair value. Fair value is normally determined by reference to the fair value of the proceeds received. Any difference between the initial carrying amount and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest rate method.

#### (m) Provisions

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made at the date of the statement of financial position. Provisions are discounted for the time value of money where the effect of this is material.

#### (n) Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to enter into an operating lease are similarly spread on a straight-line basis over the lease term.

Where a building held under an operating lease is no longer employed by the Company, a provision is set up equal to the net amount of future rent payments to the expiry of the lease less any future rent receipts expected to be received from subleasing the building.

#### (o) Share-based payments

The fair value of equity instruments granted under share-based payment plans are recognised as an expense and spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards made at the grant date.

At the date of each statement of financial position, the Company revises its estimate of the number of equity instruments that are expected to become exercisable and it recognises the impact of the revision of original estimates, if any, in the income statement. Where the awards have been granted by a parent company and are therefore treated as equity settled a corresponding adjustment is made to equity over the remaining vesting period.

Where the awards have been granted by the Company and are therefore treated as cash-settled, a liability is provided for settlement of the awards. The corresponding adjustment arising on a revision of the original estimate is made to that liability. In addition, the fair value of the award and ultimate expense are adjusted on a change in the market share price of the underlying shares or at the valuation date.

#### (p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

## BRIT GROUP SERVICES LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2021

#### 1. Accounting policies and critical accounting estimates and judgements (continued)

##### (q) Critical accounting estimates and judgement

The amounts recognised in the financial statements in respect of the defined benefit pension plan are determined using actuarial valuations, which involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, inflation, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

All assumptions are reviewed at each reporting date. The carrying amount of the pension asset at the date of the statement of financial position was £48.3m (2020: £35.7m). For further information, refer to Note 10.

In addition, the measurement of the deferred tax liability recognised in respect of the pension asset is based on an assumption about how the surplus on the pension scheme will be realised. For further information, refer to Notes 9(b) and 10.

#### 2. Turnover

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Management fees	169,618	129,993

#### 3. Other operating income / (expense)

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Other income	133	4,086
Change in market value of Fairfax shares	13,964	(10,261)
	14,097	(6,175)

#### 4. Auditors' remuneration

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Fees payable to the Company's auditors and its associates for the audit of the financial statements	29	29

# BRIT GROUP SERVICES LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 5. Operating profit / (loss)

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
This is arrived at after charging / (crediting):-		
Depreciation of tangible assets (Note 12)	1,462	1,622
Amortisation of intangible assets (Note 11)	4,996	4,924
Leasehold property rents	3,716	4,061
Auditors' remuneration (Note 4)	29	29
Foreign exchange losses / (gains)	1,115	(2,424)

### 6. Interest receivable and similar income

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Interest receivable	1	15

### 7. Staff costs

(a) The average number, on a monthly basis, of persons employed in the activities of the Company and syndicates managed by another Brit Limited Group company during the year, including Directors, was as follows:

	Year ended 31 December 2021 No.	Year ended 31 December 2020 No.
<b>Front office staff</b>		
Underwriters	126	123
Claims staff	63	65
Other underwriting and direct support staff	134	97
Total front office staff	323	285
<b>Back office staff</b>		
Management	104	90
Administration	196	180
Total back office staff	300	270
<b>Total staff</b>	623	555

(b) Their aggregate employment costs were:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	85,209	55,812
Social security costs	10,949	7,022
Other pension costs	5,012	3,858
	101,170	66,692

# BRIT GROUP SERVICES LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 8. Directors' remuneration

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Aggregate remuneration	1,004	2,002
Aggregate contributions to money purchase pension schemes	4	10
<b>Total</b>	<b>1,008</b>	<b>2,012</b>

The Directors' remuneration disclosed above includes the following amounts paid to the highest paid director:

Aggregate remuneration	723	1,096
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	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
Number of Directors with benefits accruing under money purchase pension schemes	1	1
Number of Directors in respect of whose qualifying services, shares were received or receivable under long term incentive schemes	3	2

Shares were received or receivable by the highest paid Director in respect of qualifying services under a long-term incentive scheme during both 2020 and 2021.

### 9. Taxation

#### (a) Tax on profit / (loss)

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax:		
UK corporation tax at 19.0% (2020: 19.0%)	(1,472)	(1,226)
Adjustments in respect of prior years	(474)	(230)
<b>Total current tax charge</b>	<b>(1,946)</b>	<b>(1,456)</b>
Deferred tax:		
Origination and reversal of timing differences	(1,935)	1,282
Effect of future tax rate changes	1,570	397
Adjustments in respect of prior years	638	381
<b>Total deferred tax credit</b>	<b>273</b>	<b>2,060</b>
<b>Tax (charge) / credit on profit / (loss) (Note 9 (c))</b>	<b>(1,673)</b>	<b>604</b>

# BRIT GROUP SERVICES LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 9. Taxation (continued)

#### (b) Tax (charged) / credited to other comprehensive income

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Deferred tax (charge) / credit on actuarial gains or losses on defined benefit pension scheme	(4,249)	1,489

#### (c) Tax reconciliation

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit / (loss) before taxation	17,619	(1,507)
Profit / (loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	(3,348)	286
Effects of:		
Permanent differences	(59)	(230)
Adjustments in respect of prior years	164	151
Change in tax rate	1,570	397
Total tax (charged) / credited to the income statement (Note 9 (a))	(1,673)	604

#### (d) Effect of post balance sheet rate changes

The main rate of UK corporation tax will increase to 25% from 1 April 2023 under Finance Act 2021 which was substantively enacted on 24 May 2021. The rate of 25% has been used in the calculation of the UK's deferred tax assets and liabilities as at 31 December 2021, with the exception of the deferred tax liability in respect of the pension scheme which is calculated at 35%.

### 10. Employee benefits

The Company has the following pension schemes in operation:

#### (i) Brit Group Services Limited – funded defined benefit pension scheme

The Company, on behalf of the Brit Limited Group, operates a funded defined benefit pension scheme providing pensions benefits to its members. The scheme closed to new entrants on 4 October 2001 and closed to future accrual of benefits on 31 December 2011. All active members of the defined benefit scheme joined the defined contribution plan for future service. Following closure to future accrual, benefits now increase broadly in line with inflation. The weighted average duration to payment of the scheme's expected cash flows is 16 years (2020: 17 years).

The scheme is approved by HMRC for tax purposes. The scheme is operated from a separate trust, which has assets which are held separately from the Brit Limited Group. The trust is managed by an independent Trustee. The Trustee is responsible for payment of the benefits and management of the scheme's assets. The scheme is subject to UK regulations overseen by the Pensions Regulator, which require the Brit Limited Group and Trustee to agree a funding strategy and contribution schedule for the scheme every three years. The most recent triennial review of the scheme was undertaken as at 31 July 2018 and identified a funding surplus of £9.5m. The scheme is currently undergoing a new valuation.

Following the 2018 valuation, the Brit Limited Group agreed to continue to pay contributions of £2.0m per year until 31 July 2024. These contributions are now paid into a designated Brit Group Services Limited bank account over which the scheme has a charge. These contributions are payable by Brit Group Services Limited and backed-up by cross-company guarantees from Brit Insurance Holdings Limited.



## BRIT GROUP SERVICES LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2021

#### 10. Employee benefits (continued)

If there is a shortfall against the funding target, then the Company and Trustee will agree on deficit contributions to meet this deficit over a period. There is a risk to the Company that adverse experience could lead to a requirement for the Company to make additional contributions in excess of those above to recover any deficit that arises.

The amount included in the statement of financial position arising from the Company's obligations in respect of the scheme is as follows:

#### Net amount recognised in the statement of financial position for the scheme:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Present value of defined benefit obligation	(149,524)	(162,537)
Fair value of scheme assets	197,868	198,279
Net pension asset	48,344	35,742

The measurement of the net pension asset is impacted by a number of factors, including the actuarial assumptions used and the contributions paid to the scheme by the Brit Limited Group.

#### Changes in net assets recognised in the statement of financial position:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Opening balance sheet asset	35,742	39,163
Credit to the income statement	462	796
Amounts recognised outside income statement	12,140	(4,217)
Closing balance sheet asset	48,344	35,742

A net pension asset is recognised on the statement of financial position as there is an unconditional right of the company to be refunded the surplus in the scheme. The company expects this asset to be available as a refund as sponsoring employer. Deferred tax related to the net pension asset is therefore measured at 35% being the tax rate applied in respect of any surplus payments made from a UK pension scheme under UK legislation, and is presented within the deferred tax line of the statement of financial position.

#### Net credit recognised in the income statement:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Net interest on net defined benefit asset	462	826
Past service cost	-	(30)
Net credit	462	796

The past service cost of £nil (2020: £30k) is an estimate for the cost of removing GMP inequalities from past transfer values following the further Lloyds Bank judgement on GMP equalisation on 20 November 2020.

This credit has been recognised in the 'administrative expenses' line of the income statement. Contributions to the Brit Limited Group's defined contribution pension arrangements are in addition to those set out in this note and are charged directly to the income statement.

## BRIT GROUP SERVICES LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2021

#### 10. Employee benefits (continued)

The allocation of the scheme's assets was as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Equities	8,804	9,710
Liability Driven Investment Funds	130,072	128,490
Other debt securities	53,990	52,701
Cash and net current assets	3,873	5,623
Other scheme assets	1,129	1,755
Fair value of scheme assets	197,868	198,279

All scheme assets have quoted prices in active markets. The scheme does not invest directly in property occupied by the Brit Limited Group or in financial securities issued by the Brit Limited Group.

#### Investment strategy:

The Trustee determines the scheme's investment strategy after taking appropriate advice from their investment consultants. The management of the assets is delegated to Ruffer LLP and Insight Investments. The Trustee's investment objectives are to ensure that the scheme has adequate resources to meet the members' entitlements under the Trust Deed and Rules as they fall due, and thereafter to minimise long-term costs of the Scheme by maximising the return on the assets. Investment risk is managed by investing in low risk assets which are expected to move in a similar way to the benefits. The assets include LDI which aims to match a significant part of the scheme's inflation-linked benefits and therefore help to reduce the Brit Limited Group's exposure to interest and inflation risks.

Movements in the present value of the defined benefit obligation were as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Opening defined benefit obligation	162,537	145,943
Interest cost	2,062	3,013
Past service cost	-	30
Actuarial (gains) / losses	(9,694)	19,838
Benefits paid	(5,381)	(6,287)
Closing defined benefit obligation	149,524	162,537

Movements in the fair value of the scheme assets were as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Opening fair value of the scheme assets	198,279	185,106
Interest income	2,524	3,839
Actual return excluding interest income	2,446	15,621
Benefits paid	(5,381)	(6,287)
Closing fair value of scheme assets	197,868	198,279

The gain on plan assets over the year was £5.0m (2020: £19.5m gain).

## BRIT GROUP SERVICES LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2021

#### 10. Employee benefits (continued)

The actuarial assumptions at the year-end were:

	31 December 2021 % per annum	31 December 2020 % per annum
Retail Prices Index (RPI) inflation	3.4	3.1
Consumer Prices Index (CPI) inflation	2.6	2.2
Discount rate	1.9	1.3
Pension increases in payment	3.3	3.0
Life expectancy of a pensioner aged 60 at the balance sheet date:		
Male	27.9 years	27.8 years
Female	30.6 years	30.0 years
Life expectancy of a member retiring at age 60 in 20 years' time:		
Male	29.4 years	29.4 years
Female	32.0 years	31.5 years

The assumptions used to determine end-of-year benefit obligations are also used to calculate the following year's cost.

#### (ii) Brit Group Services Limited - Defined Contribution Group Personal Pension Plan

From 5 October 2001, Brit Group Services Limited has operated a defined contribution group personal pension plan. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by Brit Group Services Limited to the fund and amounted to £5,444k (2020: £4,753k). These costs have been included within 'administrative expenses' in the income statement. At 31 December 2021 no contributions were payable to the fund (2020: nil).

#### 11. Intangible assets

	Software £'000
<b>Cost at:</b>	
1 January 2021	30,382
Additions	8,922
Disposals	(8,223)
<b>31 December 2021</b>	<b>31,081</b>
<b>Accumulated amortisation at:</b>	
1 January 2021	15,334
Charge for year	4,996
Disposals	(8,223)
<b>31 December 2021</b>	<b>12,107</b>
<b>Net book values at:</b>	
<b>31 December 2021</b>	<b>18,974</b>
31 December 2020	15,048

The software amortisation charge for the year of £4,996k (2020: £4,924k) is included in the 'administrative expenses' line in the income statement. All software additions in 2021 and 2020 were internally developed. There is no individual intangible asset that is material to the entity's financial statements (2020: nil).

## BRIT GROUP SERVICES LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2021

#### 12. Tangible assets

	Office Refurbishment £'000	Computers, Office Machinery, Furniture and Equipment £'000	Total £'000
<b>Cost at:</b>			
1 January 2021	15,783	7,385	23,168
Additions	862	275	1,137
Disposals	(591)	(6,037)	(6,628)
<b>31 December 2021</b>	<b>16,054</b>	<b>1,623</b>	<b>17,677</b>
<b>Accumulated depreciation at:</b>			
1 January 2021	6,257	6,254	12,511
Charge for year	1,125	337	1,462
Disposals	(591)	(6,037)	(6,628)
<b>31 December 2021</b>	<b>6,791</b>	<b>554</b>	<b>7,345</b>
<b>Net book values at:</b>			
<b>31 December 2021</b>	<b>9,263</b>	<b>1,069</b>	<b>10,332</b>
31 December 2020	9,526	1,131	10,657

The depreciation charge for the year of £1,462k (2020: £1,622k) is included in the 'administrative expenses' line in the income statement.

#### 13. Investments in group undertakings

The Company holds investments in nine dormant Group services companies.

Details of the Company's subsidiaries are as follows:

Name of company	Nature of business
Brit Corporate Secretaries Limited	Group services company (Dormant)
Brit Corporate Services Limited	Group services company (Dormant)
Brit Pension Trustee Limited	Group services company (Dormant)
Ki Capital Solutions Limited	Group services company (Dormant)
Ki Technology Limited	Group services company (Dormant)
Ki Risk Services Limited (formerly known as Ki Member Limited)	Group services company (Dormant)
Ki Group Services Limited	Group services company (Dormant)
Brit Syndicates Trustee Limited	Group services company (Dormant)
Otto Technology Limited	Group services company (Dormant)

Brit Group Services Limited owns 100% of the ordinary share capital of its subsidiary companies listed above, all of which were incorporated in England. The registered address and principal place of business of all the subsidiaries is The Leadenhall Building, 122 Leadenhall Street, London, England, EC3V 4AB.

## BRIT GROUP SERVICES LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2021

#### 13. Investments in group undertakings (continued)

Each of these subsidiaries is carried in the statement of financial position at £1. The Directors are of the opinion that the value of the Company's investments is not less than the amount stated in the statement of financial position.

On 7 December 2021, two new companies, Brit Syndicates Trustee Limited and Otto Technology, were incorporated.

#### 14. Debtors

	31 December 2021 £'000	31 December 2020 £'000
Due within one year:		
Amounts owed by Group undertakings	4,175	4,207
Other debtors	5,078	2,745
Other assets	54,945	27,625
	<b>64,198</b>	<b>34,577</b>

Amounts owed by Group Undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Other assets relate to shares purchased to settle share-based payment awards. The Company purchase preferences shares in FFHL Share Option 1 Corp and, in turn, that company has purchased shares in Fairfax.

#### 15. Creditors: Amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Taxation and social security	2,548	2,228
Other creditors	18,042	8,105
Amounts owed to Group undertakings	32,022	40,269
Accruals and deferred income	40,326	22,265
Long service award accrual	139	124
	<b>93,077</b>	<b>72,991</b>

Amounts owed to Group Undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## BRIT GROUP SERVICES LIMITED

### Notes to the Financial Statements (continued)

For the year ended 31 December 2021

#### 16. Deferred tax

	31 December 2021 £'000	31 December 2020 £'000
<b>Liability</b>		
Other timing differences – capital allowances	(2,248)	(1,980)
Other timing differences – pension scheme surplus	16,907	12,496
Other timing differences – other	(4,603)	(4,436)
	<b>10,056</b>	<b>6,080</b>
Deferred tax liability at the start of the year	6,080	9,629
Deferred tax credit in income statement for the year (Note 9 (a))	(273)	(2,060)
Tax relating to components of other comprehensive income	4,249	(1,489)
<b>Liability at end of year</b>	<b>10,056</b>	<b>6,080</b>

Deferred tax assets and liabilities have been calculated at 25% (2020: 19%), with the exception of the deferred tax liability in respect of the pension scheme surplus which is calculated at 35% (2020: 35%).

#### 17. Creditors: Amounts falling due after more than one year

	31 December 2021 £'000	31 December 2020 £'000
Long service award accrual	492	435

#### 18. Other Provisions

	Dilapidations £'000
Provision at 1 January 2021	1,791
Utilised in the year	-
Unwinding of discount	40
<b>Provision at 31 December 2021</b>	<b>1,831</b>

#### Dilapidations:

The dilapidation provision relates to contractual obligations of the Company on surrender of leased properties to reinstate the properties to the same state and condition as before occupancy. These costs are expected to be incurred closer to the lease expiry date of 31 May 2030.

# BRIT GROUP SERVICES LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 19. Called up share capital

	31 December 2021 £'000	31 December 2020 £'000
Allotted and called up and fully paid: 2,800,000 ordinary shares 25p each	700	700

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

### 20. Share-based payments

Until 5 June 2015, the ultimate parent of the Company during that period, Brit Limited, operated an equity settled Performance Share Plan and an equity settled All-Employee Share Plan. Following control of Brit Limited passing on that date to Fairfax Financial Holdings Group Limited, a subsidiary of Fairfax Financial Holdings Limited, the awards under these Brit schemes either vested or were replaced with awards under a Fairfax Financial Holdings Limited Long Term Incentive Plan (treated as equity-settled). Subsequent to 5 June 2015, a further Long Term Incentive Plan (treated as cash-settled) and an Employee Share Ownership Plan (ESOP) (treated as equity-settled) denominated in Fairfax Financial Holdings Limited shares were made available to the employees of the Company. All of these schemes are deemed to fall within the scope of Section 26 'Share-based Payment' of FRS 102.

In respect of the Performance Share Plan, in 2015, the Brit Limited Group purchased preference shares in FFHL Share Option 1 Corp and that company has purchased shares in Fairfax Financial Holdings Limited. The amount relating to this was recorded within equity so as to offset the share-based payment charges recorded in equity on exercise of the awards. £422k worth of shares were historically forfeited and awarded as part of the cash-settled long term incentive plan. As such, this has been reclassified from equity to 'Other assets', resulting in a £422k increase in the statement of changes in equity in 2021.

The Fairfax LTIP schemes have no performance conditions and a vesting period of 3 to 10 years. The Fairfax ESOP has no performance conditions and no vesting period.

In order to settle share-based payment awards, in 2021 the Company purchased \$16.9m (2020: \$3.0m) of preference shares in FFHL Share Option 1 Corp and that company has purchased shares in Fairfax. This has been recorded within 'Other assets' (see Note 14) so as to offset the share-based payment recorded as a liability within 'Other creditors' (see Note 15) that accrues over the vesting period of the awards.

The compensation cost relating to employees of the Company and recognised in the income statement under FRS 102, section 26 'Share-Based Payment' was £10,258k (2020: £2,025k), of which £nil (2020: £nil) was recognised in equity.

For more information, refer to the Brit Limited consolidated financial statements, which can be obtained by writing to The Leadenhall Building, 122 Leadenhall Street, London, England, EC3V 4AB.

### 21. Operating lease commitments

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods was as follows:

	31 December 2021 £'000	31 December 2020 £'000
Land and Buildings:		
Not later than one year	4,633	4,568
Later than one year and not later than five years	18,532	18,272
Later than five years	15,830	20,176
	<b>38,995</b>	<b>43,016</b>

## **BRIT GROUP SERVICES LIMITED**

### **Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

#### **22. Disclosure exemptions**

The Company has taken advantage of the disclosure exemptions provided by paragraph 1.12 of FRS 102. Accordingly, these financial statements do not include the following:

- Statement of cash flows;
- A reconciliation of shares outstanding at the beginning and end of the period;
- Specific information relating to financial instruments that is included within equivalent disclosures for the Brit Limited Group;
- Specific information relating to share-based payments that is included within equivalent disclosures for the Brit Limited Group; and
- Disclosure of key management personnel compensation.

The Company has been consolidated into the Group financial statements of Brit Limited. The Brit Limited consolidated financial statements and accompanying notes provide further detail in respect of these areas, copies of whose financial statements can be obtained from The Leadenhall Building, 122 Leadenhall Street, London, England, EC3V 4AB.

#### **23. Related party transactions**

The Company has taken advantage of the exemption afforded by FRS 102, paragraph 33.1A, in not disclosing transactions with other wholly owned subsidiaries of the Brit Limited Group.

#### **24. Controlling parties**

The Company is a wholly owned subsidiary of Brit Insurance Holdings Limited a company registered in the United Kingdom. As at 31 December 2021, the ultimate parent company was Fairfax Financial Holdings Limited a company registered in Canada. Copies of Fairfax consolidated financial statements can be obtained by writing to 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7, or from the website at [www.fairfax.ca](http://www.fairfax.ca).

The Company is included in the consolidated financial statements of the intermediate parent, Brit Limited. See Note 22 above.

#### **25. Subsequent events**

##### **Russia-Ukraine conflict**

The Russia-Ukraine conflict arising from the Russian invasion of Ukraine is a cause for uncertainty. This uncertainty may have an impact on the operational costs of the Company attributable to the downstream effects of high inflation and commodity prices. At this time, it is too early to make any informed assessments or judgements on what effect, or effects, that this may have on the Company. The Company will continue to monitor developments closely.