

**Cardif Pinnacle Insurance Management Services PLC**  
Company Registration Number: 02729650

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2021**



## **Cardif Pinnacle Insurance Management Services PLC**

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**Cardif Pinnacle Insurance Management Services PLC**

**COMPANY INFORMATION**

**Directors:**

R A Hines \* (Chairman)  
G Binet (resigned 9th February 2022)  
N D Rochez \* (resigned 17th May 2022)  
A M Wigg  
M J Lorimer  
S L P F Chevalet  
M Haderer (resigned 17th November 2021)  
S M Luton  
H E Rennie  
C Scarr \* (appointed 16th May 2022)

\* Independent Non-Executive Director

**Secretary:**

M J Lorimer

**Registered Office:**

Pinnacle House  
A1 Barnet Way  
Borehamwood  
Hertfordshire  
WD6 2XX

**Independent Auditor:**

Deloitte LLP  
1 New Street Square  
London  
United Kingdom  
EC4A 3HQ

**Principal Bankers:**

Barclays Bank PLC  
54 Lombard Street  
London  
EC3P 3AH

## **Cardif Pinnacle Insurance Management Services PLC**

### **STRATEGIC REPORT**

The Directors present their strategic report for the year ended 31 December 2021.

Cardif Pinnacle Insurance Management Services PLC ("the Company") was formed in 1992 to provide management services to companies within the Cardif Pinnacle Insurance Holdings PLC group.

The Company is a subsidiary of Cardif Pinnacle Insurance Holdings PLC ("the UK Parent"), a member of the BNP Paribas Cardif group, a worldwide provider of insurance and savings products. The Company is part of the global banking group BNP Paribas SA ("the Group"), a European leader in banking and financial services, with a Standard and Poor's long-term rating of A (Stable outlook). The Group has one of the largest international banking networks, with a presence in 65 countries and employs 190,000 people.

The Strategic Report has been prepared in accordance with section 414c of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

### **BUSINESS REVIEW**

#### **Profit before tax**

The Company reported a profit before tax of £1.6m in 2021 (2020: £1.2m). The results for the year are set out on page 16. The retained profit after taxation for the year was £1.2m (2020: £0.8m).

#### **Key performance indicators**

Key performance indicators (KPI's) are factors by reference to which the performance or position of the business of the Company can be measured effectively. The Company's key financial indicators during the year were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Revenue	24,675	24,705
Profit before tax	1,617	1,235
Shareholder's funds	6,066	4,874

The Company's revenue represents cost incurred on behalf of fellow group companies including a mark-up on the costs incurred.

As a management service company the above KPIs are considered to be relevant in measuring performance, ensuring the company is able to continue delivering the services required.

### **FUTURE DEVELOPMENTS**

Future developments of the company depend on the growth and challenges faced by the entity it provides services to, Pinnacle Insurance PLC. The Board is focused on delivering a scalable operating model with an efficient cost structure.

In October 2021, BNP Paribas Cardif announced the formation of a joint business venture (JV) with JAB Holding Company to build a top three position in Pet healthcare and insurance services covering UK, EMEA and LatAm. JAB Holdings will set up a holding company for the new JV which will purchase 100% of the share capital of the Company and two fellow subsidiaries. JAB Pet Insurance Holdings Limited will invest funds in the joint venture (JV) so that the joint venture (JV) ownership structure will be: JAB Holdings 70% and BNP Paribas Cardif 30%. This transaction is subject to regulatory approval of the change of control which has now been granted. The transaction is due to complete on 30<sup>th</sup> June 2022.

## **Cardif Pinnacle Insurance Management Services PLC**

### **STRATEGIC REPORT (Continued)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's activities expose the business to a number of key risks which could have the potential to affect the Company's ability to achieve its business objectives. The Board is responsible for ensuring an appropriate structure for managing these risks is maintained. The key risks and risk mitigation framework are highlighted below:

##### **Operational Risk**

Operational risk is the risk of loss resulting from inadequate internal processes, human or system errors, or from external events. The Company seeks to mitigate this risk through continual enhancement of its systems and controls, and by ensuring appropriately experienced personnel are in place throughout the organisation. Incident reporting and investigation procedures are well established.

##### **Liquidity Risk**

Liquidity risk is the risk that insufficient financial resources are available to enable the Company to meet obligations as they fall due. The Company seeks to limit exposure to liquidity risk by negotiating settlement terms for its outflows that can be managed against its own working capital cycles. A sufficient cash buffer is maintained to mitigate unexpected cash calls.

##### **Credit Risk**

Credit risk refers to the risk that the Company debtors will default by failing to make the required payments. The Company accepts only credit risk associated with other related parties from the BNP Paribas Group. In the context of the Company's service arrangements with its related parties, contractual terms regulate the collection of cash flows for the activities rendered. The timing of these cash flows is one of the factors the Company considers to manage the liquidity risk noted earlier.

## **Cardif Pinnacle Insurance Management Services PLC**

### **STRATEGIC REPORT (Continued)**

#### **COVID-19**

The effect of the Covid 19 pandemic, specifically the invocation of the remote working model, has had a significant impact on a number of processes, which have been assessed and remediated where appropriate.

As the Company planned, during 2021, for a post lock-down environment, staff welfare remained the primary consideration. A phased and flexible return to the office was implemented, with the focus on returning to the office with purpose and without compromising employee safety. Managers have continued to seek feedback from employees to ensure wellbeing remains a focus.

The Crisis Management Team (CMT) has continued to operate and to provide a focus for monitoring and responding to any future UK Government proposals.

#### **Ukraine**

Following the onset of hostilities in the Ukraine, the UK National Cyber Security Centre has advised that the threat level in the UK is currently heightened; meaning the likelihood of cyber-attack has increased. The local security team have communicated the need for all staff to remain vigilant, and will continue to monitor the threat levels.

#### **Inflation**

The company is likely to see an increase in costs as a result of the period of high inflation. This is being monitored and mitigants are considered where appropriate.

#### **GOING CONCERN**

Taking into account the company's current position and its principal risks and uncertainties on pages 4 to 5, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months. The Company being a management service company incurs cost for a fellow subsidiary, Pinnacle Insurance PLC. The incurred cost is fully recoverable as the fellow subsidiary has a strong capital position and significant liquid resources to continue its growth in Pet business. As the incurred costs are recovered by applying a fixed mark-up, there is a degree of profit certainty regardless of the level of cost incurred.

In addition, the Company has financial resources in the form of cash of £0.9m (2020: £1.4m) as well as a property with significant market value to meet its operational needs

In assessing the prospects of the company, the Directors note that such an assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, that future outcomes cannot be guaranteed or predicted with certainty. The directors' assessment has taken into account the above resources and options available to the Company.

As such, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

**CARDIF PINNACLE INSURANCE MANAGEMENT SERVICES PLC**  
**STRATEGIC REPORT (Continued)**

**Section 172 statement**

The following disclosures describe how the Directors have had regard to the matters set out in section 172(1) (a) to (f) and forms the Directors' statement required under section 414CZA of the Companies Act 2006.

The table below sets out the stakeholders, why it is important to engage and the methods of engagement during 2021.

<b>Stakeholder Group</b>	<b>Why it is important to engage</b>	<b>How the Directors engaged</b>
<b>Customers</b>	<p>Acting in the best interest of customers is core to the success of the businesses and the wider BNPP Group.</p> <p>The Company provides management services for companies in the Cardif Pinnacle Insurance Group and other services provided to external parties. The Company is focused on delivering products and services that perform as customers expect and are of an acceptable standard. They also ensure customers have the ability to change products, submit claims and make complaints without hindrance.</p> <p>Regular engagement is essential to ensure these expectations are met and any failings are identified and remedied quickly and efficiently.</p>	<p>Various committees, particularly the Customer &amp; Conduct Committee (C&amp;CC), which reports to the Risk and Audit Committee (RAC), the main sub-committee of the Board, monitor on a regular basis the fair treatment of customers.</p> <p>Executive Directors also routinely report to the Board on customer related matters and on levels of customer service.</p> <p>The monitoring of resource levels in customer facing areas, and of key performance indicators, such as Net Promoter Scores, complaints and root cause analysis continued to guide decisions.</p> <p>Executive Directors held regular discussions with partners, agreeing short-term changes to the operating model. The outcomes were monitored and changes in direction and approach were discussed with and agreed by the RAC and the Board.</p>
<b>Our communities and the environment</b>	<p>The Company has a responsibility to help address the challenges facing society, which is why the Company's CSR strategy aims to support the United Nations' 17 Sustainable Development Goals (SDG's).</p> <p>The Company's focus is on its people, community and the environment. With that in mind, the Company has chosen three SDG's in particular, which we see as core to the CSR agenda:</p> <ul style="list-style-type: none"> <li>• Good health and well-being</li> <li>• Quality education</li> <li>• Climate action</li> </ul>	<p>The Directors support Management in the establishment of a CSR Action Group with representatives from a broad cross section of the Company for the support, development and implementation of key CSR initiatives.</p> <p>The difficulties of the pandemic led the Directors to reinforce their commitment to CSR and to encourage management and staff to increase the number of volunteering and charitable initiatives undertaken.</p>

**CARDIF PINNACLE INSURANCE MANAGEMENT SERVICES PLC**  
**STRATEGIC REPORT (Continued)**

**Section 172 continued**

<b>Stakeholder Group</b>	<b>Why it is important to engage</b>	<b>How the Directors engaged</b>
<b>Workforce</b> We define workforce as employees, contractors and agency staff  Key metrics: - Employee satisfaction survey - Employee turnover rate - Sickness rates	<p>The Company's success is predicated on the commitment of its workforce to deliver the Company's objectives.</p> <p>The Company engages with the workforce to ensure that it provides adequate resource and materials to enable them to work effectively and in an environment that best supports their well-being.</p>	<p>The Executive Directors ensure effective engagement with all the workforce and report regularly to the Board on it:</p> <p>They communicate regularly through formal and informal meetings as well as newsletters and journals published on the Company's intranet. They consult regularly with Employee representatives on a wide range of matters affecting their current and future interests. They monitor key metrics to identify and address any issues that may have an impact on employee well-being.</p> <p>These interactions have been particularly important in 2021 due to the continuation of remote working and as we gradually start to return to office-based working.</p> <p>All employees have been informed about the transaction with JAB who have held joint question and answer sessions with Executive Directors and management for all staff.</p> <p>All employees take part in an annual group-wide survey, which measures staff satisfaction against a number of criteria including well-being, employee engagement, corporate social responsibility, respect and conduct and others.</p> <p>The results of this survey, the relevant action plans and more generally workforce related issues are presented to the Board and closely followed by it.</p>
<b>Regulator</b> The Company is authorised by the Financial Conduct Authority to provide regulated products and services	<p>The fair treatment of customers is central to the group ethos as is compliance with laws and regulations, Policy Statements and guidance published by the Regulator, to ensure good customer outcomes and the maintenance of the Company's reputation.</p> <p>The Board has no risk appetite for regulatory breaches or sanctions.</p>	<p>The Board receives regular updates on regulatory developments from the Legal and Compliance functions, anticipates changes, reacts, and plans accordingly.</p> <p>The Board regularly reviews the compliance reports to assess the Company's level of compliance.</p>

**Key decisions in 2021**

In 2021 the Shareholder announced a strategic alliance with JAB Holdings (JAB) to deliver a range of pet insurance services throughout the UK, EMEA and Latin America. As part of the agreement, JAB will hold a majority stake in a new holding company to which, subject to regulatory consent, BNP Paribas Cardif will contribute Pinnacle Insurance PLC, Cardif Pinnacle Insurance Management Services PLC and Every paw Limited. In support of the transaction, the Board resolved to approve those transaction documents to which the company is a party.

Following the closure of BNP Paribas Cardif Ltd (BNPPC) to direct business and the migration of the remaining business to the Company, the contracts of the former employees of BNPPC were transferred to the Company under the TUPE Regulations. Following the transfer, the Company engaged with all affected staff and made changes to all contracts of employment to align terms of employment and benefits with the rest of the Cardif Pinnacle Group.



**CARDIF PINNACLE INSURANCE MANAGEMENT SERVICES PLC**  
**STRATEGIC REPORT (Continued)**

**APPROVAL**

This Report was approved by the Board of Directors on 29th June 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A M Wigg', written over a horizontal line.

**A M Wigg**  
Director

## **Cardif Pinnacle Insurance Management Services PLC**

### **DIRECTORS' REPORT**

The Directors present this report together with the Strategic Report and the audited financial statements of the Company for the year ended 31 December 2021.

The financial statements for the year have been prepared in accordance with International Financial Reporting Standards (IFRS).

### **BUSINESS REVIEW AND ACTIVITIES**

The principal activities of the Company are set out on page 3. The information that fulfils the Companies Act 2006 requirements of the business review is included in the Strategic Report on pages 3 to 8 which also includes details of principal risks and uncertainties.

The future developments of the Company are presented within the strategic report on page 3.

### **DIVIDENDS**

The Company paid a dividend of £40k (2020: £62k) on the preference shares for the year. The Directors do not recommend the payment of an ordinary share dividend in the year (2020: £nil).

### **EVENTS AFTER THE BALANCE SHEET DATE**

The events after the balance sheet date are disclosed in note 23 of the financial statements.

### **ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS**

Engagement with key stakeholders is disclosed in the Strategic Report on pages 6 and 7.

### **Credit, Liquidity and Market Risk**

The Company is exposed to Credit, Liquidity and Market Risk, this is disclosed in Note 19 on pages 42 to 44.

### **DIRECTORS**

The Directors who held office throughout the year and up to the date of signing were:

R A Hines \* (Chairman)  
G Binet (resigned 9th February 2022)  
N D Rochez \* (resigned 17th May 2022)  
A M Wigg  
M J Lorimer  
S L P F Chevalet  
M Haderer (resigned 17th November 2021)  
S M Luton  
H E Rennie  
C Scarr \* (appointed 16th May 2022)

\* Independent Non-Executive Director

### **POLITICAL CONTRIBUTIONS**

No political contributions were made during the year (2020: £nil).

## **Cardif Pinnacle Insurance Management Services PLC**

### **DIRECTORS' REPORT (Continued)**

#### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **EMPLOYEE INVOLVEMENT AND CONSULTATION**

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, newsletters and journals which are regularly published on the Company's intranet. Employees' representatives are consulted regularly on a wide range of matters affecting their current and future interests and the board is regularly informed about these matters. See S172 statement on page 7.

#### **INTERNAL AUDIT FUNCTION**

The Company has outsourced its Internal Audit function to BNP Paribas Group which has a centralised and independent internal audit function. It provides assurance to the Risk and Audit Committee and to the Board as to the effectiveness of the Company's internal systems and controls, making recommendations and monitoring progress against those recommendations as appropriate.

#### **DISCLOSING INFORMATION TO THE AUDITOR**

Each of the persons who is a Director at the date of approval of this report confirms that:

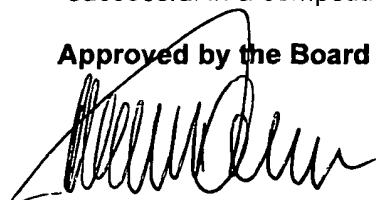
(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) the Director has taken all the steps that he/she ought to have taken as Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor subject to being successful in a competitive audit tender.

**Approved by the Board and signed on its behalf by:**



**M J Lorimer**  
Company Secretary

29<sup>th</sup> June 2022

## **Cardif Pinnacle Insurance Management Services PLC**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Strategic Report, Directors' Report, Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the IASB. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

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

## **Cardif Pinnacle Insurance Management Services PLC**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIF PINNACLE INSURANCE MANAGEMENT SERVICES PLC**

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

##### **Opinion**

In our opinion the financial statements of Cardif Pinnacle Insurance Management Service PLC (the 'company'):

- 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 adopted international accounting standards and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of financial position;
- the income statement;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

##### **Other information**

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

## **Cardif Pinnacle Insurance Management Services PLC**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARDIF PINNACLE INSURANCE MANAGEMENT SERVICES PLC**

#### **Report on the audit of the financial statements (continues)**

##### **Other information**

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

We have nothing to report in this regard.

##### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### **Auditor's responsibilities for the audit of the financial statements**

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

##### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

## **Cardif Pinnacle Insurance Management Services PLC**

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF CARDIF PINNACLE INSURANCE MANAGEMENT SERVICES PLC**

##### **Report on the audit of the financial statements (continues)**

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

##### **Report on other legal and regulatory requirements**

###### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in [the strategic report and] the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

**Cardif Pinnacle Insurance Management Services PLC**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF CARDIF PINNACLE INSURANCE MANAGEMENT SERVICES PLC**

**Report on the audit of the financial statements (continues)**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jamie Weisfeld FCA  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

29 June 2022



**Cardif Pinnacle Insurance Management Services PLC**  
**Company Registered Number: 02729650**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
Revenue from contracts with customers	5	24,675	24,705
Administrative expenses		(22,974)	(23,378)
<b>Operating profit</b>	7	<b>1,701</b>	<b>1,327</b>
Interest payable and similar charges	8	(84)	(92)
<b>Profit before tax</b>		<b>1,617</b>	<b>1,235</b>
Tax charge	9	(425)	(400)
<b>Profit for the year and total comprehensive income</b>		<b>1,192</b>	<b>835</b>
Attributable to:			
Owner of the Company		<b>1,192</b>	<b>835</b>

A statement of other comprehensive income (SOCl) or loss is not presented as there were no items requiring classification to the SOCl during the year and prior year. Hence, profit represents total comprehensive income for the year attributable to the owner of the Company.

The above results are all generated from continuing operations.

The notes on pages 20 to 46 form an integral part of these financial statements.

**Cardif Pinnacle Insurance Management Services PLC**  
**Company Registered Number: 02729650**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
<b>Non-current assets</b>			
Intangible assets	10	10,101	7,997
Property, plant and equipment	11	3,640	4,050
Right-of-use assets	12	461	11
Deferred tax asset	13	519	521
		<u>14,721</u>	<u>12,579</u>
<b>Current assets</b>			
Other receivables	15	3,393	3,038
Contract assets	5,16	38	75
Cash and cash equivalents	14	929	1,395
		<u>4,360</u>	<u>4,508</u>
<b>Total assets</b>		<u><b>19,081</b></u>	<u><b>17,087</b></u>
<b>Current liabilities</b>			
Trade and other payables	17	4,745	9,487
Lease liabilities	17	177	7
Contract liabilities	5	47	54
Loans and borrowings	18	40	62
Current tax liabilities	9	266	162
		<u>5,275</u>	<u>9,772</u>
<b>Non-current liabilities</b>			
Loans and borrowings	18	7,560	2,438
Lease liabilities	17	180	3
<b>Total liabilities</b>		<u><b>13,015</b></u>	<u><b>12,213</b></u>
<b>Equity</b>			
Issued share capital		250	250
Retained earnings		5,816	4,624
<b>Total equity</b>	20	<u><b>6,066</b></u>	<u><b>4,874</b></u>
<b>Total equity and liabilities</b>		<u><b>19,081</b></u>	<u><b>17,087</b></u>

The financial statements were approved and authorised for issue on 29 June 2022 by the Board of Directors and are signed on its behalf by:

**Signed on behalf of the Board by:**

  
**Director**  
A M Wigg

The notes on pages 20 to 46 form an integral part of these financial statements.

**Cardif Pinnacle Insurance Management Services PLC**  
**Company Registered Number: 02729650**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Issued Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
1 January 2020	250	3,789	4,039
Total Comprehensive Income and Profit for the year	-	835	835
	<hr/>	<hr/>	<hr/>
At 31 December 2020	250	4,624	4,874
Total Comprehensive Income and Profit for the year	-	1,192	1,192
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	<b><u>250</u></b>	<b><u>5,816</u></b>	<b><u>6,066</u></b>

The notes on pages 20 to 46 form an integral part of these financial statements.

**Cardif Pinnacle Insurance Management Services PLC**  
**Company Registered Number: 02729650**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
<b>Net profit for the year before tax</b>		<b>1,617</b>	<b>1,235</b>
Adjustments for:			
Amortisation – Intangibles	10	1,810	3,038
Depreciation – Right-of-use assets	12	79	8
Depreciation – PPE	11	629	492
Profit on sale of assets		-	(13)
<b>Cash generated from operating activities before movements in working capital</b>		<b>4,135</b>	<b>4,760</b>
Change in other receivables	15,16	(318)	(1,026)
Change in Trade and other payables	17	926	1,615
Tax paid		(319)	(318)
<b>Cash generated from operating activities</b>		<b>4,424</b>	<b>5,032</b>
Purchase of fixed assets	10,11	(4,661)	(4,656)
Proceeds from sale of fixed assets		-	14
<b>Net cash flows used in investing activities</b>		<b>(4,661)</b>	<b>(4,642)</b>
Dividend paid		(40)	(62)
Principal element of lease payments		(189)	(10)
<b>Net cash used in financing activities</b>		<b>(229)</b>	<b>(72)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(466)</b>	<b>318</b>
Cash and cash equivalents at 1 January	14	1,395	1,077
<b>Cash and cash equivalents at 31 December</b>	<b>14</b>	<b>929</b>	<b>1,395</b>

The notes on pages 20 to 46 form an integral part of these financial statements.

## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **1. General information**

The Company is limited by shares. The Company is incorporated and domiciled in the United Kingdom and registered in England and Wales. The Company's registered office address is Pinnacle House, A1 Barnet Way, Borehamwood, Hertfordshire, WD6 2XX. The Company shares are not publicly traded.

#### **2. Functional and presentation currency**

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

#### **3. Adoption of new and revised standards**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Interest Rate Benchmark Reform – Phase 2 (IFRS 9, IFRS 7, IFRS 16, IFRS 4, IAS 39). Amendments relate to issues that could affect financial reporting when an IBOR is replaced with an alternative benchmark interest rate. The amendments are relevant for many entities and in particular those with financial assets, financial liabilities or lease liabilities that are subject to the interest rate benchmark reform and those that apply the hedge accounting requirements in IFRS 9 or IAS 39 to hedging relationships that are affected by the reform. The Phase 2 amendments apply to annual reporting periods beginning on or after 1 January 2021. These amendments have not had a material impact on the financial statements.

#### ***New standards and interpretation not yet adopted***

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not yet been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. The new standards include:

##### Amendment to IFRS 3 – Business Combinations –

For a provision or contingent liability that would be within the scope of IAS 37, the acquirer shall apply IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events.

For a levy that would be within the scope of IFRIC 21, the acquirer shall apply IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The acquirer shall not recognise a contingent asset at the acquisition date

##### Amendment to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

Amendment to require an entity to include all costs that relate directly to a contract which is expected to provide more useful information to users of financial statements. A requirement to include all costs that relate directly to a contract is consistent with other requirements in IAS 37 and requirements in other IFRS Standards.

## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **3. Adoption of new and revised standards (continued)**

##### **Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

##### **Annual Improvements to IFRS Standards 2018–2020**

##### **IFRS 1 First-time Adoption of International Financial Reporting Standards**

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **3. Adoption of new and revised standards (continued)**

##### IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

##### IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

The Directors consider the above standards will have no impact on the Company's financial results.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **4. Significant accounting policies**

##### **a) Basis of accounting**

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirement of the Companies Act 2006 and International Financial Reporting Standards as issued by the IASB. They are prepared under the historic cost convention as modified by financial instruments recognised at fair value

The Company is exempt by virtue of IAS 27 paragraph 10 from the requirements to prepare consolidated financial statements, since it is included within the group financial statements of BNP Paribas Cardif SA. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

##### **b) Going concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the strategic report on page 5.

##### **c) Revenue recognition**

The accounting policies for the Company's main types of revenue are explained in note 5.

This primarily represents fees charged to fellow UK subsidiary undertakings for the provision of management services. It also covers administrative fees charged to external contract customers for services provided. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties, such as VAT.

Revenue is recognised either at a point in time or over time based on the nature of the services provided by the Company.

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

##### **d) Taxation**

Income tax is recognised in the Income Statement except where it relates to items which are recognised directly in equity, in which case the associated income tax charge or credit is recognised in equity. Current tax is the expected tax payable on the income for the year, using tax rates enacted or substantively enacted on the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, which recognises temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. It is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.



## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **4. Significant accounting policies (continued)**

##### **e) Pension costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit or loss in the period to which they relate.

##### **f) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, it is accounted for separately.

Depreciation is charged to the income statement on a straight-line basis so as to write off the depreciable amount of property, plant and equipment over their estimated useful lives. The depreciable amount is the cost of an asset less its residual value. Land is not depreciated. Estimated useful lives are as follows:

- |                        |                       |
|------------------------|-----------------------|
| • Land and building    | 3% per annum          |
| • Fixture and fittings | 20% per annum         |
| • Motor vehicles       | 25% per annum         |
| • Computer equipment   | 20% to 33⅓% per annum |

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the disposal proceeds, if any, and the carrying amount of the item.

##### **g) Intangible assets**

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement over the assets' economic benefits and is included in administration expenses. The estimated useful economic life of the intangible asset is as follows:

- |                     |         |
|---------------------|---------|
| • Computer software | 5 years |
|---------------------|---------|

Direct costs relating to the development of internal-use computer software and associated business processes are capitalised once technical feasibility and economic viability have been established.

These costs include staff costs, the costs of material and services and directly attributable overheads. Capitalisation of costs ceases when the software is capable of operating as intended. During and after development, accumulated costs are reviewed for impairment against the projected benefits that the software is expected to generate. Costs incurred prior to the establishment of technical feasibility and economic viability are expensed as incurred, as are all training costs and general overheads.

## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **4. Significant accounting policies (continued)**

##### **h) Impairment of intangible assets, property, plant and equipment**

At each reporting date, the Company assesses whether there is any indication that its intangible assets or property, plant and equipment are impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and the impairment loss.

If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in the income statement and the carrying value of the asset is reduced by the impairment of future cash flows.

A reversal of an impairment loss on intangible assets or property, plant and equipment is recognised as it arises provided the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss has been recognised.

##### **i) Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets are classified on initial recognition and subsequently measured as held at amortised cost. The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus transaction costs. On recognition of the financial asset an expected credit loss allowance assessment is conducted. A financial asset is written off when there is no reasonable expectation of recovery.

##### **Amortised cost**

Assets which are held to collect contractual cash flows, and with contractual terms which give rise to cash flows which are solely payments of principal and interest on the principal amount outstanding, are classified as financial assets held at amortised cost. They are subsequently measured using the effective interest rate method where applicable and are subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

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

At each balance sheet date the Company assesses, on a forward looking basis, whether there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as held at amortised cost is expected. The Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets including an allowance for expected losses at initial recognition, and the present value of estimate future cash flows from the asset or group of assets, discounted at the effective interest rate of the instrument at initial recognition. The expected loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the credit quality and history of the financial asset or group of financial assets, as well as existing market conditions and forward-looking expectations.

## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **4. Significant accounting policies (continued)**

The Company applies the simplified impairment approach to its trade receivables, grouping receivables into categories with shared credit risk characteristics and estimating expected future loss rates based on historical experience.

Impairment losses, including the expected credit allowance, are recognised in the income statement and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for the impairment losses. If in a subsequent period the amount of the expected impairment allowance reduces and this can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

#### **Derecognition of financial assets**

A financial asset is derecognised when the rights to receive the cash flows from that asset have expired or when the Company has transferred its rights to receive cash flows from the asset and has transferred substantially all the risk and rewards of ownership of the asset.

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

Cash and cash equivalents comprises cash in hand and demand deposits with banks together with short-term highly liquid investments, such as money market funds, that are readily convertible to known amounts of cash. The carrying amount of these assets is approximately equal to their fair value.

#### **Financial liabilities**

Financial liabilities are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

#### **Borrowings**

Borrowings are initially measured at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest rate method.

#### **j) Contract assets**

Contract assets represent the Company's right to consideration in exchange for services that the Company has transferred to the customer when that consideration is variable in that it is conditional on something other than the passage of time. A contract asset is reclassified to trade and other receivables when it is no longer conditional or is conditional other than the passage of time.

#### **k) Contract liabilities**

Contract liabilities represent the Company's obligation to transfer services to a customer for which the Company has received the consideration (or the amount is due) from the customer. This includes deferred revenue related to post-placement performance obligations and other deferred income (e.g. advances from customers for policies not yet inceptioned).

## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **4. Significant accounting policies (continued)**

##### **l) Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period-of-time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

##### **As a lessee**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date; plus
- any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. Significant accounting policies (continued)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of IT equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**m) Critical accounting judgement and key sources of estimation uncertainty**

**Sources of estimation uncertainty**

There are none identified by management.

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. Significant accounting policies (continued)**

**Significant judgments**

None

**5. Revenue from contracts with customers**

The Company derives its revenue from contracts from following sources:

i. Accounting for management fees from group undertakings

The management fees from Group undertakings relates to charges to fellow UK subsidiary undertakings for the provision of management services including a mark-up where appropriate. The management fees are recognised when the relevant expenses incurred on behalf of fellow subsidiaries.

ii. Accounting for administration fees revenue in relation to activities undertaken on behalf of customers

The administration fee relates to the collection of premiums and claims management on behalf of customers. This includes monitoring cash positions in the respective bank accounts.

The fee is based on premiums collected and is recognised in the period the service was carried out.

iii. Claims investigations services

This relates to the claims investigation services provided to fellow group company, Pinnacle Insurance PLC. The Company recognises the revenue when the services are rendered.

## Cardif Pinnacle Insurance Management Services PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 5. Revenue from contracts with customers (continued)

##### iv. Accounting for Proficiency Solutions license fees

The Proficiency Solutions platform provides business professional learning modules, design, and services. Revenue from providing website e-learning is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual license cover period. There is also simple installation, which does not include an integration service and could be taken as one off development. It is therefore recognised in the period it is performed. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expect cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the value of the services rendered by the Company exceed the payment received, a contract asset is recognised. If the payments exceed the license services period rendered, a contract liability is recognised. If the contract includes an hourly fee, revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on an annual basis and consideration is payable when invoiced.

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**5. Revenue from contracts with customers (continued)**

The company has recognised the following amounts relating to revenue in the Income Statement:

<b>2021</b>	<b>Administration service fees £'000</b>	<b>Claims investigation fees £'000</b>	<b>Proficiency Solution licence fees £'000</b>	<b>Total £'000</b>
Revenue from external customers	229	-	156	385
Inter group- revenue	24,277	13	-	24,290
<b>Total Revenue</b>	<b>24,506</b>	<b>13</b>	<b>156</b>	<b>24,675</b>
Recognised at a point in time	-	13	-	13
Recognised over time	24,506	-	156	24,662
<b>Total Revenue</b>	<b>24,506</b>	<b>13</b>	<b>156</b>	<b>24,675</b>

<b>2020</b>	<b>Administration service fees £'000</b>	<b>Claims investigation fees £'000</b>	<b>Proficiency Solution licence fees £'000</b>	<b>Total £'000</b>
Revenue from external customers	275	-	102	377
Inter group- revenue	24,307	21	-	24,328
<b>Total Revenue</b>	<b>24,582</b>	<b>21</b>	<b>102</b>	<b>24,705</b>
Recognised at a point in time	-	21	-	21
Recognised over time	24,582	-	102	24,684
<b>Total Revenue</b>	<b>24,582</b>	<b>21</b>	<b>102</b>	<b>24,705</b>



## Cardif Pinnacle Insurance Management Services PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 5. Revenue from contracts with customers (continued)

##### *Contract assets and liabilities*

Contract assets represent the Company's right to consideration in exchange for services that the Company has transferred to the customer when that consideration is variable in that it is conditional on something other than the passage of time. A contract asset is reclassified to trade and other receivables when it is no longer conditional or is conditional other than the passage of time.

##### *Contract assets:*

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Contracts assets relating to Administration service fees	17	63
Contracts assets relating to Proficiency Solution licence fees	21	12
	<u><b>38</b></u>	<u><b>75</b></u>

Contract assets at 1<sup>st</sup> January 2020 were £0.03m

The Directors regard the carrying value of the contract assets as an approximate to its fair value on the basis that these balances are fully recoverable, hence require no impairment charge (2020: £nil).

##### *Contract liabilities*

Contract liabilities represent the Company's obligation to transfer services to a customer for which the Company has received the consideration (or the amount is due) from the customer. This includes deferred revenue related to post-placement performance obligations and other deferred income (e.g. advances from customers for policies not yet inceptioned).

The Contract liabilities recognised in the financial statements as at 31 December 2021 includes:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Contracts liability – Proficiency Solution licence fees (deferred revenue)	47	54
	<u><b>47</b></u>	<u><b>54</b></u>

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**5. Revenue from contracts with customers (continued)**

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Revenue recognised in relation to contract liabilities		
<i>Balance at the beginning of period</i>	47	55
Proficiency Solution licence fees		
<i>Revenue recognised from performance obligations satisfied in previous periods</i>	55	22

**6. Staff costs**

<b>Employment costs</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	16,035	14,621
Social security costs	1,926	1,656
Other pension costs (note 22)	1,414	1,206
	<u><b>19,375</b></u>	<u><b>17,483</b></u>

The average monthly number of employees during the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Sales	17	17
Administration	256	240
	<u><b>273</b></u>	<u><b>257</b></u>

**Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Emoluments	157	156
Pension contributions	6	4
	<u><b>163</b></u>	<u><b>160</b></u>

Pension contributions were incurred for 6 Directors (2020: 6)

Emoluments of highest paid Director	48	49
Pension contributions of highest paid Director	1	1
	<u><b>49</b></u>	<u><b>50</b></u>

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**7. Operating profit**

The operating profit is stated before charging or (crediting):

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amortisation of computer software	1,810	3,038
Depreciation - owned assets	629	492
Depreciation – Right-of-use assets	79	8
Profit on disposal of fixed assets	-	(13)
Auditor's remuneration for the audit of the company's annual accounts *	<u>32</u>	<u>38</u>

\*There were no non-audit services provided during the year (2020: £nil).

**8. Interest payable and similar charges**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Bank charges	27	28
Preference share dividend	40	62
Interest on subordinated loan	15	-
Interest expense on lease liabilities	<u>2</u>	<u>2</u>
	<u><b>84</b></u>	<u><b>92</b></u>

## Cardif Pinnacle Insurance Management Services PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 9. Taxation

This note analyses the tax charge for the year and explains the factors that affect it.

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax for year	266	162
Prior year adjustments	157	141
Total current tax	<u>423</u>	<u>303</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences (see note 13)	2	96
Total deferred tax	<u>2</u>	<u>96</u>
Total tax charged to income statement	<u><u>425</u></u>	<u><u>400</u></u>

The Company earns its profits entirely in the UK.

UK corporation tax has been charged at 19% (2020: 19%) the standard rate in the UK for the period.

In the March 2022 Budget the UK Government announced that legislation will be introduced in Finance Bill 2022 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023.

#### Tax reconciliation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
<b>Total profit before tax</b>	1,617	1,235
Tax calculated at the standard UK corporation tax rate of 19% (2020: 19%)	307	235
Effect of:		
Expenses not deductible for tax purposes	(41)	31
Current tax adjustment in respect of previous years	157	141
Deferred tax adjustment in respect of previous years	(64)	4
Effect of changes in tax rate	66	(11)
<b>Total tax charged to income statement</b>	<u><u>425</u></u>	<u><u>400</u></u>

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**10. Intangible assets**

	<b>Computer Software £'000</b>
<b>Cost or valuation</b>	
At 1 January 2021	24,190
Additions	3,914
At 31 December 2021	<u><b>28,104</b></u>
<b>Accumulated amortisation</b>	
At 1 January 2021	16,193
Charge for the year	1,810
At 31 December 2021	<u><b>18,003</b></u>
<b>Carrying amount</b>	
At 31 December 2020	<u>7,997</u>
At 31 December 2021	<u><b>10,101</b></u>

Additions relate to internally developed software for the company's Pet platform for the provision of insurance services via its sister company Pinnacle Insurance PLC

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. Property, plant and equipment**

	<b>Land and buildings £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Motor vehicles £'000</b>	<b>Computer equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>					
At 1 January 2021	3,214	2,550	103	5,489	11,356
Additions	-	-	-	219	219
Disposals	-	-	-	-	-
At 31 December 2021	<b>3,214</b>	<b>2,550</b>	<b>103</b>	<b>5,708</b>	<b>11,575</b>
<b>Accumulated depreciation</b>					
At 1 January 2021	606	2,549	103	4,048	7,306
Charge for the year	101	1	-	527	629
Disposals	-	-	-	-	-
At 31 December 2021	<b>707</b>	<b>2,550</b>	<b>103</b>	<b>4,575</b>	<b>7,935</b>
<b>Carrying amount</b>					
At 1 January 2021	2,608	1	-	1,441	4,050
At 31 December 2021	<b>2,507</b>	<b>-</b>	<b>-</b>	<b>1,133</b>	<b>3,640</b>

Land and buildings are initially recognised at cost less any accumulated depreciation and any accumulated impairment losses. The cost of servicing of land and building is recognised in the income statement in the period in which the costs are incurred.

**12. Right-of-use assets**

	<b>£'000</b>
At 1 January 2021	25
Additions during the year	529
At 31 December 2021	<b>554</b>
<b>Accumulated amortisation</b>	
At 1 January 2021	14
Depreciation charge for the year	79
At 31 December 2021	<b>93</b>
<b>Carrying value</b>	
At 1 January 2021	11
At 31 December 2021	<b>461</b>

Lease hire minibus and IT lease hire agreement meets the definition of a lease under IFRS 16, hence recognised a right-of-use asset during the year. There are no restrictions or covenants imposed by lease.

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**13. Deferred tax asset**

The following is the deferred tax asset recognised by the Company and movements therein during the current and prior reporting period. All deferred tax is recognised in the income statement.

	<b>2021 Deferred capital allowances  £'000</b>	<b>2020 Deferred capital allowances  £'000</b>
Deferred tax asset at 1 January	521	617
Debit to income statement	(2)	(96)
Deferred tax asset at 31 December	<u><b>519</b></u>	<u><b>521</b></u>

It is expected that there will be sufficient suitable taxable profits to utilise the temporary timing differences.

**14. Cash and cash equivalents**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Cash at bank	929	1,395
	<u><b>929</b></u>	<u><b>1,395</b></u>

Included above in the cash at bank is £570k (2020: £710k) held on behalf of Pinnacle insurance PLC for the administration of a book that terminated in August 2021, a corresponding amount is shown in trade payables, note 17.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

**15. Other receivables**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Amounts owed by group undertakings (see note 21)	2,497	2,548
Prepayments and other debtors	896	490
	<u><b>3,393</b></u>	<u><b>3,038</b></u>

Other receivables are measured at amortised cost. The balances owed by fellow undertakings are at arm's length and bear no interest. The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**16. Contract assets**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Contract assets relating to Proficiency Solution license fees	21	12
Contract assets relating to Administration service fees	17	63
	<u><b>38</b></u>	<u><b>75</b></u>

The contract assets at the reporting date are:

	<b>2021</b>		<b>2020</b>	
	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Up to 30 days	18	-	65	-
Between 31 and 60 days	4	-	1	-
Between 61 and 90 days	12	-	5	-
Due after 90 days	4	-	4	-
	<u><b>38</b></u>	<u><b>-</b></u>	<u><b>75</b></u>	<u><b>-</b></u>

Contract assets are measured at amortised cost. The directors consider that the carrying amount of contract assets approximately equal to their fair value.

**17. Trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	662	999
Amounts owed to group undertakings	1,192	5,870
Other taxation and social security costs	497	468
VAT payable	18	8
Lease contract liabilities *	357	10
Other creditors and accruals	2,376	2,142
	<u><b>5,102</b></u>	<u><b>9,497</b></u>

*Trade and other payables are analysed as:*

Expected to be settled within one year	4,922	9,494
Expected to be settled in more than one year	180	3
	<u><b>5,102</b></u>	<u><b>9,497</b></u>

The balances owed to fellow subsidiary undertakings are at arm's length and subject to 30 days settlement period.

The directors consider that the carrying value of trade payables approximates to their fair value.

**\* Lease liabilities maturity analysis**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Less than one year	177	7
One to five years	180	3
<b>Total undiscounted lease liabilities as at 31 December</b>	<u><b>357</b></u>	<u><b>10</b></u>



**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. Loans and borrowings**

	<b>2021</b>	<b>2020</b>
	£'000	£'000
Non-equity preference shares	2,500	2,500
Loans - Group undertaking	5,100	-
	<u>7,600</u>	<u>2,500</u>
<i>Analysed as:</i>		
Expected to be settled within one year	40	62
Expected to be settled in more than one year	7,560	2,438
	<u>7,600</u>	<u>2,500</u>

The non-cumulative dividends on the preference shares are determined on a non-discretionary basis using a rate equal to 1.50% above Barclays Bank PLC interest rate at the first business day of each calendar year, and payable half yearly on the thirtieth day of June and on the thirty first day of December in each year. However, if any preference shares shall not have been paid up in full throughout the half year the dividend on that preference share shall be apportioned and paid proportionately to the amount paid up on the shares during any proportion or proportions of that half year; and such dividends shall accrue in respect of any half year only to the extent that, at the conclusion of that half year, the Company has sufficient profits available for distribution (within the meaning of section 830 and 843 of the Companies Act 2006) for this purpose.

Preference shares issued by the Company are classified as liabilities because they carry a non-discretionary obligation to pay a dividend to their holders. A perpetual instrument such as these preference shares with a mandatory dividend is a liability in its entirety because the whole of its value is derived from the stream of future dividend payments. The fact that the payment is non-cumulative and it depends on the availability of distributable reserves at the time the dividend is due does not remove the perpetual unavoidable obligation of the Company to pay cash to the holders of these preference shares.

The loan amount is from group undertaking, Pinnacle Insurance PLC, which is due to be paid in instalments from 31 December 2023.

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**19. Financial instruments – Fair values and risk management**

**(a) Accounting classification and fair values**

The methodology adopted by the Company for the fair value measurement of financial assets and liabilities is explained in note 4.

The following table sets out information about the carrying amounts and fair value of the Company's financial instruments:

	<b>31 December 2021</b>		<b>31 December 2020</b>	
	<b>Amortised cost £'000</b>	<b>Total £'000</b>	<b>Amortised cost £'000</b>	<b>Total £'000</b>
<b>Financial assets</b>				
Trade and other receivables	896	896	490	490
Contract assets	38	38	75	75
Cash and cash equivalents	929	929	1,395	1,395
Amounts owed by group undertakings	2,497	2,497	2,548	2,548
	<b>4,360</b>	<b>4,360</b>	<b>4,508</b>	<b>4,508</b>
<b>Financial liabilities</b>				
Redeemable preference shares*	(2,460)	(2,460)	(2,438)	(2,438)
Dividends payable on redeemable shares	(40)	(40)	(62)	(62)
Trade payables	(662)	(662)	(1,001)	(1,001)
Lease liabilities	(357)	(357)	(10)	(10)
Contract liabilities	(47)	(47)	(54)	(54)
Amounts owed to group undertakings	(6,292)	(6,292)	(5,870)	(5,870)
	<b>(9,858)</b>	<b>(9,858)</b>	<b>(9,433)</b>	<b>(9,433)</b>

Fair values of the above financial assets and liabilities approximate their carrying value.

**Fair value hierarchy analysis**

All of the Company's financial instruments are categorised as Level 1 except Redeemable preference shares. There were no transfers between Level 1, Level 2 and Level 3 during the year.

\* Redeemable preference shares are categorised as level 3.

## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **19. Financial instruments – Fair values and risk management (continued)**

##### **(a) Accounting classification and fair values (continued)**

###### **Basis for determining fair value hierarchy**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the 'fair value hierarchy' described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** inputs to Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date;
- **Level 2:** inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** inputs to Level 3 fair values are unobservable inputs for the asset or liability. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant.

##### **(b) Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk; and
- Market risk

###### **1. Risk management framework**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board of Directors has established the Risk Management Function, which is responsible for developing and monitoring the Company's risk management policies. The Risk and Audit Committee reports regularly to the Board of Directors on its activities. The Company's Risk and Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

## Cardif Pinnacle Insurance Management Services PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19. Financial instruments – Fair values and risk management (continued)

##### (b) Financial risk management (continued)

###### II. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of the financial assets represents the maximum credit exposure.

###### Other receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of industry and country in which customers operate.

At 31 December 2021, the maximum exposure to credit risk for contract assets by geographic region was as follows:

	2021 £'000	2020 £'000
United Kingdom	38	75
	<u>38</u>	<u>75</u>

At 31 December 2021, the ageing of trade and other receivables and contract assets that were not impaired is presented in note 16 and 17.

Other receivables balances represent amounts owed by fellow entities carrying an immaterial credit risk.

Management believes that the unimpaired amounts that are past due more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit rating if they are available.

###### Cash and cash equivalents

The Company held cash and cash equivalents of £0.9m (2020: £1.4m). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A (Stable).

**Cardif Pinnacle Insurance Management Services PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**19. Financial instruments – Fair values and risk management (continued)**

**(b) Financial risk management (continued)**

**III. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below presents Company's exposure to liquidity risk at the year-end:

Financial liabilities	2021				
	Carrying amount £'000	30days £'000	60days £'000	90days £'000	More than 90 days £'000
Trade payables	(662)	(265)	(397)	-	-
Lease liabilities	(357)	-	-	-	(357)
Contract liabilities	(47)	-	-	-	(47)
Redeemable preference shares	(2,500)	-	-	-	(2,500)
	<b>(3,566)</b>	<b>(265)</b>	<b>(397)</b>	<b>-</b>	<b>(2,904)</b>

Financial liabilities	2020				
	Carrying amount £'000	30days £'000	60days £'000	90days £'000	More than 90 days £'000
Trade payables	(1,001)	(479)	(289)	-	(233)
Lease liabilities	(10)	-	-	-	(10)
Contract liabilities	(54)	-	-	(2)	(52)
Redeemable preference shares	(2,500)	-	-	-	(2,500)
	<b>(3,563)</b>	<b>(479)</b>	<b>(289)</b>	<b>(2)</b>	<b>(2,795)</b>

**IV. Interest rate risk**

The Company is exposed to interest rate risk arising principally on its cash and cash equivalents which earn interest at variable rates. The Company does not enter into hedging transactions for the purposes of minimising its exposure to interest rate risk.

Each one half percent movement in the average achieved rate of interest in respect of cash and cash equivalents would impact annualised earnings by an average of £5k (2020: £7k).

# Cardif Pinnacle Insurance Management Services PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 20. Share Capital and Reserves

The total shareholder's funds are analysed as:

	2021 £'000	2020 £'000
Authorised		
250,000 Ordinary shares of £1 each	250	250
Issued, allotted, called up and fully paid		
Ordinary shares of £1 each	250	250
Retained earnings (See page 17)	5,816	4,624
Total Shareholder's funds / equity	6,066	4,874

### 21. Related party transactions

The table below gives details of the transactions between the Company, its parent and other related parties which comprise other fellow group undertakings on the grounds that they are members of the same parent, Cardif Pinnacle Insurance Holdings PLC.

	Amounts owed by related parties		Amounts owed to related parties	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Parent undertaking</b>				
Cardif Pinnacle Insurance Holdings PLC	-	105	20	-
<b>Fellow group undertakings</b>				
BNPP London	1,510	754	-	-
BNPPC Ltd	-	398	-	-
Pinnacle Pet Healthcare Ltd	987	1,291	-	-
Pinnacle Insurance PLC	-	-	6,272	5,870
	<b>2,497</b>	<b>2,548</b>	<b>6,292</b>	<b>5,870</b>

The Company provides a management services to the following related subsidiaries and recharged the entire cost plus the mark-up, as follows:

	Expenses incurred	
	2021 £'000	2020 £'000
Pinnacle Insurance PLC	23,765	21,687
BNP Paribas Cardif Ltd	-	2,615
Pinnacle Pet Healthcare Ltd	525	25
	<b>24,290</b>	<b>24,327</b>

All amounts due from fellow undertakings are subject to 30 days credit terms.

Details of the remuneration of the Company's key management personnel are shown in note 6.

As at 31 December 2021, there were no loans outstanding to officers of the Company (2020: £nil).

## **Cardif Pinnacle Insurance Management Services PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **21. Related party transactions (continued)**

The Directors regarded BNP Paribas SA (incorporated in France), as being the Company's ultimate parent undertaking and ultimate controlling party and Cardif Pinnacle Insurance Holdings PLC (incorporated in the UK) as being the immediate parent undertaking.

The parent company of the largest Group to include the Company in its consolidated financial statements is BNP Paribas SA. The smallest group to prepare group financial statements is BNPP Cardif. Copies of these financial statements are available from BNP Paribas Cardif 1 Boulevard des Italiens, 75009 Paris, France. This is the registered address of BNP Paribas SA and BNPP Cardif.

#### **22. Pensions**

The Company participates in a defined contribution pension scheme. The cost of pension contributions for the year, as part of the administrative expenses was £1.4m (2020: £1.2m).

#### **23. Events after the balance sheet**

The transaction with JAB Holdings Company for the sale of Pinnacle Insurance PLC and Cardif Pinnacle Insurance Management Services PLC was granted regulatory approval on 17th June 2022. The transaction is due to complete on 30<sup>th</sup> June 2022.