Berkeley Morgan Group Limited
Financial statements
For the year ended 31 December 2019

Company No. 3456258

Company information

Company registration number:	3456258
Registered office:	John Ormond House 899 Silbury Boulevard Milton Keynes Buckinghamshire MK9 3XL
Directors:	D Frost S Mace
Secretary:	S Mace
Banker:	HSBC UK 12 Hampstead High Street Hampstead London NW3 1PY
Solicitor:	Dentons UKMEA LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1FE

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Strategic report

Background

Berkeley Morgan Group Limited (BMG) is a holding company for Berkeley Morgan Limited, which provided independent financial advice until 2015, and Universal Provident Limited, which provided employee benefits and insurance until 2017.

In December 2004 Berkeley Morgan Group Limited was acquired by Personal Group, a provider of a variety of employee benefit services.

Business review

The operating companies for which BMG hold shares are no longer actively selling any financial advice or employee benefits and insurance. BMG itself sold the investment property which it held during 2017.

BMG will remain in operation while the businesses continue to work for existing customers.

Principal risks and uncertainties

Personal Group Holdings Plc's (PGH) risk management policies (see note 3 of PGH's financial statements) cover all group subsidiary undertakings. Subsequent to the sale of the investment property during 2017 the Company is not considered to be exposed to any risks or uncertainties beyond the valuation of its investments.

Key performance indicators and results

The profit for the year is £26,000 (2018: profit of £131,000) before taxation of £nil (2018: £nil).

Impact of COVID-19 outbreak

Despite the substantial global impact of COVID-19 virus, the Company remains positive in terms of its longer-term outlook. Management have implemented contingency plans and almost all of the Company's wider Group's employees are working from home. The Directors have considered the developing situation in detail and have modelled numerous scenarios. Whilst it is expected that the ongoing impacts of the virus could have a material impact on profit for 2020, the Directors remain confident that the wider Group will remain profitable with a strong balance sheet and no debt and is taking actions to protect the business.

ON BEHALF OF THE BOARD

SMace

S Mace

Director

3 July 2020

Report of the directors

The directors present their report together with the unaudited financial statements for the year ended 31 December 2019.

Principal activity
The Company's principal activity is that of a holding company.

Political contributions
The Company has not made any political contributions in the year to 31 December 2019 (2018: £Nil)

Dividends
During the year ordinary dividends of £nil (2018: £1,700,000) were paid. £26,000 of dividends were declared at year end (2018: £nil).

Directors
The present membership of the Board is set out below. All directors served throughout the year, unless otherwise stated.

D K Frost (Appointed 28 February 2019)
S A Mace
S Ingman (Resigned 30 November 2019)

Other Information
An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

Auditor
For the year ending 31 December 2019 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:
• the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
• the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Future developments
The directors do not envisage any significant changes to the business for the foreseeable future as BMG will continue its current activities on behalf of the group.

ON BEHALF OF THE BOARD

SAMace

S Mace
Director
3 July 2020

Statement of directors' responsibilities

Statement of directors' responsibilities in respect of the Strategic Report, the Directors Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 and loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Profit and loss account and other comprehensive income

	Note	2019 £'000	2018 £'000
Rental income		-	-
Total revenue		-	-
Administrative expenses		**(1)**	(12)
Operating profit		**(1)**	(12)
Impairment of investments		-	(282)
Dividends received		**27**	425
Profit before taxation	1	**26**	131
Tax on profit	3	-	-
Profit for the financial year		**26**	131

There are no other items of comprehensive income. All operations are classed as continuing activities.

Balance Sheet

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	4	**149**	**149**
		149	**149**
Current assets			
Debtors	5	**83**	**94**
Cash at bank and in hand		**107**	**57**
		190	**151**
Creditors: amounts falling due within one year	6	**(89)**	**(75)**
Net current assets		**101**	**76**
Total assets less current liabilities		**250**	**225**
Net assets		**250**	**225**
Capital and reserves			
Called up share capital	7	**-**	**-**
Profit and loss account		**250**	**225**
Shareholders' funds		**250**	**225**

Subsidiary Accounts Exemption

For the financial year in question, the Company was entitled to exemption under section 479a if the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved by the Board on 3 July 2020 and signed on its behalf by;

SMace

S Mace
Director

Company number: 3456258

Statement of changes in equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2018	1,170	551	43	30	1,794
Profit for the financial year	-	-	-	131	131
Dividends Paid	-	-	-	(1,700)	(1,700)
Capital Reduction	(1,170)	(551)	(43)	1,764	-
Balance as at 31 December 2018	-	-	-	225	225
Profit for the financial year	-	-	-	26	26
Dividends Paid	-	-	-	-	-
Balance as at 31 December 2019	**-**	**-**	**-**	**251**	**251**

Principal accounting policies

Basis of preparation
Berkeley Morgan Group Limited (the "Company") is a company incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2016/17 Cycle) issued in July 2017 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Personal Group Holdings Plc includes the Company in its consolidated financial statements. The consolidated financial statements of Personal Group Holdings Plc are prepared in accordance with Adopted IFRSs and are available to the public and may be obtained from Companies House. As the Company is a wholly owned subsidiary undertaking of another company registered in England and Wales, group financial statements are not prepared. Accordingly, the financial statements present information about the Company as an individual undertaking and are not consolidated.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes (IAS 1 paragraphs 10(d), 38A and 111 and IAS 7);
- Statement of compliance with all IFRSs (IAS 1 paragraph 16);
- Disclosures in respect of capital management (IAS 1 paragraphs 134-136);
- The effects of new but not yet effective IFRSs (IAS 8 paragraphs 30 and 31);
- Disclosures in respect of the compensation of Key Management Personnel (IAS 24 paragraphs 17 and 18A); and
- Disclosures in respect of transactions with wholly owned subsidiaries (IAS 24).

No judgements which have a significant effect on the financial statements have been required in the preparation of these financial statements.

No significant assumptions or estimates which have a significant effect on the financial statements have been required in the preparation of these financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared under the historical cost convention. The functional and presentational currency of the Company is Sterling.

Going concern
The financial statements are prepared on a going concern basis. In considering going concern, the directors have reviewed the Company's available financial resources, historical performance and the impact of COVID-19, over the next 12 months from the date of signing the financial statements and have concluded that the Company will be able to operate without requiring any external funding and therefore believe it is appropriate to prepare the financial statements of the Company on a going concern basis.

Principal accounting policies *(continued)*

Changes to Accounting Policies
In order to comply with the policies of its Parent and the wider Group, the Company adopts new standards applicable to IFRS, as appropriate. No new standards have been adopted in the year, IFRS 16 having been early adopted in 2018.

Consolidated financial statements
The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent company, Personal Group Holdings Plc. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Investments in subsidiary undertakings and joint ventures
Investments in subsidiaries are carried at cost less accumulated impairments. Acquisitions from entities under common control are recognised at book value less any subsequent impairment.

Financial Instruments
The adoption of IFRS 9 *Financial Instruments* from 1st January 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements. However, it was not required to make any restatement of prior years as financial instruments in the Company are limited to cash deposits and trade receivables, the transition of which has been applied from the start of 2018 without need for retrospective adjustment.

Costs incurred to fulfil a contract
Costs incurred to fulfil a contract under IFRS 15 are recognised as an asset under certain conditions laid out in IFRS 15.95. The capitalised contract costs are amortised on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer. Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in the profit and loss account. There are no contracts in the Group for which these conditions are met and, as such, no assets have been recognised.

Principal accounting policies *(continued)*

Financial assets

A financial asset is measured at amortised cost if it is both: held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise to cash flows that are solely payments of principal and interest on the amount outstanding. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition, and "interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument, including any terms which may affect the timing or amount of contractual cash flows. All financial assets not measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value with net gains and losses, including any interest or dividend income, recognised in profit or loss. Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. All other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

Financial assets (including trade and other debtors)
IFRS 9 requires the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model. Therefore, it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the all the Company's financial assets.

The Company assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised costs. The Company recognises a loss allowance for such losses at each reporting date. The Company measures ECL on each balance sheet date according to a three stage ECL impairment model:

Stage 1 – from initial recognition of the financial asset to the date on which the asset has experienced a significant increase in credit risk (SICR) relative to its initial recognition, a loss allowance is equal to the credit loss expected to result from default occurring over 12 months following the reporting date.

Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset. Where an SICR is no longer observed, the instrument will move back to Stage 1.

Stage 3 – when the financial asset is considered to be credit impaired, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset. Interest and revenue is calculated based on the gross carrying amount of the asset, net of the loss allowance.

Principal accounting policies *(continued)*

The measurement of the ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-derivative financial instruments
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

In respect of non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company holds no applicable financial instruments.

Non-derivative financial instruments
Non-derivative financial instruments trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors
Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors
Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

The Company holds no derivative financial instruments.

Cash at bank and in hand
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity
Equity comprises the following:

• "Share capital" represents the nominal value of equity shares.

Notes to the financial statements

1 Profit before taxation

The profit before taxation is attributable to the principal activity of the Company and is carried out entirely within the United Kingdom.

	2019	2018
	£'000	£'000
The profit before taxation is stated after charging:		
Loss on disposal of investment property	-	-
Auditor's remuneration:		
- audit fees	-	5

The 2018 fees were payable to KPMG LLP.

2 Directors and employees

The Company has no employees and no director received any remuneration directly from the Company.

The split of remuneration for Directors relating to Berkeley Morgan Group Limited is:

	2019	2018
	£'000	£'000
Aggregate remuneration in respect of qualifying services	**25**	23
Gains on exercise of share options	-	3
Pension contributions to executive and group personal pension schemes	**1**	1

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £20k (2018: £20k), and company pension contributions of £1k (2018: £1k) were made to a money purchase scheme on his behalf.

During the year one director (2018: no director) exercised share options and received shares under a long-term incentive scheme.

Notes to the financial statements *(continued)*

3 Tax on profit

The relationship between the expected tax expense based on the effective tax rate of Berkeley Morgan Group Limited at 19.00% (2018: 19.00%) and the expense actually recognised in the profit or loss account can be reconciled as follows.

	2019 £'000	2018 £'000
Recognised in the profit and loss account		
Current tax expense	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Actual tax expense	-	-
Reconciliation of effective tax rate		
Profit before tax	**26**	131
Tax rate	**19.00%**	19.00%
Expected tax expense	**5**	25
Adjustment for non-deductible expenses	-	-
Adjustment for non-allowable income	**(5)**	(27)
Group Relief	-	2
Actual tax expense	-	-

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2018: 19.00%). A further reduction to 17.00% is due on 1 April 2020 which was substantively enacted on 15 September 2016. These will reduce future tax charges accordingly.

Notes to the financial statements *(continued)*

4 Investments

	Investments in subsidiaries £'000
Cost	
At 1 January 2019 and 31 December 2019	2,205
Impairment	
As 1 January 2019	2,056
Impairment in year	-
31 December 2019	2,056
Net book amount at 31 December 2019	**149**
Net book amount at 31 December 2018	149

During the year, the Company and several of its subsidiaries, undertook a capital reduction exercise with dividends being made, through the Company, to its immediate parent undertaking. These reductions, and subsequent dividends, reduced the net assets of the subsidiaries to an extent that these fell below the investment values in the Company, driving the need for an impairment.

At 31 December 2019 the Company held 100% of the allotted share capital of the following trading companies, all of which were incorporated in England and Wales and registered at 899 Silbury Boulevard, Milton Keynes, MK9 3XL.

Name of company	Class of share capital held	Nature of business
Berkeley Morgan Limited	Ordinary shares	Independent financial advisor
Universal Provident Limited	Ordinary shares	Wholesale insurance intermediary
B M Agency Services Limited	Ordinary shares	Intermediary
Berkeley Morgan Healthcare Limited	Ordinary shares	Dormant
Berkeley Morgan Property Limited	Ordinary shares	Dormant
Berkeley Morgan Trustees Ltd	Ordinary shares	Dormant
Summit Financial Holdings Plc	Ordinary shares	Dormant
Summit Financial Solutions Ltd	Ordinary shares	Dormant

Notes to the financial statements *(continued)*

5 Debtors

	2019	2018
	£'000	£'000
Amounts owed by group undertakings	**83**	94
	83	94

Amounts owed by group undertakings are generated from the provision of services to other group undertakings and are repayable on demand. These amounts are non-interest bearing.

6 Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Other creditors	**48**	48
Accruals and deferred income	**11**	7
Amounts owed to group undertakings	**30**	20
	89	75

Amounts owed to group undertakings are generated from the provision of services by other group undertakings and are repayable on demand. These amounts are non-interest bearing.

7 Share capital

	2019	2018
	£'000	£'000
Authorised		
100,000,000 ordinary shares of 10p each	**10,000**	10,000
Issued and full paid		
1,000 ordinary shares of 10p each	-	-

Notes to the financial statements *(continued)*

8 Ultimate controlling related party

The immediate parent undertaking is Personal Group Limited, the ultimate Parent undertaking of this company is Personal Group Holdings plc. Both companies are registered in England and Wales. The address of both companies is as follows:

John Ormond House
899 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 3XL

The only group of undertakings for which group accounts have been drawn up is that headed by Personal Group Holdings plc. Copies of these group accounts may be obtained from Companies House.

As a wholly owned subsidiary of Personal Group Holdings Plc the Company has taken advantage of the exemption available under FRS 101 not to disclose transactions with other members of the group headed by Personal Group Holdings Plc.

9 Post balance sheet events

At the time of issuing this report the UK is in the 'delay' phase of dealing with the Coronavirus (COVID-19) which the Company considers to be a non-adjusting event. While there has been minimal impact on the Company to date, demand and income are likely to be impacted by the situation in the short term and the extent of this will be dependent on the length of the lockdown. Various stress and scenario testing have taken place to assess the potential impact on the Company, and the wider Group, considering the impact on voucher and platform incomes, together with liquidity and potential cost saving measures for the Company. The Company has put into place business continuity plans, including flexible and remote working for staff as well as additional financial reporting and forecasting, and has full capability to support its clients and maintain business operations.

There are no other post balance sheet events that require disclosure.