**Company Registration No. 03950905**

# Verisk Risk Rating Limited

**Annual Report and Audited Financial Statements**

**For the year ended:**

**31 December 2019**

# Verisk Risk Rating Limited

## Report and financial statements 2019

## Contents

# Verisk Risk Rating Limited

## Report and financial statements 2019

## Officers and professional advisers

**Directors**

Kenneth Thompson
Maroun Mourad
Brian Aird (appointed 8 June 2020)
Paul Beven (resigned 8 June 2020)

**Secretary**

Kenneth Thompson

**Registered office**

Healix House
Esher Green
Esher
Surrey
KT10 8AB

**Solicitors**

Dickson Minto WS
16 Charlotte Square
Edinburgh
EH2 4DF

**Bankers**

HSBC Bank plc
2 Buchanan Street
Glasgow
G1 3LB

**Auditors**

Grant Thornton UK LLP
Statutory Auditors
110 Queen Street
Glasgow
G1 3BX

# Verisk Risk Rating Limited

## Strategic Report
## Year ended 31 December 2019

This strategic report has been prepared for the company only.

**Review of the business & KPIs**

The directors are satisfied with the performance of the business for the period given the current economic climate. During the period, the business continued to grow, and to invest in the development of new product offerings focused towards Health Insurance and Pet Insurance markets as well as enhancing our core offering to Travel Insurance providers.

2019 saw strong growth in revenues from the core travel product. The underlying year on year growth of 34% on a like for like basis was driven by a combination of new client acquisition and growth in existing client business. This growth in revenues combined with good cost control and investment helped to increase the underlying operating profit by 45% in 2019 on a like for like basis (excluding one off acquisition related costs realised during the year).

**Principal risks and uncertainties**

The principal risk identified by management relates to any potential downturn in the underlying risk rating trading business. The company is experiencing such a downturn in 2020 due to the COVID-19 pandemic. However, the business remains profitable and management are therefore satisfied that any potential trading risk is low based on current forecasts.

**Financial risk management**

The company's exposure to risks such as credit risk, interest rate risk and cash flow risk is within reasonable limits and these exposures are not hedged. There are no further material risks in which the company believe external hedging is required or mitigating action is needed at present.

**Other risks**

The referendum result in June 2016 which resulted in the decision for the UK to leave the European Union ("Brexit") has created a great deal of uncertainty. Arguably, four years later and little has changed. Brexit continues to dominate headlines and the outcome remains uncertain at this point despite the formal exit of the UK from the EU on 31 January 2020. Whilst is it difficult to plan in the face of such uncertainty of what the final outcome will be, it has been possible for the company to take some prudent measures to assess what risk the end result of Brexit might pose our business and where possible, mitigate that risk.

Shortly after the Brexit result, Verisk formed a Brexit working committee who were tasked with identifying Verisk Analytic's interaction with the EU and to assess the potential impact of Brexit on the business. The Brexit working committee consisted of professionals from different functions within the business, each of whom would be responsible for examining these interactions that the business had with the EU, assessing the risk of Brexit in respect of their function and determining to what extent those risks could be mitigated. The working group was made up of employees from procurement, risk / legal / compliance, human resources and tax. Together the group looked at the following areas of risk; supply chain, sales to EU customers, data protection/GDPR, intellectual property, contract law, EU national employees and taxation.

Brexit continues to be an area of uncertainty for businesses and individuals in the UK and EU, however we believe that as a business we have conducted appropriate reviews to ensure that the impact of Brexit is minimal. Furthermore, we do not believe that the services we supply will be disrupted by any additional form of legislation, restrictions or taxation following the UK's departure from the EU.

# Verisk Risk Rating Limited

## Strategic Report (continued)

**Other risks (continued)**

On the 11th March 2020, the World Health Organisation declared COVID-19 as a pandemic. The COVID-19 pandemic has restricted movement globally and has led to a significant contraction in the travel insurance market. This contraction has adversely affected the company in 2020 and we expect revenue to reduce year on year by about 53%. Despite the large reduction in revenue the company is, through effectively controlling our costs, expecting to remain profitable in 2020. We will continue to monitor the COVID-19 impact on our business but believe we have the resources and capability to manage our cost base through this situation in a positive manner.

Approved by the Board and signed on its behalf by:

Brian Aird

Brian Aird, Director

27 January 2021

# Verisk Risk Rating Limited

## Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2019 for Verisk Risk Rating Limited.

**Principal Activities**
The principal activity of the company is that of a specialist provider of risk rating data services to the insurance industry. These services are primarily focused on the health insurance aspects of travel insurance policies.

The financial performance of the company is set out in the Strategic Report on page 2.

**Future developments**
The company has evaluated subsequent events through to the date these financial statements were approved and has not identified any significant subsequent events that require consideration as an adjusting event.

**Dividends**
No dividends were paid during the year. (2018: nil).

**Directors**
The Directors who held office throughout the year and to the date of this report are set out on page 1.

**Third party indemnity provision for directors**
There is a third party indemnity provision in place for the benefit of all directors of the company

**Employment of disabled persons**

Our policy is to give full and fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. This policy has the commitment that appropriate training will be arranged for disabled persons, including retraining for alternative work for employees who become disabled, to promote their career development within the Group.

**Independent auditor**
Each of the persons who is a director at the date of approval of this report confirms that:

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

**Auditors**
The auditors, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

Brian Aird

Brian Aird,
27 January 2021

# Verisk Risk Rating Limited

## Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland). 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors confirm that:

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

Brian Aird

Brian Aird,
27 January 2021

## Independent auditor's report to the members of Verisk Risk Rating Limited

**Opinion**

We have audited the financial statements of Verisk Risk Rating Limited (the 'company') for the year ended 31 December 2019, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.
Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

**Conclusions relating to going concern**

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

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

# Verisk Risk Rating Limited

## Independent auditor's report to the members of Verisk Risk Rating Limited

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

We have nothing to report in this regard.

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

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

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

#### Matter on which we are required to report under the Companies Act 2006

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 material misstatements in the strategic report or the directors' report.

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

# Verisk Risk Rating Limited

## Independent auditor's report to the members of Verisk Risk Rating Limited

**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.

Grant Thornton UK LLP

James Chadwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
27 January 2021

# Verisk Risk Rating Limited

## Statement of comprehensive income
## Year ended 31 December 2019

| | Notes | 2019 £ | 2018 £ |
|---|---|---|---|
| **Turnover** | 3 | 8,738,576 | 6,528,612 |
| Cost of sales | | (2,019,598) | (1,814,047) |
| **Gross profit** | | 6,718,978 | 4,714,565 |
| Administrative expenses | | (475,564) | (440,358) |
| Exceptional items | | (2,150,820) | - |
| **Operating profit** | 4 | 4,092,594 | 4,274,207 |
| Interest receivable | | - | - |
| Interest payable | | - | - |
| **Profit on ordinary activities before taxation** | | 4,092,594 | 4,274,207 |
| Taxation | 6 | (383,766) | (814,640) |
| **Profit and total comprehensive income for the financial year** | | 3,708,828 | 3,459,567 |

The profit for the current and prior years was derived from continuing operations.

There was no other comprehensive income during the period nor the prior period and as such no statement of comprehensive income has been presented.

The accompanying notes (1 to 15) on pages 12 to 20 are an integral part of these financial statements.

# Verisk Risk Rating Limited

## Balance sheet
## As at 31 December 2019

| | Notes | 2019<br>£ | 2018<br>£ |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 8 | 127,453 | 176,755 |
| Tangible assets | 9 | 2,913 | 9,267 |
| | | 130,366 | 186,022 |
| **Current assets** | | | |
| Debtors | 10 | 16,270,893 | 7,889,796 |
| Cash at bank and in hand | | 672,914 | 126,640 |
| | | 16,943,807 | 8,016,436 |
| **Creditors: amounts falling due within one year** | 11 | (6,782,880) | (1,619,993) |
| **Net current assets** | | 10,160,927 | 6,396,443 |
| **Total assets less current liabilities** | | 10,291,293 | 6,582,465 |
| **Net assets** | | 10,291,293 | 6,582,465 |
| **Capital and reserves** | | | |
| Called up share capital | 12 | 100 | 100 |
| Profit and loss account | | 10,291,193 | 6,582,365 |
| **Shareholders' funds** | | 10,291,293 | 6,582,465 |

The accompanying notes (1 to 15) on pages 12 to 20 are an integral part of these financial statements.

Signed on behalf of the Board of Directors

Brian Aird

.......................................................

Brian Aird,

Director

27 January 2021

Verisk Risk Rating Limited - 03950905

# Verisk Risk Rating Limited

## Statement of changes in equity
## As at 31 December 2019

| | Share Capital | Profit and loss account | Total |
|---|---|---|---|
| | £ | £ | £ |
| At 31 December 2017 | 100 | 3,122,798 | 3,122,898 |
| Total comprehensive income for the year | - | 3,459,567 | 3,459,567 |
| At 31 December 2018 | 100 | 6,582,365 | 6,582,465 |
| Total comprehensive income for the year | - | 3,708,828 | 3,708,828 |
| At 31 December 2019 | 100 | 10,291,193 | 10,291,293 |

The accompanying notes (1 to 15) on pages 12 to 20 are an integral part of these financial statements.

# Verisk Risk Rating Limited

## Notes to the financial statements
## For the period ended 31 December 2019

**1. Accounting policies**

**1. General information and basis of accounting**

Verisk Risk Rating Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be Pound sterling because that is the currency of the primary economic environment in which the Company operates.

The Company's ultimate parent undertaking, Verisk Analytics Inc, includes the Company in its consolidated financial statements. The consolidated financial statements of Verisk Analytics Inc are prepared in accordance with US GAAP. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Verisk Analytics Inc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

The financial statements are prepared on the historical cost basis except financial instruments classified at fair value through the profit or loss that are stated at fair value.

**Triennial review of FRS 102**

The Company has adopted a principle amendment to FRS 102 through the Financial Reporting Council's (FRC) 2017 triennial review. Management have assessed the impact of this adoption and have determined that there is no material impact on the financial statements.

**Going concern**

As outlined in the strategic report, the directors have considered the projected trading performance for the company for a period of at least the next 12 months. Based on this the directors have a reasonable expectation that the Company will have adequate resources available to them and financial support from the ultimate parent company to continue in operational existence for the foreseeable future. Management have also assessed the impact of the COVID-19 pandemic on the travel industry and business through re-forecasting and budgeting and as a result, they continue to adopt the going concern basis of accounting in preparing the financial statements.

# Verisk Risk Rating Limited

## Notes to the financial statements (continued)
## For the period ended 31 December 2019

**1. Accounting policies (continued)**

**Financial instruments**

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

*(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

*(ii) Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

# Verisk Risk Rating Limited

## Notes to the financial statements (continued)
## For the period ended 31 December 2019

**1. Accounting policies (continued)**

**Revenue recognition**

Turnover is stated net of trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

**Taxation**

Current tax, including UK corporation tax and branch foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided so as to write off the cost of tangible fixed assets in equal instalments over the estimated useful economic lives of the assets. The rates of depreciation are as follows:

| | |
|---|---|
| Leasehold improvements | Over the life of the lease |
| Computer equipment | 3 years |

**Intangible fixed assets**

Development costs

Where a specific project meets the recognition criteria of FRS 102 Section 18 'Intangible Assets Other than Goodwill' the related product development costs are capitalised and amortised over the expected life of the specific product developed, usually between 3 to 5 years.

Design and content website development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering measurable economic benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the Statement of comprehensive income as incurred.

**Leases**

Operating lease rentals are charged to the Statement of comprehensive income in equal annual amounts over the lease term.

**Pension costs**

The company operates a defined contribution scheme on behalf of its employees. Contributions to the defined contribution scheme are charged to the Statement of comprehensive income as they become payable. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## 1. Accounting policies (continued)

**Foreign currency transactions**

Foreign currency transactions are translated at the rate prevailing at the date of the transaction. All gains and losses on translation are taken to the Statement of comprehensive income in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date.

## 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**Critical judgements in applying the Company's accounting policies**

During the year, management considered the recoverability of its Development Costs which are included in the balance sheet at a total of £127,453 net book value at 31 December 2019 (2018: £176,755). Management reviews individual projects to ensure that their development continues to progress in a satisfactory manner, and that the projected revenues and costs are in line with previous estimates, and more then recover the current carrying value. This situation will continue to be closely monitored.

**Key source of estimation uncertainty**

The directors note no key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 3. Turnover

Turnover represents amounts derived from the provision of services which fall within the company's ordinary activities after deduction of trade discounts and any applicable value added tax or equivalent.

The analysis of turnover in terms of destination is as follows:

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| United Kingdom | 8,738,576 | 6,528,612 |
| | 8,738,576 | 6,528,612 |

## 4. Operating profit

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Operating profit is after charging:** | | |
| Depreciation | 6,354 | 7,636 |
| Amortisation | 63,873 | - |
| Auditors Remuneration | 8,200 | 8,000 |
| Pension costs | 40,608 | 27,430 |

## 5. Information regarding directors and employees

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Directors' remuneration** | | |
| Emoluments | 212,794 | 200,675 |
| Pension contributions | - | - |
| | 212,794 | 200,675 |

| | No. | No. |
|---|---|---|
| Number of directors who are members of the defined contribution pension scheme | - | - |

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Staff costs during the year** | | |
| Wages and salaries | 3,542,910 | 1,276,412 |
| Social security costs | 151,763 | 131,145 |
| Pension costs | 40,608 | 27,430 |
| | 3,735,281 | 1,434,897 |

The average number of employees during the year to 31 December 2019 was 22 (2018: 18)

Total contributions made to retirement benefit schemes and equivalents in the year to 31 December 2019 totalled £40,607 (2018: £27,430). The pension scheme contributions outstanding as at the balance sheet date amount to £3,080 (2018: £3,380). The scheme and its assets are held by independent managers.

# Verisk Risk Rating Limited

## Notes to the financial statements (continued)
## For the period ended 31 December 2019

### 6. Taxation

| | 2019 £ | 2018 £ |
|---|---|---|
| *Current taxation* | 392,476 | 816,962 |
| Adjustment in respect of previous periods | (15) | 539 |
| Total current taxation | 392,461 | 817,501 |
| *Deferred taxation* | | |
| Origination and reversal of timing differences | (7,629) | (2,886) |
| Adjustment in respect of previous periods | (1,066) | 25 |
| Effect of changes in tax rates | - | - |
| Total deferred taxation | (8,695) | (2,861) |
| Total taxation on profit on ordinary activities | 383,766 | 814,640 |

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19.00% (2018: 19%). The actual current tax charge for the current year differed from the standard rate for the reasons set out in the following reconciliation:

| | 2019 £ | 2018 £ |
|---|---|---|
| Profit on ordinary activities before taxation | 4,092,594 | 4,274,207 |
| Tax on profit on ordinary activities at standard rate 19% (2018: 19.25%) | 777,593 | 812,100 |
| *Factors affecting the charge for the year:* | | |
| Adjustments to tax charge in respect of prior years | (1,081) | 564 |
| Expenses not deductible for tax purposes | 1,089 | 1,637 |
| Impact of change in tax rates | 898 | 339 |
| Group relief claimed | (394,733) | - |
| Total actual amount of current tax | 383,766 | 814,640 |

The UK corporation tax rate was reduced from 20% to 19% on 1 April 2017. As a result, the average UK corporation tax rate for the year was 19.00%. The Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%.

# Verisk Risk Rating Limited

## Notes to the financial statements (continued)
## For the period ended 31 December 2019

### 7. Dividends

No dividends were proposed and paid during the year (2018: nil).

### 8. Intangible fixed assets

| | Development Costs £ | Totals £ |
|---|---|---|
| **Cost** | | |
| At 1 January 2019 | 176,755 | 176,755 |
| Additions | 14,571 | 14,571 |
| At 31 December 2019 | 191,326 | 191,326 |
| **Accumulated amortisation** | | |
| At 1 January 2019 | - | - |
| Charge for the year | 63,873 | 63,873 |
| At 31 December 2019 | 63,873 | 63,873 |
| **Net book value** | | |
| At 31 December 2019 | 127,453 | 127,453 |
| At 31 December 2018 | 176,755 | 176,755 |

Intangible assets are amortised to the P&L as they are put into service.

### 9. Tangible fixed assets

| | Leasehold Improvements £ | Computer equipment £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2019 | 5,201 | 14,252 | 19,453 |
| Additions | - | - | - |
| At 31 December 2019 | 5,201 | 14,252 | 19,453 |
| **Accumulated depreciation** | | | |
| At 1 January 2019 | 3,330 | 6,856 | 10,186 |
| Charge for the year | 1,604 | 4,750 | 6,354 |
| At 31 December 2019 | 4,934 | 11,606 | 16,540 |
| **Net book value** | | | |
| At 31 December 2019 | 267 | 2,646 | 2,913 |
| At 31 December 2018 | 1,872 | 7,396 | 9,267 |

# Verisk Risk Rating Limited

## Notes to the financial statements (continued)
## For the period ended 31 December 2019

### 10. Debtors

| | 2019 £ | 2018 £ |
|---|---|---|
| Trade debtors | 396,435 | 314,608 |
| Amounts owed by group undertakings & related parties | 15,492,544 | 7,177,595 |
| Prepayments and accrued income | 370,358 | 441,714 |
| Deferred Tax | 11,556 | 2,861 |
| | 16,270,893 | 7,889,796 |

Amounts due from group undertakings are unsecured, repayable on demand and do not accrue interest.

### 11. Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|---|---|---|
| Amounts owed to group undertakings & related parties | 4,083,597 | 502,840 |
| Corporation tax | 198,993 | 579,582 |
| Other taxes and social security | 30,194 | 44,942 |
| Accruals & deferred income | 353,376 | 486,297 |
| Other creditors | 2,116,720 | 6,332 |
| | 6,782,880 | 1,619,993 |

Amounts due to group undertakings are unsecured, repayable on demand and do not accrue interest.

### 12. Called up share capital

| | 2019 £ | 2018 £ |
|---|---|---|
| **Called up, allotted and fully paid** | | |
| 100 Ordinary shares of £1.00 each | 100 | 100 |
| | 100 | 100 |

# Verisk Risk Rating Limited

## Notes to the financial statements (continued)
## For the period ended 31 December 2019

**13. Related party transactions**

The company has taken exemptions under FRS 102 in respect of disclosure of related party balances and transactions as all balance and transactions were with other wholly owned companies within the group.

**14. Ultimate controlling party**

The immediate parent company is Verisk Lux Holdco 3 S.A.R.L, a company incorporated in Luxembourg. The ultimate parent company is Verisk Analytics Inc. This is the largest group into which the results are consolidated. Verisk Analytics Inc. is a quoted company on NASDAQ in the United States. Copies of the consolidated financial statements of Verisk Analytics Inc can be obtained at their registered office at 545 Washington Boulevard, Jersey City, NJ 07310-1686.

**15. Post balance sheet events**

As previously highlighted in the Strategic and Directors Reports, the World Health Organisation declared COVID-19 as a pandemic on 11th March 2020. The immediate impact on the business has been a requirement to operate remotely which has been very effective and we have continued to engage with our staff and clients in a highly positive manner. We continue to monitor the economic impact of this event on our business. COVID-19 is a non-adjusting post balance sheet event.