

PBS Holdings Limited
Annual Report and Financial Statements
for the year ended 30 March 2021



Company Registration No. 5297966

Contents	Page
Officers and Advisers	2
Strategic Report for the year ended 30 March 2021	3
Directors' Report for the year ended 30 March 2021	5
Independent auditors' report to the members of PBS Holdings Limited	7
Statement of Comprehensive Income for the year ended 30 March 2021	11
Statement of Financial Position as at 30 March 2021	12
Statement of Changes in Equity for the year ended 30 March 2021	13
Notes to the Financial Statements for the year ended 30 March 2021	14

Officers and Advisers

Directors	Mr T J Smyth
Secretary	Mrs P J Fullerton
Principal bankers	Santander UK Corporate Bank 58/60 Briggate Leeds LS1 6AS
Independent auditors	Crowe U.K. LLP Chartered Accountants and Statutory Auditors 3 rd Floor The Lexicon Mount Street Manchester M2 5NT
Tax advisors	Rawlinson & Hunter 6 New Street Square New Fetter Lane London EC4A 3AQ
Registered office	3.1 Carrwood Park Selby Road Swillington Common Leeds LS15 4LG
Company Registration number	5297966

Strategic Report for the year ended 30 March 2021

Principal activities

The company's principal activity is to act as a parent company for a number of companies that operate in the insurance industry providing underwriting agency and service facilities.

Review of the business

The results for the company as set out on page 11 shows a loss before taxation of £15,299,245, (2020: £2,646,892). The shareholders' deficit of the company shows a deficit of £24,034,227 (2020: deficit of £8,832,436).

Future outlook

The company will continue to act as a parent holding company.

Going Concern

As at 30 March 2021, the company is in a net liabilities position of £24,034,227 (2020: £8,832,436). PBS Holdings has creditor balances of £24,034,232, which falls within "Creditor amounts falling due within one year" on the Statement of Financial Position. In prior years, the RCHL Group has received a letter of support from the Shareholder which has guaranteed that if the creditors are called up earlier than projected, the Shareholder would step in and cover the liability. In FY2021, this letter of support has not been received. The effect of not having this guarantee means that the entity may be unable to realise its assets, or discharge its liabilities, in the normal course of business should the balances be called up within the next 12 months. The Directors are considering alternative sources of funding and a restructure, which based upon cashflow forecasts and scenario analysis performed, would provide sufficient facilities to enable the Group to continue trading as a going concern. The restructure and sources of funding are dependent upon a transaction which has not yet completed. As a result, the Directors have opted to include this material uncertainty statement in order to advise the reader that material uncertainty exists in relation to going concern.

Principal risks and uncertainties

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

Financial Risk Management

PBS Holdings Limited is exposed to the risks of its subsidiary companies.

Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, people, systems or from external events. The company manages operational risk by having suitable processes and systems in place. Our risk management function looks to capture risk information in a robust and consistent manner.

Regulatory and Conduct Risk

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

Strategic Report for the year ended 30 March 2021 (continued)**Regulatory and Conduct Risk (continued)***Regulatory Risk*

We have no appetite for material and firm level risks resulting in reputational damage, regulatory or legal censure, fines or prosecutions and other types of non-budgeted operational risk losses associated with PBS Holdings Limited's activities. We maintain a robust and appropriate internal control environment

Conduct Risk

Conduct risk has been defined as risks arising from PBS Holdings Limited's conduct in direct relationships with commercial customers, or indirect relationship with customers via Brokers or Claims Suppliers. This also includes Claims suppliers and Broker Schemes with Delegated Authority.

Our code of conduct is "We will always aim to treat people with honesty and integrity, putting the interests of our customers first".

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

- Complaints Analysis is reported at the end of the previous month.
- The Conduct Risk Dashboard is updated quarterly and reports on a number of agreed conduct risk areas.
- The Conduct Risk Framework is RAG rated on a monthly basis by the senior management team.

Liquidity risk

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

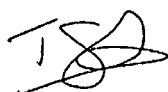
Interest rate risk

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

Cyber Risk

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

Approved by the Board and signed on its behalf by:



.....
Mr T J Smyth

Director

Date: 23 June 2022

Directors' Report for the year ended 30 March 2021

The directors present their report and the audited financial statements for the year ended 30 March 2021. The actual accounting reference date (ARD) has been shortened by one day to 30 March 2021, following permission from Companies House to keep the ARD in line across the RCHL Group. This change in ARD does not impact the year-on-year comparisons.

Dividends

An interim dividend of £nil (2020: £nil) was paid in the year. Directors do not recommend payments of a final dividend (2020: £nil).

Directors

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

Mr T J Smyth

Qualifying third-party indemnity provisions

The directors are protected by an indemnity insurance provision as defined by Section 234 of the Companies Act 2006. The indemnity cover has been in place for the last and current financial year and will still be in force at the date of approval of the financial statements, with renewal due in August 2022.

Independent Auditors

The company has elected to dispense with the requirement to hold an Annual General Meeting and reappoint auditors annually. During the year the Company received resignation from PricewaterhouseCoopers LLP, as the company's external auditors with Crowe U.K. LLP subsequently appointed and approved by the Board.

Statement of directors' responsibilities in respect of the financial statements

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

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

Directors' Report for the year ended 30 March 2021 (continued)**Statement of directors' responsibilities in respect of the financial statements (continued)**

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

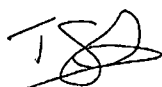
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Directors' confirmations

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

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

The financial statements on pages 11 to 20 were approved by the Board and signed on its behalf by:



.....
Mr T J Smyth

Director

Date: 23 June 2022

Independent Auditor's Report to the Members of PBS Holdings Limited**Opinion**

We have audited the financial statements of PBS Holdings Limited for the period ended 30 March 2021 which comprise the balance sheet as at 31 March 2021; the profit and loss account the statement of changes in equity for the period then ended, 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 30 March 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Material uncertainty related to going concern

We draw attention to Note 3 in the financial statements, which indicates that the company incurred a net loss of £15,201,791 during the year ended 30 March 2021 and, as of that date, the company's current liabilities exceeded its total assets by £24,034,227. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a 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.

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

Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information contained within the annual report. 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

Independent Auditor's Report to the Members of PBS Holdings Limited (continued)

and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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 directors' report.

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 by the company, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

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.

Independent Auditor's Report to the Members of PBS Holdings Limited (continued)**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.

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant are the appropriate accounting standards in conformity with the requirements of the Companies Act 2006 and Tax legislation;
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our experience, through discussion with the directors, and from inspection of the company's board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Financial Controller;
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management from relevant parts of the business to understand where management considered there was a susceptibility to fraud. We also considered the potential for management to manage earnings and influence the perceptions of the financial statements.
- Audit procedures performed by the engagement team included:
 - Evaluation of the design and controls established to address any significant financial statement risks related to irregularities and fraud; and
 - Testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to non-routine transactions.

Owing to the inherent limitations of an audit there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.

Independent Auditor's Report to the Members of PBS Holdings Limited (continued)**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.



Michael Jayson
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

24 June 2022

**Statement of Comprehensive Income
for the year ended 30 March 2021**

	Note	30 March 2021 £	31 March 2020 £
Administrative expenses		(40,193)	(1,647,632)
Operating loss	4	(40,193)	(1,647,632)
Exceptional items	5	(14,788,072)	(576,537)
Interest receivable and similar income	6	266,845	69,569
Interest payable and similar expenses	7	(737,825)	(492,292)
Loss before taxation		(15,299,245)	(2,646,892)
Tax on loss	8	97,454	84,492
Loss for the financial year		(15,201,791)	(2,562,400)

The notes to the financial statements on pages 14 to 20 form an integral part of these financial statements.

All activities derive from continuing operations and there was no other comprehensive income other than that reflected in the loss for the financial year.

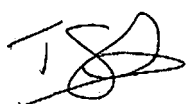
There are no material differences between the loss before taxation and the loss for the financial year stated above and their historical cost equivalents.

Statement of Financial Position as at 30 March 2021

	Note	30 March 2021 £	31 March 2020 £
Fixed assets			
Investments	9	<u>5</u>	<u>10,157,136</u>
		5	10,157,136
Current liabilities			
Creditors: amounts falling due within one year	10	<u>(24,034,232)</u>	<u>(17,165,683)</u>
Net current liabilities		<u>(24,034,232)</u>	<u>(17,165,683)</u>
Total assets less current liabilities		<u>(24,034,227)</u>	<u>(7,008,547)</u>
Creditors: amounts falling due after more than one year	11	-	(1,823,889)
Net liabilities		<u>(24,034,227)</u>	<u>(8,832,436)</u>
Capital and reserves			
Called up share capital	13	1,000	1,000
Accumulated losses		<u>(24,035,227)</u>	<u>(8,833,436)</u>
Total shareholders' deficit		<u><u>(24,034,227)</u></u>	<u><u>(8,832,436)</u></u>

The notes to the financial statements on pages 14 to 20 form an integral part of these financial statements.

The financial statements on pages 11 to 20 were authorised for issue by the Board of Directors on 23 June 2022 and were signed on its behalf by:



.....
Mr T Smyth
Director

PBS Holdings Limited
Company registration number: 5297966

Statement of Changes in Equity for the year ended 30 March 2021

	Called up share capital £	Accumulated Losses £	Total Shareholders' Deficit £
Balance as at 1 April 2019	<u>1,000</u>	<u>(6,271,036)</u>	<u>(6,270,036)</u>
Loss for the Financial Year	<u>-</u>	<u>(2,562,400)</u>	<u>(2,562,400)</u>
Total comprehensive expense for the year	<u>-</u>	<u>(2,562,400)</u>	<u>(2,562,400)</u>
Balance as at 31 March 2020	<u>1,000</u>	<u>(8,833,436)</u>	<u>(8,832,436)</u>
 Balance as at 1 April 2020	 <u>1,000</u>	 <u>(8,833,436)</u>	 <u>(8,832,436)</u>
Loss for the Financial Year	<u>-</u>	<u>(15,201,791)</u>	<u>(15,201,791)</u>
Total comprehensive expense for the year	<u>-</u>	<u>(15,201,791)</u>	<u>(15,201,791)</u>
Balance as at 30 March 2021	<u>1,000</u>	<u>(24,035,227)</u>	<u>(24,034,227)</u>

The notes to the financial statements on pages 14 to 20 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 30 March 2021**1. General Information**

PBS Holdings Limited ("the Company") operates to act as a parent company for companies that operate in the insurance industry providing underwriting agency, broking and service facilities.

The Company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is 3.1 Carrwood Park, Selby Road, Swillington Common, Leeds, West Yorkshire, LS15 4LG.

2. Statement of Compliance

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

3. Accounting Policies**Basis of preparation**

These financial statements have been prepared on the going concern basis, under the historical cost convention.

The financial statements contain information about PBS Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of its parent, detail of which can be found in the notes to the financial statements and basis of accounting policy has been applied consistently.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Going Concern

As at 30 March 2021, the company is in a net liabilities position of £24,034,227 (2020: £8,832,436). PBS Holdings has creditor balances of £24,034,232, which falls within "Creditor amounts falling due within one year" on the Statement of Financial Position. In prior years, the RCHL Group has received a letter of support from the Shareholder which has guaranteed that if the creditors are called up earlier than projected, the Shareholder would step in and cover the liability. In FY2021, this letter of support has not been received. The effect of not having this guarantee means that the entity may be unable to realise its assets, or discharge its liabilities, in the normal course of business should the balances be called up within the next 12 months. The Directors are considering alternative sources of funding and a restructure, which based upon cashflow forecasts and scenario analysis performed, would provide sufficient facilities to enable the Group to continue trading as a going concern. The restructure and sources of funding are dependent upon a transaction which has not yet completed. As a result, the Directors have opted to include this material uncertainty statement in order to advise the reader that material uncertainty exists in relation to going concern.

Notes to the Financial Statements for the year ended 30 March 2021 (continued)**3. Accounting Policies (continued)****Revenue**

The company generates revenue principally from dividends associated with investments in subsidiary undertakings, which are accounted for as the cash falls due.

Investments

Fixed asset investments are stated at historical cost less provision for any impairment.

Financial instruments

The company has chosen to adopt section 11 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

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

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised costs, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is

Notes to the Financial Statements for the year ended 30 March 2021 (continued)**3. Accounting Policies (continued)**

due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, this is when the contractual obligation is discharged, cancelled or expires.

Taxation

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

(i) Current tax

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

(ii) Deferred tax

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Cash flow statement and related party

The company is a subsidiary of RCHL Group Limited and is included in the consolidated financial statements of RCHL Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 102.

Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of investments in subsidiaries

The company conducts impairment reviews of investments in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the company to estimate the value in use based on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

Notes to the Financial Statements for the year ended 30 March 2021 (continued)**4. Operating loss**

The operating loss is stated after charging:

	30 March 2021 £	31 March 2020 £
Write off	-	1,628,733
Auditors' remuneration	5,000	6,425
Tax fees	1,192	1,450
	<u>6,192</u>	<u>1,636,608</u>

UK General Management Services Limited was dissolved in the year ended 31 March 2020, with the intercompany balance being written off in the financial statements of PBS Holdings Limited.

The charge for directors' emoluments and contributions to money purchase pension schemes total £9,126 (2020: £1,439), in respect of their services to the group as a whole.

5. Exceptional items

	30 March 2021 £	31 March 2020 £
Impairment of investments in subsidiary undertakings	(10,457,131)	(576,537)
Provision against subsidiary balance owed	(4,330,941)	-
	<u>(14,788,072)</u>	<u>(576,537)</u>

6. Interest receivable and similar income

	30 March 2021 £	31 March 2020 £
Interest receivable from group undertakings	<u>266,845</u>	<u>69,569</u>

7. Interest payable and similar expenses

	30 March 2021 £	31 March 2020 £
Interest payable to group undertakings	<u>737,825</u>	<u>492,292</u>

Notes to the Financial Statements for the year ended 30 March 2021 (continued)**8. Tax on loss****(a) Analysis of credit in the year**

	30 March 2021	31 March 2020
	£	£
Current tax:		
Based on the loss for the year at 19% (2020: 19%)		
Group relief and similar credits	(97,454)	(84,211)
Adjustment to tax in respect of prior periods	-	(281)
Total tax credit for the year (Note 8(b))	<u>(97,454)</u>	<u>(84,492)</u>

(b) Reconciliation of tax credit for the year:

The tax assessed for the year differs (2020: differs) from the standard rate of corporation tax in the UK at 19% (2020: 19%). The differences are explained below:

	30 March 2021	31 March 2020
	£	£
Loss before taxation	<u>(15,299,245)</u>	<u>(2,646,892)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(2,906,857)	(502,909)
<u>Effects of:</u>		
Permanent differences	2,809,403	418,698
Unrecognised deferred tax		-
Adjustment to tax in respect of prior periods- group relief	-	(281)
Total tax credit for the year (Note 8(a))	<u>(97,454)</u>	<u>(84,492)</u>

(c) Tax Rate change

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

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

(d) Deferred Tax

There is an unrecognised deferred tax asset of £75,848 (2020: £75,848) in respect of carried forward tax losses.

Notes to the Financial Statements for the year ended 30 March 2021 (continued)**9. Investments**

Shares in subsidiary undertakings	£
At 1 April 2020	10,157,136
Additions	300,000
Impairment	(10,457,131)
As at 30 March 2021	5

Additions relate to the company's investment in the ordinary share capital of One Commercial Limited.

The impairment of investments follows a review of the carrying value in the subsidiary entities, in particular, following the sale of trade in RCHL Old in the prior year.

The directors consider the following companies to be subsidiary undertakings at 30 March 2021.

Company name	Class of shares held	Voting rights %	Country of incorporation	Nature of business
Longhawk Insurance Group Limited	Ordinary	100	United Kingdom	Investment Company
Binnacle Insurance Services Ltd	Ordinary	100	United Kingdom	Insurance underwriting agent
RCHL Old Limited	Ordinary	100	United Kingdom	Insurance underwriting agent
One Commercial (Claims) Limited	Ordinary	100	United Kingdom	Insurance admin company
One Commercial Limited	Ordinary	100	United Kingdom	Insurance underwriting agent
Primary General Insurance Limited	Ordinary	100	United Kingdom	Dormant Company

Following the impairment, the directors believe that the carrying value of the investments is supported by their underlying net assets.

10. Creditors: amounts falling due within one year

	30 March 2021 £	31 March 2020 £
Trade Creditors	-	6,000
Amounts owed to group undertakings	22,209,802	17,159,683
Accruals and deferred income	1,824,430	-
	24,034,232	17,165,683

Amounts owed to group undertakings are the net position of recharges and cash movements between the subsidiary companies of PBS Holdings Limited and its parent company RCHL Group Limited.

Notes to the Financial Statements for the year ended 30 March 2021 (continued)**11. Creditors: amounts falling due after more than one year**

	30 March 2021	31 March 2020
	£	£
Accruals and deferred income	-	1,823,889
	<u>-</u>	<u>1,823,889</u>

12. Related party disclosures

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

13. Called up share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

14. Ultimate parent undertaking

The immediate parent undertaking is RCHL Group Limited, which is the largest group of undertakings to consolidate these financial statements.

The ultimate parent company is Primary Group Holdings 1 Limited, which is a company incorporated in Bermuda.

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

15. Subsequent events

Since the end of the reporting period (30 March 2021), Precision Support Services Limited has been purchased from a sister company (Precision Partnership Limited), and PBS Holdings Limited has sold Binnacle Insurance Services Limited and One Commercial Limited to Precision Partnership Limited. These transactions took place on 14 February 2022.