

Longhawk Insurance Group Limited
Annual Report and Financial Statements
for the year ended 31 March 2020



Company Registration No. 05445532

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Officers and Advisers

Directors	Mr T Smyth
Secretary	Miss L Brophy
Principal bankers	Santander UK Corporate Bank 58/60 Briggate Leeds LS1 6AS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
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 LS10 4LG
Company Registration number	05445532

Strategic Report for the year ended 31 March 2020**Principal activities**

The company was previously a parent company for companies that operate in the insurance industry providing underwriting agency, broking and service facilities. There are currently no plans for the company to acquire any new investments.

Review of the business

The results for the company as set out on page 8 show a profit before taxation of £48,901 (2019: £54,014). The equity of the company shows a surplus of £2,609,302 (2019: surplus of £2,560,401).

Future outlook

There are currently no plans for the company to acquire any new investments.

Going Concern

Primary Group (UK) Limited, who is a related part and fellow subsidiary of Primary Group Holdings 1 Limited, has confirmed its commitment to maintain financial support, indicating its intention to support the company for at least the next twelve months from the approval of the financial statements by providing or procuring such finance as is necessary in order that the company is able to meet its obligations as and when they fall due. Accordingly, the directors believe that the preparation of the financial statements on the going concern basis is appropriate.

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.

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home). At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

Approved by the Board and signed on its behalf by:



Mr T Smyth
Director

Date: 26 MARCH 2021

Directors' Report for the year ended 31 March 2020

The directors present their report and the audited financial statements for the year ended 31 March 2020.

Dividends

An interim dividend of £nil (2019: £nil) was paid in the year. Directors do not recommend payment of a final dividend (2019: £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 Smyth

Mr R Skingle (resigned 27/02/2020)

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.

Statement of disclosure of information to auditors

Each director at the date of approval of this report confirmed that there is no relevant audit information of which the company's auditors are unaware. 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 auditors are aware of that information.

Independent auditors

The company has elected to dispense with the requirement to hold an Annual General Meeting and reappoint auditors annually. Accordingly, PricewaterhouseCoopers LLP, having indicated their willingness to do so, will continue as the company's auditors.

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).

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

Directors' Report for the year ended 31 March 2020 (continued)**Statement of directors' responsibilities in respect of the financial statements (continued)**

- 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 8 to 15 were approved by the Board and signed on its behalf by:



Mr T Smyth
Director

Date: 26 March 2021

Independent auditors' report to the members of Longhawk Insurance Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Longhawk Insurance Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2020; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report for the year ended 31 March 2020, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report for the year ended 31 March 2020.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4 and 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Sean Forster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 March 2021

Statement of Comprehensive Income for the year ended 31 March 2020

	Note	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Administrative expenses		(20,186)	(13,551)
Operating loss	4	<u>(20,186)</u>	<u>(13,551)</u>
Interest receivable and similar income	5	69,087	67,565
Profit before taxation		<u>48,901</u>	<u>54,014</u>
Tax on profit	6	-	-
Profit for the financial year		<u><u>48,901</u></u>	<u><u>54,014</u></u>

The notes to the financial statements on pages 11 to 15 form an integral part of these financial statements.

There were no gains or losses other than those reflected in the profit for the financial year.


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

Statement of Financial Position as at 31 March 2020

	Note	As at 31 March 2020 £	As at 31 March 2019 £
Current assets			
Debtors	7	2,609,627	2,563,001
Creditors: amounts falling due within one year	8	(325)	(2,600)
Net current assets		<u>2,609,302</u>	<u>2,560,401</u>
Total assets less current liabilities		<u>2,609,302</u>	<u>2,560,401</u>
Net assets		<u>2,609,302</u>	<u>2,560,401</u>
Capital and reserves			
Called up share capital	9	2,300,001	2,300,001
Retained Earnings		309,301	260,400
Total shareholders' funds		<u>2,609,302</u>	<u>2,560,401</u>

The notes to the financial statements on pages 11 to 15 form an integral part of these financial statements.

The financial statements on pages 8 to 15 were authorised for issue by the Board of Directors on 26 MARCH 2021 and were signed on its behalf by:



 Mr T Smyth
 Director

Longhawk Insurance Group Limited
 Company registration number: 05445532

Statement of Changes in Equity for the year ended 31 March 2020

	Called up share capital £	Retained Earnings £	Total Shareholders Funds £
Balance as at 1 April 2018	<u>2,300,001</u>	<u>206,386</u>	<u>2,506,387</u>
Profit for the financial year	-	54,014	54,014
Balance as at 31 March 2019	<u>2,300,001</u>	<u>260,400</u>	<u>2,560,401</u>
Balance as at 1 April 2019	<u>2,300,001</u>	<u>260,400</u>	<u>2,560,401</u>
Profit for the financial year	-	48,901	48,901
Balance as at 31 March 2020	<u>2,300,001</u>	<u>309,301</u>	<u>2,609,302</u>

The notes to the financial statements on pages 11 to 15 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2020**1. General Information**

Longhawk Insurance Group Limited ("the Company") operated to act as a parent company for companies that operate in the insurance industry. The Company sold these investments to UK General Insurance Limited in December 2014, and there are currently no plans for the company to acquire any new investments.

The Company is a private company, limited by shares, and is incorporated and domiciled in England. 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

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under FRS 102 paragraph 3.17(d) on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the parent company RCHL Group Limited, includes the Company's cash flows;
- from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited, under FRS 102 paragraph 33.1(a);

Going Concern

As at 31 March 2020, the company is in a net current liabilities position of £4,604,716 (2019: £4,529,166). Primary Group (UK) limited, who is a related party and fellow subsidiary of Primary Group Holdings 1 Limited has confirmed its commitment to maintain financial support, indicating its intention to support the company for at least the next twelve months from the approval of the financial statements by providing or procuring such finance as is necessary in order that the company is able to meet its obligations as and when they fall due. Accordingly, the directors believe that the preparation of the financial statements on the going concern basis is appropriate.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**3. Accounting Policies (continued)****Taxation**

Taxation for the period 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 period 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 period end and that are expected to apply to the reversal of the timing difference.

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.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**3. Accounting Policies (continued)**
Financial instruments (continued)**(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 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

Exemptions for qualifying entities under FRS 102

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 and from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited.

4. Operating Loss

Operating loss is stated after charging:

	31 March 2020 £	31 March 2019 £
Tax Fees	1,300	1,950
Audit Fees	2,000	2,000
Recharges from Parent Company	<u>16,886</u>	<u>13,870</u>

The charge for directors' emoluments and contributions to money purchase pension schemes total £2,877 (2019: £2,814), in respect of their services to the group as a whole.

5. Interest receivable and similar income

	31 March 2020 £	31 March 2019 £
Interest receivable from group undertakings	<u>69,087</u>	<u>67,565</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**6. Tax on Profit**

(a) Analysis of charge in the year	Year ended 31 March 2020 £	Year ended 31 March 2019 £
Group relief and similar payments/(credits)	-	-
Adjustments to tax in respect of prior years	-	-
Total tax charge for the year (note 6b)	-	-

(b) Factors affecting total tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	31 March 2020 £	31 March 2019 £
Profit before taxation	48,901	54,014
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	9,291	10,263
<u>Effects of:</u>		
Permanent Differences	(359)	(264)
Unrecognised deferred tax	(8,932)	(9,999)
Adjustment to tax in respect of prior periods - group relief	-	-
Total tax charge for the year (Note 6(a))	-	-

(c) Tax rates

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 assets 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 £17,034 at 19% (2019: £22,731 at 17%) in respect of carried forward tax losses.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**7. Debtors**

	31 March 2020 £	31 March 2019 £
Amounts owed by group undertakings	<u>2,609,627</u>	<u>2,563,001</u>

8. Creditors: amounts falling due within one year

	31 March 2020 £	31 March 2019 £
Accruals and deferred income	<u>325</u>	<u>2,600</u>
	<u>325</u>	<u>2,600</u>

9. Called up share capital

	31 March 2020 £	31 March 2019 £
Allotted, called up and fully paid		
2,300,001,000 (2019: 2,300,001,000) Ordinary shares of 0.1 pence each (2019: 0.1 pence each)	<u>2,300,001</u>	<u>2,300,001</u>
	<u>2,300,001</u>	<u>2,300,001</u>

10. Related party disclosures

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

11. Ultimate parent undertaking

The immediate parent undertaking is PBS Holdings Limited. RCHL Group Limited is the largest group of undertakings to consolidate these financial statements. The registered address of RCHL Group Limited is 3.1 Carrwood Park, Selby Road, Swillington Common, Leeds, LS15 4LG.

The ultimate holding company is Primary Group Holdings 1 Limited, 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 PWH James.