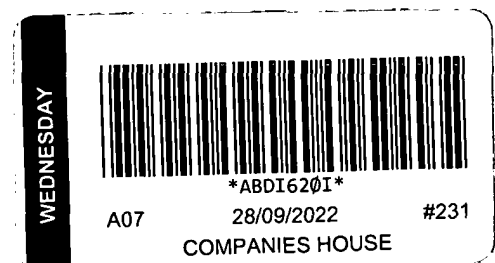


BRIT GROUP FINANCE LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL  
STATEMENTS

31 DECEMBER 2021



Registered Number: 06201255

# **BRIT GROUP FINANCE LIMITED**

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# **BRIT GROUP FINANCE LIMITED**

## **Company Information**

### **Directors**

Brit Corporate Services Limited

A E Usher

D T Dixon

G Wilkinson (appointed on 23 March 2022)

M Allan (resigned on 23 March 2022)

### **Secretary**

Brit Corporate Secretaries Limited

### **Registered Office**

The Leadenhall Building

122 Leadenhall Street

London

England

EC3V 4AB

### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditor

7 More London

Riverside

SE1 2RT

# **BRIT GROUP FINANCE LIMITED**

## **Strategic Report**

The Directors present their Strategic Report on Brit Group Finance Limited (the "Company") for the year ended 31 December 2021.

### **Principal activity, review of the business and future developments**

The principal activity of the Company is the provision of finance to Brit Limited Group companies. During the year, the Company has been the central finance company of the Brit Limited Group subsidiary companies and has, therefore, been responsible for lending to, and borrowing from, other subsidiaries.

The loss for the financial year, after taxation was £408,216 (2020: profit of £1,581,301). The net assets of the Company decreased marginally from £10,580,524 as at 31 December 2020 to £10,172,308 as at 31 December 2021.

In the opinion of the Directors, the state of affairs of the Company at the end of the year was satisfactory. The Directors do not envisage any changes to the current business model in 2022.

### **Principal risks and uncertainties**

The Company's principal risk is that Group companies to which loans have been made may default on their loan obligations. To mitigate this risk, where necessary the Company engages in due diligence procedures, obtaining evidence of the borrower's ability to take on and service debt commitments.

### **Coronavirus (COVID-19) outbreak**

The Coronavirus (Covid-19) pandemic originated in Hubei Province in China and has since spread across the globe. Governments have taken various actions to contain the pandemic, including social distancing measures, travel restrictions and lockdowns, resulting in the closure of certain businesses. Whilst 2021 has seen the relaxation of some measures, there continues to be heightened uncertainty compared to prior to the pandemic. COVID-19 has caused significant volatility in financial markets. Further outbreaks or variants may cause further financial market volatility in future.

The Company has net current assets, and remains in an overall net asset position. Given the high liquidity of the Company's assets, there are no concerns around future cash flows or liquidity of the Company.

The Company has managed the risks posed by the pandemic in line with the Brit Limited Group's Risk Management Framework. Management has focused on ensuring staff wellbeing, launching a number of initiatives following the introduction of mandatory working from home. Risk Management provided reports on the impact of the pandemic on the business throughout 2021 to the Board and Risk Committee. Covid-19 will continue to be an area of focus with the key risks going forward being further financial market volatility and uncertainty over the ultimate claims arising from Covid-19. The wellbeing of staff also remains a priority.

### **Russia-Ukraine conflict**

The Russia-Ukraine conflict arising from the Russian invasion of Ukraine is a cause for uncertainty. This uncertainty may have an impact on the operational costs of the Company attributable to the downstream effects of high inflation and commodity prices. At this time, it is too early to make any informed assessments or judgements on what effect, or effects, that this may have on the Company. The Company will continue to monitor developments closely.

## **Section 172(1) Statement**

### **Introduction**

As Directors, our key responsibility is to promote the success of the Company. This principle is the cornerstone of our discussions and our decision making. Each Director is cognisant that in discharging this key responsibility, they must have regard to matters set out in s172(1)(a-f) of the Companies' Act. The Directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company.

# **BRIT GROUP FINANCE LIMITED**

## **Strategic Report (continued)**

### ***Our strategy***

The Board is responsible for a number of key strategic decisions and on-going performance monitoring. The Directors' assessment of long-term value creation considers the Company's resilience. They determine and monitor risk appetites and tolerances, and they ensure the Company has an effective risk management framework in place.

### ***Board information***

The Board receives information on a range of relevant topics, and receives information on other areas as requested by the Directors from time to time.

### ***Our policies and practices***

All relevant factors are appropriately addressed by the Board when considering matters reserved for it, as set out in its terms of reference. It ensures that all relevant considerations to assist it discharge its responsibilities are embedded in the key operations of the business, in order to help promote the long-term success of the Company.

### ***Training***

To assist the Directors discharge their responsibilities, they are provided with on-going training and development opportunities. They have received a number of in-depth briefings on specific relevant issues. For the wider workforce, there is a comprehensive staff development programme tailored to meet individual needs. Elements of this training are mandatory, with all staff required to successfully complete e-learning modules on key areas such as money laundering, bribery and corruption, data protection, fraud and cyber risk.

### ***Our culture***

Building and maintaining the Company's reputation and its high standards of business conduct are essential to the future success of the Company. This is embedded in our culture. The wider group also maintains a 'Code of Conduct' setting out the standard we expect from all of our staff. This is regularly reviewed and updated, and compliance is attested to by each employee on an annual basis.

### ***Our stakeholders***

The Board recognises the importance of engaging with its broader stakeholder base. The Company's primary stakeholder is its sole shareholder, Brit Insurance Holdings Limited. The Board is also mindful of the interests of the wider Brit Limited Group. The Company shares a number of Directors with Brit Insurance Holdings Limited and there is also regular contact between Brit executives and senior management. This engagement helps ensure that the Company's strategy is aligned and supported by our shareholder and the wider Brit Limited Group.

### ***Key decisions made by the Directors during the year***

The key decisions made by the Directors during the year were:

- The 2020 financial statements of Brit Group Finance Limited were approved on 2 July 2021.

In making these decisions, the Directors considered the Company's immediate and longer-term strategic priorities, together with the needs and expectations of its stakeholders and the wider Brit Limited Group. The Directors concluded that the decisions were in the Company's and its key stakeholders' best interests, met its overall objectives and were consistent with their key responsibility of promoting the success of the Company.

On behalf of the Board



**S Dawes**

On behalf of Brit Corporate Services Limited

Director

21 September 2022

# **BRIT GROUP FINANCE LIMITED**

## **Directors' Report**

Registered Number: 06201255

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

### **Principal activities and future developments**

The principal activity of the Company is the provision of finance to Brit Limited Group companies.

The Directors do not envisage any changes to the current business model in 2022.

### **Result and dividend**

The loss for the financial year, after taxation was £408,216 (2020: profit of £1,581,301). The Directors do not recommend a dividend for the year ended 31 December 2021 (2020: £nil).

### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Directors**

The names of the Directors of the Company who held office during the financial year and up to the date of signing the financial statements are listed on page 2. Subsequent to the year-end, on 23 March 2022, Mark Allan resigned as a director and Gavin Wilkinson was appointed as a director.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102), and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK 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 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.

# **BRIT GROUP FINANCE LIMITED**

## **Directors' Report (continued)**

### **Statement of Disclosure of Information to the Auditor**

In accordance with the provisions of section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each Director has taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Political donations**

The Company has not made any political donations during the year.

### **Independent Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to have been reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

The review of the business including future developments, principal risks and uncertainties, stakeholder engagement information and subsequent events is not shown in the Directors' Report because it is shown in the Strategic Report instead under s414C(11) and Note 16.

On behalf of the Board



**S Dawes**

On behalf of Brit Corporate Services Limited

Director

21 September 2022

# **BRIT GROUP FINANCE LIMITED**

## **Independent Auditors' Report to the Member of Brit Group Finance Limited**

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

#### **Opinion**

In our opinion, Brit Group Finance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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 Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement, and 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**

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

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.

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

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

#### **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.



# **BRIT GROUP FINANCE LIMITED**

## **Independent Auditors' Report to the Member of Brit Group Finance Limited (continued)**

### **Reporting on other information (continued)**

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires 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 December 2021 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.

### **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, 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.

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.

# **BRIT GROUP FINANCE LIMITED**

## **Independent Auditors' Report to the Member of Brit Group Finance Limited (continued)**

### **Auditors' responsibilities for the audit of the financial statements (continued)**

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk of management override of controls. Audit procedures performed by the engagement team included:

- discussions with the Board and management, including confirming there are no known or suspected frauds or non-compliance with laws and regulations;
- assessment of matters reported on the whistleblowing helpline and the results of management's investigation of such matters;
- reviewing relevant meeting minutes including those of the Board;
- identification and testing of journal entries with potential indicators of fraud, particularly those posted by unexpected users or with unusual words, post close and backdated journal entries, and those with unexpected account combinations; and
- designing audit procedures to incorporate unpredictability around the nature, timing and extent of testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's member 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 obtained 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.



Paul Pannell (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
21 September 2022

# BRIT GROUP FINANCE LIMITED

## Income Statement

For the year ended 31 December 2021

		Year ended 31 December 2021 £	Year ended 31 December 2020 £
	Note		
Turnover	2	-	5,222,583
Administrative expenses		(18,746)	(12,116)
Investment income	3	4	3
Foreign exchange losses	6	(497,804)	(77,263)
Other operating income		11,079	-
<b>Operating (loss) / profit</b>	6	<b>(505,467)</b>	<b>5,133,207</b>
Interest payable and similar expenses	7	-	(3,181,482)
<b>(Loss) / profit before taxation</b>		<b>(505,467)</b>	<b>1,951,725</b>
Tax on (loss) / profit	8	97,251	(370,424)
<b>(Loss) / profit for the financial year</b>		<b>(408,216)</b>	<b>1,581,301</b>

No other comprehensive income has been recognised and therefore no statement of other comprehensive income has been presented.

The notes on pages 13 to 17 form part of these financial statements.

# BRIT GROUP FINANCE LIMITED

## Statement of Financial Position

As at 31 December 2021

		31 December 2021	31 December 2020
	Note	£	£
<b>Current assets</b>			
Debtors	9	429,621,511	402,861,421
Current tax		67,207	434,818
Deferred tax	10	5,048	3,836
Cash at bank and in hand		538	320,676
		<b>429,694,304</b>	<b>403,620,751</b>
<b>Creditors: Amounts falling due within one year</b>	11	<b>(419,521,996)</b>	<b>(393,040,227)</b>
<b>Net current assets</b>		<b>10,172,308</b>	<b>10,580,524</b>
<b>Total assets less current liabilities</b>		<b>10,172,308</b>	<b>10,580,524</b>
<b>Net assets</b>		<b>10,172,308</b>	<b>10,580,524</b>
<b>Capital and reserves</b>			
Called up share capital	12	4,000,000	4,000,000
Retained earnings		6,172,308	6,580,524
<b>Total shareholder's funds</b>		<b>10,172,308</b>	<b>10,580,524</b>

The notes on pages 13 to 17 form part of these financial statements.

The financial statements on pages 10 to 17 were approved by the Board of Directors on 21 September 2022 and signed on their behalf by:-



**S Dawes**

On behalf of Brit Corporate Services Limited  
Director

Registered Number: 06201255

## **BRIT GROUP FINANCE LIMITED**

### **Statement of Changes in Equity** For the year ended 31 December 2021

#### **Year ended 31 December 2021**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>At 1 January 2021</b>	<b>4,000,000</b>	<b>6,580,524</b>	<b>10,580,524</b>
<b>Loss for the financial year</b>	<b>-</b>	<b>(408,216)</b>	<b>(408,216)</b>
<b>At 31 December 2021</b>	<b>4,000,000</b>	<b>6,172,308</b>	<b>10,172,308</b>

#### **Year ended 31 December 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>At 1 January 2020</b>	<b>4,000,000</b>	<b>4,999,223</b>	<b>8,999,223</b>
<b>Profit for the financial year</b>	<b>-</b>	<b>1,581,301</b>	<b>1,581,301</b>
<b>At 31 December 2020</b>	<b>4,000,000</b>	<b>6,580,524</b>	<b>10,580,524</b>

The notes on pages 13 to 17 form part of these financial statements.

# **BRIT GROUP FINANCE LIMITED**

## **Notes to the Financial Statements**

For the year ended 31 December 2021

### **1. Accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared in accordance 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..

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets measured at fair value through profit or loss.

The financial statements are presented in Sterling (GBP), which is the Company's functional currency, and all values are rounded to the nearest £ except where otherwise indicated. Items included in the financial statements are measured using the functional currency which is the primary economic environment in which the Company operates.

The Company is a private company, limited by shares and is incorporated in the United Kingdom. The address of its registered office is The Leadenhall Building, 122 Leadenhall Street, London, England, EC3V 4AB.

The financial statements for the year ended 31 December 2021 were approved for issue by the Board on 21 September 2022.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(b) Turnover**

Turnover consists of finance income from the provision of loans and is recognised on an accruals basis.

#### **(c) Expenses**

All expenses are accounted for on an accruals basis.

#### **(d) Other income**

Other income consists of investment income and other operating income and is recognised on an accruals basis.

#### **(e) Foreign Currencies**

Transactions in foreign currencies other than Sterling, United States dollars, Canadian dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Unless otherwise stated, transactions in United States dollars, Canadian dollars and Euros are translated at the average rates of exchange for the period. Assets and liabilities in currencies other than Sterling are translated at the rate of exchange ruling at 31 December of each year. Exchange differences arising on translation are dealt with in the income statement.

#### **(f) Interest payable and receivable**

Interest payable and receivable are recognised using the effective interest rate method.

#### **(g) Financial Assets and Financial Liabilities**

##### **(i) Financial assets**

Basic financial assets are initially recognised at transaction price. Basic financial assets include current and long-term loans to group undertakings, other debtors and cash at bank and in hand balances.

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 the income statement.

# BRIT GROUP FINANCE LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 1. Accounting policies (continued)

#### (g) Financial assets and financial liabilities (continued)

##### (i) Financial assets (continued)

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) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### (ii) Financial liabilities, including borrowings

Basic financial liabilities, including creditors are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Where applicable, some financial liabilities are measured at fair value. Fair value is normally determined by reference to the fair value of the proceeds received. Any difference between the initial carrying amount and the redemption value is recognised in the income statement over the period of the financial liability using the effective interest rate method.

#### (h) Current Taxation and Deferred Taxation

##### (i) Current Taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

##### (ii) Deferred Taxation

Where relevant deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, if the deferred income tax arises from initial recognition of an asset or liability, it is not recognised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax assets and liabilities are not discounted.

#### (i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

### 2. Turnover

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Intragroup interest receivable	-	5,222,583

Turnover is attributable to the Company's principal activity as a provider of loan finance.

# BRIT GROUP FINANCE LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 3. Investment income

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Interest receivable on investments	4	3

### 4. Auditors' remuneration

The auditors' remuneration in respect of statutory audit fees for the current year has been paid by a fellow Group company and amounted to £18,666 (2020: £13,176).

### 5. Directors' remuneration

The Directors did not receive any remuneration for their services to the Company during the year ended 31 December 2021 (2020: £nil).

### 6. Operating (loss) / profit

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
This is arrived at after charging:-		
Auditors' remuneration (Note 4)	18,666	13,176
Foreign exchange losses	497,804	77,263

### 7. Interest payable and similar expenses

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Interest on Revolving Credit Facility ("RCF") onlending	-	3,181,482

### 8. Tax on (loss) / profit

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
<b>(a) Tax credited / (charged) to income statement</b>		
Current tax:		
UK corporation tax at 19.00% (2020: 19.00%)	96,039	(370,828)
Total current tax	96,039	(370,828)
Deferred tax:		
Effect of future tax rate changes	1,212	404
Total deferred tax	1,212	404
Total tax credited / (charged) to income statement (Note 8 (b))	97,251	(370,424)



# BRIT GROUP FINANCE LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 8. Tax on (loss) / profit (continued)

#### (b) Tax reconciliation

(Loss) / profit before taxation

(505,467) 1,951,725

(Loss) / profit multiplied by standard rate of corporation tax in UK of 19.00% (2020: 19.00%)

96,039 (370,828)

Effects of:

Tax rate changes

1,212 404

Tax credit / (charge) for the year (Note 8 (a))

97,251 (370,424)

#### (c) Effect of post balance sheet rate changes:

The main rate of UK corporation tax will increase to 25.00% from 1 April 2023 under Finance Act 2021 which was substantively enacted on 24 May 2021. The rate of 25.00% has been used in the calculation of the UK's deferred tax assets and liabilities as at 31 December 2021.

### 9. Debtors

	31 December 2021	31 December 2020
	£	£
Due within one year:		
Amounts owed by Group undertakings	429,621,511	402,861,421
Total debtors	429,621,511	402,861,421

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 10. Deferred tax

	31 December 2021	31 December 2020
	£	£
Asset:		
Balance at 1 January	3,836	3,432
Credit in income statement for the year	1,212	404
Balance at 31 December	5,048	3,836

The deferred tax asset has been calculated at 25.00% (2020: 19.00%).

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

	31 December 2021	31 December 2020
	£	£
Amounts owed to Group undertakings	419,521,996	393,040,227

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# BRIT GROUP FINANCE LIMITED

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 12. Called up share capital

	31 December 2021	31 December 2020
	£	£
Allotted, called up and fully paid:		
4,000,000 Ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

### 13. Disclosure exemptions

The Company has taken advantage of the disclosure exemptions provided by paragraph 1.12 of FRS 102. Accordingly, these financial statements do not include the following:

- Statement of cash flows;
- A reconciliation of shares outstanding at the beginning and end of the year;
- Specific information relating to financial instruments that is included within equivalent disclosures for the Group; and
- Disclosure of key management personnel compensation.

The Company has been consolidated into the Group financial statements of Brit Limited, a company registered in the United Kingdom. The Brit Limited consolidated financial statements and accompanying notes provide further detail in respect of these areas, copies of whose financial statements can be obtained from The Leadenhall Building, 122 Leadenhall Street, London, England, EC3V 4AB.

### 14. Related party transactions

The Company has taken advantage of the exemption afforded by Financial Reporting Standard 102, paragraph 33.1A, in not disclosing transactions with other entities wholly owned within the Brit Limited Group.

### 15. Controlling parties

The immediate parent undertaking at the year-end is Brit Insurance Holdings Limited, a company registered in the United Kingdom.

The ultimate parent undertaking at the year-end is Fairfax Financial Holdings Limited (Fairfax), a company which is registered in Ontario, Canada. Copies of Fairfax's consolidated financial statements can be obtained by writing to 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7, or from the website at [www.fairfax.ca](http://www.fairfax.ca).

The intermediate holding company, in which Brit Group Finance Limited's result is consolidated, is Brit Limited, details for which are provided in Note 13 above.

### 16. Subsequent events

#### Russia-Ukraine conflict

The Russia-Ukraine conflict arising from the Russian invasion of Ukraine is a cause for uncertainty. This uncertainty may have an impact on the operational costs of the Company attributable to the downstream effects of high inflation and commodity prices. At this time, it is too early to make any informed assessments or judgements on what effect, or effects, that this may have on the Company. The Company will continue to monitor developments closely.