

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022



BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

COMPANY INFORMATION

Directors	A M Broadhurst D G Wilding S C P Meldrum A J Vaughan S J O Morran J M Derrick D A J Stoddard
Secretary	A M Broadhurst
Company number	06498431
Registered office	2 London Wall Place London EC2Y 5AU
Auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

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BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2022

The directors present the strategic report for the year ended 31 May 2022.

Fair review of the business

The business continues to be profitable in its core pension business and that of providing management and administration services for its parent Barnett Waddingham LLP group. The turnover is up in the year due to increased costs charged to Barnett Waddingham LLP. New clients are not being taken on in the company and instead are taken on in the parent entity. The business is forecast to continue its activities in the next year with no changes in activity expected. The profit before tax this year was £1,740,158 compared to last year £1,550,319. The directors are satisfied that this is as expected.

The level of employees has increased (note 7) from 1,234 to 1,305 reflecting the growth in the group's business and the company's role as providing services for the group. This trend is expected to continue.

Principal risks and uncertainties

The principal risks and uncertainties associated with the company are the maintenance of:

- (a) client relationships;
- (b) sufficiently skilled and motivated staff;
- (c) sufficient cash flow;
- (d) effective risk controls; and
- (e) authorisation by the Financial Conduct Authority.

Future developments

The growth of the company is intrinsically linked to the growth of the parent company, Barnett Waddingham LLP which expects to continue expanding over the next year and beyond.

Key performance indicators

The key performance indicators for the company are profit before tax and employee numbers, which have been disclosed above.

Section 172(1) Statement

Section(1)(a) to (f) requires each director to act in the way he or she considers would be most likely to promote the success of the company for the benefit of its members as a whole, with regard to the following matters:

A – The likely consequences of any decision in the long term

The business has a long term outlook for all its clients. Each business area within Barnett Waddingham is responsible for the planning of that area, which takes into account the needs of the business area and the business as a whole. Any plan is submitted and reviewed by our management board prior to its implementation.

B – The interests of the company's employees

At Barnett Waddingham we are extremely proud of our employees and the difference they make to the success of the Firm. We have an extensive employee benefits package that is open to all employees. We survey all our people every two years as part of the 'Best Companies' organisation. In 2022 we achieved a 2* rating which placed Barnett Waddingham in the top 100 companies to work for in the Sunday Times list. Actions are picked up on our strengths and weaknesses around the business to continually improve our employee engagement and job satisfaction. Our culture is key to this and centres on the desire to 'do the right thing' in all situations for all our clients and staff.

We have engagement champions which includes people from all levels and areas of the business. They promote regular engagement within the business and improve communication on general staff matters, charitable work, sustainability, diversity and inclusion, etc. via newsletters, yammer, email and focus groups. Financial information is shared with staff on a quarterly basis via the newsletter. We are committed to the continued development of our staff. We offer internal training as well as study support for professional qualifications.

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

C – The need to foster the company's business relationships with suppliers, customers and others

All clients are important to us and we treat all clients fairly and consistently. We want to foster long term client relationships and avoid taking short term decisions for our own profitability. Partners are given a high level of autonomy in dealing with their clients and can therefore focus on the needs and benefits for our clients.

We work in partnership with our suppliers maintaining our excellent payment record and strong ongoing relationship. The business reports biannually to the Department for Business, Energy and Industrial Strategy on our payment practices. Risk is managed by keeping key suppliers under review and updating of engagement terms and limiting exposure to the business if a supplier were to fail.

D – The impact of the company's operations on the community and the environment

Our core activities have a positive impact on the local communities and the environment. The work-life balance for our people is important to us as are our various initiatives to reduce our carbon footprint - such as reducing travel, increasing the use of solar panels at our properties, recycling waste and so on. We maintain our focus on charity donations both through financial contributions and supporting time out for our people to support local projects.

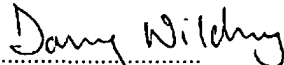
E – The desirability of the company maintaining a high reputation for high standards of business conduct

We pride ourselves on going beyond the expected. Our clients have come to expect a very high standard from us, and our staff and partners strive to improve our internal processes and standards continually. Our Governance team conduct internal reviews of processes throughout the year and ensure all training is undertaken as required. We also periodically conduct client surveys to understand how we are perceived by our clients and act on our findings accordingly.

F – The need to act fairly between members of the company

Barnett Waddingham LLP owns 100% of the share capital. Barnett Waddingham is owned by its partners with no one partner owning above 10% of the equity. The average number of Barnett Waddingham partners for the year ending May 2022 was 87. Management Board carries out management responsibilities for the partners with certain decisions put to the partnership in line with the partnership deed.

On behalf of the board



.....
D G Wilding

Director

16 December 2022
.....

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2022

The directors present their annual report and financial statements for the year ended 31 May 2022.

Principal activities

The principal activities of Barnett Waddingham Actuaries and Consultants Limited ("the company") continue to be that of the provision of resources to Barnett Waddingham LLP.

Strategic Report

The information that fulfils the Companies Act 2006 requirements of the business review is included in the strategic report. This includes a review of the development of the company's business during the year, of its position at the end of the year and the likely future developments in its business.

Results and dividends

The results for the year are set out on page 9.

The directors consider the results for the year to be satisfactory and expect the results of the coming year to also be satisfactory.

A dividend of £1,250,000 (2021: £1,530,000) was paid during the year. A final dividend of £nil (2021: £nil) will be paid after the year end.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

N J H Salter	(Resigned 31 May 2022)
A M Broadhurst	
D G Wilding	
S C P Meldrum	
A J Vaughan	
S J O Morran	
J M Derrick	
D A J Stoddard	

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

Throughout the year the company encourages active participation from employees on committees and at regular departmental meetings that plan, organise and monitor work. All employees are invited to attend an annual presentation reviewing the company's progress.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

Energy and Carbon reporting is prepared and disclosed by the immediate parent entity, Barnett Waddingham LLP, which is available from Companies House

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

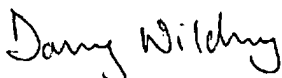
Environmental matters

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The company has complied with all applicable legislation and regulations.

Financial risk management

Financial risk management is jointly overseen by the Finance team and the Governance team within the business. Procedures exist to limit the risk of financial loss and these are reviewed at regular intervals to ensure that procedures are still relevant and being adhered to.

On behalf of the board



.....
D G Wilding
Director

Date: 16 December 2022
.....

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2022

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

Opinion

We have audited the financial statements of Barnett Waddingham Actuaries and Consultants Limited (the 'company') for the year ended 31 May 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor 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.

Conclusions relating to 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.

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.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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.

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

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit is considered capable of detecting irregularities, including fraud

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, focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation
- General Data Protection Regulation (GDPR)
- Employment taxes

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and of board minutes.

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- enquiring of management and those charged with governance regarding the actual or suspected instances of non-compliance with laws and regulations and following up on any items identified to ensure no irregularities included;
- reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that 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 intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's 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.

Johnston Carmichael LLP

Barry Masson (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

16 December 2022
.....

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2022

		2022 £	2021 £
Turnover	2	85,030,908	77,236,845
Administrative expenses		(82,450,750)	(74,569,437)
Exceptional item - impairment	3	(840,000)	(1,120,000)
Operating profit	4	1,740,158	1,547,408
Interest receivable and similar income	2	-	2,911
Profit before taxation		1,740,158	1,550,319
Taxation	8	(443,048)	(511,230)
Profit for the financial year		1,297,110	1,039,089
Total comprehensive income for the year		1,297,110	1,039,089

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

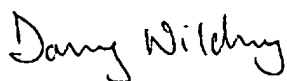
BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

BALANCE SHEET

AS AT 31 MAY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	10	668,363		237,342	
Tangible assets	11	3,405,504		3,368,906	
Investments	12	20,867		33,794	
		<u>4,094,734</u>		<u>3,640,042</u>	
Current assets					
Debtors	15	5,314,165	2,157,254		
Cash at bank and in hand		2,359,005	9,889,417		
		<u>7,673,170</u>	<u>12,046,671</u>		
Creditors: amounts falling due within one year	16	<u>(7,362,237)</u>	<u>(11,535,135)</u>		
Net current assets		310,933		511,536	
Total assets less current liabilities		4,405,667		4,151,578	
Provisions for liabilities	18	<u>(624,466)</u>		<u>(417,487)</u>	
Net assets		<u>3,781,201</u>		<u>3,734,091</u>	
Capital and reserves					
Called up share capital	19	1,001		1,001	
Profit and loss reserves	20	3,780,200		3,733,090	
Total equity		<u>3,781,201</u>		<u>3,734,091</u>	

The financial statements were approved by the board of directors and authorised for issue on 16 December 2022 and are signed on its behalf by:



.....
D G Wilding
Director

Company Registration No. 06498431

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 June 2020		1,001	4,224,001	4,225,002
Year ended 31 May 2021:				
Profit and total comprehensive income for the year		-	1,039,089	1,039,089
Dividends	9	-	(1,530,000)	(1,530,000)
Balance at 31 May 2021		1,001	3,733,090	3,734,091
Year ended 31 May 2022:				
Profit and total comprehensive income for the year		-	1,297,110	1,297,110
Dividends	9	-	(1,250,000)	(1,250,000)
Balance at 31 May 2022		1,001	3,780,200	3,781,201

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

Company information

Barnett Waddingham Actuaries and Consultants Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2 London Wall Place, London, EC2Y 5AU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity under FRS 102 section 1.2 on the grounds that its ultimate parent entity (Barnett Waddingham LLP) prepares publicly available consolidated financial statements, in which the company's results are included. These accounts are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

As a qualifying entity, the company has taken advantage of the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes;
- Certain disclosure requirements in relation to financial instruments; and
- The requirement to disclose key management personnel compensation in total.

The financial statements contain information about the company as an individual entity and do not contain consolidated financial information as a parent of a group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The company is principally to provide resources to the profitable BW LLP group, and as such directors are satisfied that the business is expected to continue and be duly supported.

1.3 Turnover

Turnover is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the consideration received or recoverable, which represents amounts chargeable to clients, including expenses and disbursements but excluding Value Added Tax. Services provided to clients during the year, which are unbilled at the balance sheet date, are recognised as turnover. Unbilled turnover is included as accrued income in debtors.

Services to group entities income is in the form of a management charge based on allocation of costs to each subsidiary entity.

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer software	- 20% reducing balance or 20-33% straight line
Customer lists	- 25% straight line

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use;
- The intention to complete the software and use it;
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use the software;
- The ability to measure reliably the expenditure attributable to the software during its development.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	- 20% reducing balance or 20% straight line
Computer equipment	- 13%-25% straight line or 25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Short term debtors and creditors

Debtors and creditors with no stated interest rate, receivable or payable, are recorded at transaction price, including transaction costs. Any losses arising from an impairment review at the reporting date are recognised in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit and loss account.

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 carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities, including trade and other creditors bank loans and 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 receipts discounted at a market rate of interest.

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

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the corporation tax charge for the current year and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Exceptional item

Exceptional items comprise one-off costs that the directors consider as material to the statement of comprehensive income and that their separate disclosure is necessary for an appropriate understanding of the company's performance.

2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Rendering of client services	1,230,908	1,386,845
Services to group entities	83,800,000	75,850,000
	<u>85,030,908</u>	<u>77,236,845</u>
	2022 £	2021 £
Other significant revenue		
Interest income	-	2,911
	<u>2022 £</u>	<u>2021 £</u>
Turnover analysed by geographical market		
United Kingdom	<u>85,030,908</u>	<u>77,236,845</u>

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

3 Exceptional item

	2022	2021
	£	£
Expenditure		
Exceptional item - impairment losses	840,000	1,120,000

During the year, £840,000 (2021: £1,000,000) due from a subsidiary was impaired due to uncertainty over its ability to be repaid. This amount also includes the impairment of amounts due from the company's joint venture amounting to £Nil (2021: £120,000).

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	21,160	19,500
Depreciation of owned tangible fixed assets	1,153,881	799,764
Loss on disposal of tangible fixed assets	32,276	17,467
Amortisation of intangible assets	145,578	230,966
Operating lease charges	13,034	13,398

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	21,160	19,500
For other services		
Taxation compliance services	8,500	8,000

Fees for non audit services have been included within the consolidated financial statements of Barnett Waddingham LLP.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Professional	1,098	1,012
Administration	207	222
Total	1,305	1,234

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

6 Employees

(Continued)

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	52,491,653	48,770,519
Social security costs	5,135,848	5,319,091
Pension costs	6,904,200	6,513,683
	<u>64,531,701</u>	<u>60,603,293</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	225,875	186,398
Company pension contributions to defined contribution schemes	19,669	15,417
	<u>245,544</u>	<u>201,815</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	122,953	101,577
Company pension contributions to defined contribution schemes	10,465	8,417
	<u>133,418</u>	<u>110,000</u>

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	236,069	418,679
Adjustments in respect of prior periods	-	(47,247)
Total current tax	<u>236,069</u>	<u>371,432</u>

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

8 Taxation (Continued)

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	206,979	52,106
Changes in tax rates	-	87,692
Total deferred tax	206,979	139,798
Total tax charge	443,048	511,230

Corporation tax will remain at 19% until March 2023. From 2023 the main rate will increase to 25% for business profits made by the company over £250,000. A small profit rate (SPR) will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	1,740,158	1,550,319
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	330,630	294,561
Tax effect of expenses that are not deductible in determining taxable profit	173,791	197,009
Adjustments in respect of prior years	-	(47,247)
Group relief	(8,485)	(9,352)
Other permanent differences	(102,563)	(23,938)
Change in deferred tax rate	49,675	100,197
Taxation charge for the year	443,048	511,230

9 Dividends

	2022 £	2021 £
Dividend paid	1,250,000	1,530,000

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

10 Intangible fixed assets

	Goodwill	Computer Software	Customer Lists	Total
	£	£	£	£
Cost				
At 1 June 2021	4,167,349	1,320,049	1,289,180	6,776,578
Additions - internally developed	-	148,607	-	148,607
Additions - separately acquired	-	427,992	-	427,992
At 31 May 2022	4,167,349	1,896,648	1,289,180	7,353,177
Amortisation and impairment				
At 1 June 2021	4,167,349	1,082,707	1,289,180	6,539,236
Amortisation charged for the year	-	145,578	-	145,578
At 31 May 2022	4,167,349	1,228,285	1,289,180	6,684,814
Carrying amount				
At 31 May 2022	-	668,363	-	668,363
At 31 May 2021	-	237,342	-	237,342

11 Tangible fixed assets

	Plant and machinery	Computer equipment	Total
	£	£	£
Cost			
At 1 June 2021	1,737,386	3,784,948	5,522,334
Additions	128,585	1,094,169	1,222,754
Disposals	-	(422,738)	(422,738)
At 31 May 2022	1,865,971	4,456,379	6,322,350
Depreciation			
At 1 June 2021	782,200	1,371,228	2,153,428
Depreciation charged in the year	216,461	937,420	1,153,881
Eliminated in respect of disposals	-	(390,463)	(390,463)
At 31 May 2022	998,661	1,918,185	2,916,846
Carrying amount			
At 31 May 2022	867,310	2,538,194	3,405,504
At 31 May 2021	955,186	2,413,720	3,368,906

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

12 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	13	20,866	33,793
Investments in joint ventures	14	1	1
		<u>20,867</u>	<u>33,794</u>

Movements in fixed asset investments

	Shares in subsidiaries and joint ventures £
Cost or valuation	
At 1 June 2021	33,794
Disposals	(12,927)
At 31 May 2022	<u>20,867</u>
Carrying amount	
At 31 May 2022	<u>20,867</u>
At 31 May 2021	<u>33,794</u>

13 Subsidiaries

These financial statements are separate company financial statements for Barnett Waddingham Actuaries and Consultants Limited.

Details of the company's subsidiaries at 31 May 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Barnett Waddingham Capital Partner Limited	1	Group service company	Ordinary	100.00
Barnett Waddingham Trustees (1980) Limited	2	Dormant	Ordinary	100.00
Barnett Waddingham Trustees (1984) Limited	2	Dormant	Ordinary	100.00
Barnett Waddingham Trustees (1992) Limited	2	Dormant	Ordinary	100.00
Barnett Waddingham Trustees (1996) Limited	2	Dormant	Ordinary	100.00
Barnett Waddingham Trustees (1997) Limited	2	Dormant	Ordinary	100.00
Harsant Pensioneer Trustees Limited	2	Dormant	Ordinary	100.00
Harsant Services Limited	3	Pension administration	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 2 London Wall Place, London, England, EC2Y 5AU
- 2 Decimal Place, Chiltern Avenue, Amersham, Buckinghamshire, HP6 5FG
- 3 C/O Barnett Waddingham, 2 London Wall Place, London, England, EC2Y 5AU

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

14 Joint ventures

Details of the company's joint ventures at 31 May 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Interest held	% Held Direct
MBWL International Limited	England and Wales	Actuary Services	Ordinary	33.33

15 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	127,759	167,933
Corporation tax recoverable	33,525	-
Amounts owed by group undertakings	2,707,023	-
Amounts owed by undertakings in which the company has a participating interest	196,524	131,613
Other debtors	92,392	23,861
Prepayments and accrued income	2,156,942	1,833,847
	<u>5,314,165</u>	<u>2,157,254</u>

Trade debtors are net of provision of £20,868 (2021: £17,988).

Amounts due from group undertakings and undertakings in which the company has a participating interest are unsecured, interest free and repayable on demand.

16 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	574,049	684,543
Amounts owed to group undertakings	-	3,673,025
Corporation tax	-	101,802
Other taxation and social security	1,285,179	1,086,033
Other creditors	107,890	323,357
Accruals and deferred income	5,395,119	5,666,375
	<u>7,362,237</u>	<u>11,535,135</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	728,291	500,251
Short term timing differences	(103,825)	(82,764)
	<u>624,466</u>	<u>417,487</u>
		2022
Movements in the year:		£
Liability at 1 June 2021		417,487
Charge to profit or loss		206,979
		<u>624,466</u>

18 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>6,904,200</u>	<u>6,513,683</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>1,001</u>	<u>1,001</u>	<u>1,001</u>	<u>1,001</u>

20 Profit and loss reserves

Profit and Loss reserve

Includes all current and prior periods retained profits and losses.

BARNETT WADDINGHAM ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2022 £	2021 £
Acquisition of intangible assets	561,361	-

Capital commitment at the year end is a contractual obligation to purchase computer software not yet received.

22 Related party transactions

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
Amounts due from related parties		
Entities over which the entity has control, joint control or significant influence	196,524	131,613

The company holds a joint venture investment in MBWL International Limited and supports this entity through provision of a loan facility. Barnett Waddingham Actuaries and Consultants Limited recharges the cost of the employee of MBWL International Limited and transfers cash to allow MBWL International Limited to meet its obligations.

Other information

The company has taken advantage of the exemption granted by Section 33 Related Party Disclosures 33.1A whereby it has not disclosed transactions entered into between two or more members of the group, with entities that are wholly-owned by the common parent undertaking, Barnett Waddingham LLP.

23 Ultimate controlling party

The company's ultimate and immediate parent undertaking is Barnett Waddingham LLP, a limited liability partnership registered in England and Wales, for which group financial statements are prepared. Copies of the group financial statements are available to the public from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.