ReAssure Companies Services Limited

Annual Report and Financial Statements 2019

Company Registration Number 06705828

Contents

Directors and officers

Board of Directors

Matthew Cuhls
Michael Woodcock

Company Secretary
Paul Shakespeare

Registered office
Windsor House
Ironmasters Way
Town Centre
Telford
England
TF3 4NB

Company registration number
06705828

Strategic report for the year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

These financial statements, for the year ended 31 December 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

Business review and principal activities

ReAssure Companies Services Limited ("the Company") is incorporated and domiciled in England and Wales, part of the United Kingdom. It is a private company, which is limited by shares. The main objective for the Company is the control of expenses relating to the provision of management services to its fellow entities within the ReAssure Group plc ("RGP") group ("the Group") such that those entities are able to generate comprehensive income and cash flows. The Company intends to continue with the provision of services to those companies and to support them in their anticipated growth strategies.

During 2018, Swiss Re Ltd ("Swiss Re Group") announced its intention to explore the potential for an Initial Public Offering ("IPO") of the Group on the London Stock Exchange in 2019. In readiness for this potential IPO, the Group was restructured, resulting in the Company becoming an indirect subsidiary of a new company, RGP. However, as a consequence of the fact that the IPO did not progress, the Company remains under the control of the Swiss Re Group.

On 6 December 2019, Swiss Re announced that it has come to an agreement to sell RGP, including its subsidiary undertakings, to Phoenix Group Holdings Plc. The Company remains part of the Swiss Re group until the transaction closes, which is expected to happen in mid-2020, subject to shareholder and regulatory approvals.

The Company made a profit for the year of £96k (2018: loss of £597), with revenue from rendering of services of £5.0m (2018: £14.3m) and administrative expenses for the year of £5.0m (2018: £15.0m) as a result of a decrease in operations. The net liability position of the Company at the end of the year was £43.3m (2018: £43.4m).

As services in the Company have been reduced with the closure of the Lytham site and all expenses incurred being recharged to ReAssure UK Services Ltd ("RUKSL"), performance is monitored in RUKSL and no KPI's have been disclosed for the Company.

The Group operates a company ("ARK Life") in Ireland, hence any impact from Brexit will be closely monitored and any updates or decisions that will affect the Group (and its customers) will be published on the ReAssure website on an on-going basis.

Capital Management

The Company will hold sufficient capital on an ongoing basis to meet internal requirements in a number of asset and liability stress conditions.

Principal risks and uncertainties

The Company's capital is managed in conjunction with that of other companies in the Group. The Company manages its capital by measuring its resources and cash available on a regular basis. The Company's capital position and the movement in this from the prior year are disclosed within the Statement of Changes in Equity. The Company had no externally imposed capital requirements.

The Company is exposed to the following risks:

- Credit risk
- Liquidity risk and
- Operational risk.

Credit risk is significantly reduced as assets are primarily intercompany receivables due from other companies within the Group, all of which were deemed to have access to sufficient liquidity to be able to repay their liabilities as they

Strategic Report for the year ended 31 December 2019 (continued)

fall due. The Company also holds cash and short term deposits, which were placed with banks with a credit-rating in line with the Company's policy.

Liquidity risk is the risk that the Company may have insufficient liquid assets to meet its liabilities as they become due. This risk is mitigated through management of cash and receivables within the Group to ensure that sufficient resources are available to meet the liabilities of the Company.

Operational risk is the risk of loss that arises from people, processes and procedures within the organisation. The Company mitigates its operational risk by the use of a wide range of techniques including scenario planning, training, formal risk assessments and policy and procedure documentation. The Company monitors operational risk through routine management information and auditing.

The Company's internal audit function advises management on the effectiveness of its internal control systems and the adequacy of these systems to manage business risk and to safeguard the Company's assets and resources. The effectiveness of the Company's internal audit function is currently reviewed by the Group's audit and risk committee.

Approval

This report was approved by the Board of Directors on 8th June 2020 and signed on behalf of the Board

Michael Woodcock

Director

8th June 2020

Directors' report for the year ended 31 December 2019

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2019.

Principal activity

The principal activity of the Company is the provision of management services to its fellow subsidiary companies. The Company is domiciled and incorporated in England & Wales. There are no significant changes to the company's activities anticipated in the foreseeable future.

Future Outlook

On 11 March 2020, COVID-19 was declared as a pandemic due to the rising rate and scale of infection observed. COVID-19 has caused disruption to businesses and economic activity, which has been reflected in recent fluctuations in UK and global financial markets. The Company continues to monitor the market movements and their impact on the Company and remains focused on supporting its customers and business partners. Given the inherent uncertainties, it is not practicable to determine the impact of COVID-19 on the Company's financial performance or to provide any detailed quantitative estimate of the impact. Given the uncertainty described, the Company has sought confirmation that ReAssure Group plc is able and willing to provide financial support should this be required in the next 12 months.

With continued uncertainty surrounding the trade agreement between the UK and the EU, Brexit represents an on-going risk and, until terms are finally agreed, continues to influence the financial markets. The Company's Risk Management function continues to monitor and assess the impact of uncertainty arising from the Brexit process. There is no operational impact expected upon the Company.

Financial risk Management

The Company's activities are limited to acting as a corporate trustee and the provision of operation and administration services. The Company is exposed to credit risk and liquidity risk. The risk management approach of the Company is to seek to minimise the potential adverse impact of these risks on the financial performance.

Credit risk is the risk that the Company will suffer loss from the failure of a third party to discharge its obligations to the Company. The board determines the risk appetite for the business. The risk is controlled by setting appropriate limits for counterparty exposures and communicating them to those who are responsible for complying with them. The Company was most exposed to credit risk on trade receivables and cash and cash equivalents. The credit risk associated with these counterparties is not deemed to be high.

Liquidity risk is the risk of not being able to make payments as they become due. The Company monitors cash flow and performs variance analysis against actual cash held. The Company also carries out capital planning with quarterly re-forecasts for revised income and expense projections.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 4.

Going concern

In assessing whether the Company is a going concern the director has taken into account the guidance issued by the Financial Reporting Council in April 2016. The director continues to believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the controlling party, ReAssure Group plc ("RGP").

Directors' report for the year ended 31 December 2019 (continued)

Qualifying third party indemnity provisions

The Company's directors are covered by the Swiss Re Limited indemnity provision policy, which was in force during the financial year and at the date of signing the financial statements. This indemnifies directors in respect of payments, as well as any costs associated with legal proceedings brought by third parties. Any director who serves or served for the Company is covered to the fullest extent permitted by law and stated in the certificate of incorporation, articles of association, by-laws and other similar constituent documents of the Company. Swiss Re Limited unconditionally guarantees payment of such sums by the Company.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

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

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

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

Employee involvement

The Company's policy is to seek to inform and involve employees on matters, which concern them and in the achievement of its business goals. The Company has a comprehensive system for consultation and communication involving regular meetings between management and employees, team briefings and the issue of various bulletins and a staff handbook.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that 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.

Directors' report for the year ended 31 December 2019 (continued)

Independent Auditors

The directors confirm that the financial statements comply with the above requirements and also confirm that:

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

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

On behalf of the Board of Directors

Michael Woodcock

Director

8th June 2020

Independent auditors' report to the members of ReAssure Companies Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, ReAssure Companies Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 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 Directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Philip Watson

Philip Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 June 2020

Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	2019 £'000	2018 Restated* £'000
Revenue	4	5,089	14,310
Administrative Expenses	5	(4,965)	(15,036)
Profit/(loss) on ordinary activities before taxation		**124**	**(726)**
Tax (charge)/credit on loss on ordinary activities	9	(28)	129
Total comprehensive profit/(loss) for the financial Year		**96**	**(597)**

*Refer to note 3 for details of restatement

The notes on pages 16 to 31 form an integral part of these financial statements.

All results derive from continuing operations.

Balance Sheet

As at 31 December 2019

	Note	2019 £'000	2018 Restated* £'000
Non-current assets			
Property, plant and equipment	10	44	69
		44	**69**
Current Assets			
Trade and other receivables	11	5,571	7,142
Tax credit receivable	11	101	129
Cash and cash equivalents	12	707	-
		6,379	**7,271**
Total assets		**6,423**	**7,340**
Current liabilities			
Trade and other payables	14	(48,562)	(49,094)
Provision for other liabilities and charges	13	(1,161)	(1,642)
Net liabilities		**(43,300)**	**(43,396)**
Equity			
Share capital	15	100	100
Other reserves		30,145	30,145
Accumulated losses		(73,545)	(73,641)
Total equity		**(43,300)**	**(43,396)**

*Refer to note 3 for details of restatement
The notes on pages 16 to 31 form an integral part of these financial statements.

The financial statements of Reassure Companies Services Limited (registered number 06705828) presented on pages 16 to 31 were approved by the director and authorised for issue on 8th June 2020
and signed on its behalf by:

Michael Woodcock
Director
8th June 2020

Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company			
	Share capital	**Capital contribution reserves**	**Accumulated losses**	**Total equity**
		£'000	**£'000**	**£'000**
1 January 2019	100	30,145	(73,641)	(43,396)
Comprehensive income for the financial year	-	-	96	96
At 31 December 2019	**100**	**30,145**	**(73,545)**	**(43,300)**

For the year ended 31 December 2018
(restated)

	Attributable to owners of the Company			
	Share capital	**Capital contribution reserves**	**Accumulated losses**	**Total equity**
		£'000	**£'000**	**£'000**
1 January 2018	100	30,145	(73,044)	(42,799)
Comprehensive loss for the financial year	-	-	(597)	(597)
At 31 December 2018	**100**	**30,145**	**(73,641)**	**(43,396)**

*Refer to note 3 for details of restatement

The notes on pages 16 to 31 form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2019

	Note	2019 £'000	2018 Restated* £'000
Cash flows from operating activities			
Profit/(loss) on ordinary activities before tax		124	(726)
Adjustments for:			
Depreciation of property, plant & equipment	10	25	32
Decrease in receivables	11	1,572	7,880
(Decrease) in payables	13, 14	(1,014)	(11,275)
Taxation received	9	-	525
Net cash generated/(used in) operating activities		**707**	**(3,564)**
Investing activities			
Exchange differences on fixed assets		-	8
Net cash flow used in investing activities		**-**	**8**
Net increase/(decrease) in cash and cash equivalents		707	(3,556)
Cash and cash equivalents at the beginning of the year		-	3,556
Cash and cash equivalents		**707**	**-**

*Refer to note 3 for details of restatement

The notes on pages 16 to 31 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting Policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and preceding years.

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

In assessing whether the Company is a going concern, the Directors have taken into account the guidance issued by the Financial Reporting Council in October 2016.

After considering the result in the year, together with the net liabilities position, the Directors reviewed the forecasts of the Company to satisfy themselves that the going concern basis of preparation continued to be appropriate. The Directors have made enquiries including considering the liquidity of the Company's assets and have received confirmation from an intermediate parent Company, ReAssure Group Plc, that it would provide support to meet liabilities as they fall due over the going concern period. Based on this assessment, the Directors have a reasonable expectation that the Company had adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continued to adopt the going concern basis in preparing the financial statements.

1.1 New standards, amendments and policies not yet adopted by the Company

There are no new standards, amendments and policies not yet adopted by the Company.

1.2 New and amended standards and interpretations

The Company has applied the following new and revised IFRS 16 'Leases'.

IFRS 16 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019. The standard is effective for annual periods beginning on or after 1 January 2019 and does not have an impact on the financial statements of the Company.

A transition note has not been included within the financial statements of the Company as no contracts held by the Company have been identified as meeting the definition of a lease as per IFRS 16 'Leases' and therefore, no leases have been accounted for in the Balance Sheet.

1.3 Interest income

For interest-bearing assets, interest is recognised as it accrues and is calculated using the effective interest rate method. The effective interest rate is defined as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the net carrying amount of the financial asset or financial liability. Fees and commissions that are an integral part of the effective yield of the financial assets or liabilities are recognised as an adjustment to the effective interest rate of the instrument.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.4 Revenue

Revenue relates to income received from group undertakings as a result of the management service agreement and third party income principally in relation to third party administration.

Under the management service agreement, the Company provides an array of services including but not limited to business enabling and operational governance assistance to support each party in performing their contractual duties. Revenue generated from this agreement is recognised over time as the services are performed and the contract obligations are fulfilled. Invoices are prepared based on rate tables specified in the contracts.

1.5 Foreign Currencies

1.5.1 Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

In the current year, the functional currency of the Group has changed from Great British Pounds (GBP) to Euros (EUR). This change is driven by the closure in 2018, of the main UK based operational site of the Company, which was replaced by a smaller satellite office, the running costs of which are lower than the on-going running costs of the Company's Irish branch which are transacted in EUR.

A review of IAS 21 'The Effects of Changes in Foreign Exchange Rates' confirmed that multiple primary and secondary indicators of functional currency, as defined by the standard, support the change of the Company's functional currency to EUR.

1.5.2 Presentational currency

The presentational currency of the Company has not been changed to EUR and the financial statements continue to be presented in GBP. This is to ensure that the presentational currency of the Company remains aligned to the presentational currency of the ReAssure Group, thus maintaining consistency of accounting policies across the Group and its subsidiaries.

1.5.3 Transactions and balances

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Exchange differences on monetary items are recognised in the income statement when they arise.

1.6 Share based payments

Employees of the Company have the option to participate in a Global Share Participation Plan ("GSPP") which provides employees with the ability to purchase shares in Swiss Re Limited (the ultimate holding Company of ReAssure Midco Limited (formerly ReAssure Group Limited) and a public limited Company quoted on the SIX Swiss Exchange) at the current market price with a match of 30% provided by the Company. The Company charges the cost of the match as an expense to the statement of comprehensive income and loss account on a straight-line basis over the plan cycle.

1.7 Retirement benefits

Pension arrangements for all the Company staff are operated through a defined contribution Group Personal Plan ("GPP"). All costs for the scheme are charged in full to the statement of comprehensive income and loss account as they arise.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.8 Current income tax

Current tax comprises tax payable on current period profit, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous periods. Current tax is recognised in the statement of income statement.

1.9 Deferred income tax

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent that it is probable that future taxable profit will arise against which the statement of comprehensive income can be utilised. Deferred tax is charged or credited to the statement of income, except when it relates to items charged or credited directly to equity.

1.10 Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Fixtures, fittings and office equipment	Between 3-5 years

1.11 Impairment of tangible assets

The carrying amounts of tangible assets are reviewed at each reporting date to determine whether there is any evidence of impairment. If any indication of impairment exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the asset's carrying amount or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.12 Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised on the trade date when the Company becomes a party to the contractual provisions of the instrument and are classified for accounting purposes depending on the characteristics of the instruments and the purpose for which they were purchased.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability-not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in statement of comprehensive income or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, as described in note 16 which results in an accounting loss being recognised in statement of comprehensive income or loss.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Measurement methods

Amortised cost and effective interest rate
The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that-initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in statement of comprehensive income or loss.

Financial Assets

a) Classification

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

At 31 December 2019 the Company did not hold any financial assets measured at fair value through other comprehensive income or at fair value through profit or loss.

b) Subsequent measurement and gains and losses

At 31 December 2019 all financial assets are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in statement of comprehensive income or loss. Any gain or loss on de-recognition is also recognised in statement of comprehensive income or loss.

Other receivables include trade and other receivables and prepaid expenses, and are initially recognised at fair value and subsequently measured at amortised cost.

c) Impairment

IFRS 9 introduces a new impairment model based on expected credit losses (ECL) that are estimated by considering current conditions and available forward-looking information. IFRS 9 sets out a general approach to impairment, however, for simple, short-term financial assets this general approach is overly complicated and so a simplified approach was also introduced.

The Company has chosen to adopt the simplified approach for short-term receivables measured at amortised cost. Note 16 provides more detail of how the expected credit loss is measured.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Financial Liabilities

a) Classification

Financial liabilities are classified as subsequently measured at amortised cost.

b) Measurement

Subsequent measurement
Financial liabilities are measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in statement of comprehensive income or loss. Any gain or loss on de-recognition is also recognised in statement of comprehensive income or loss.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short-term deposits with an original maturity term of three months or less at the date of placement. The carrying amount of these assets approximates to their fair values.

1.14 Provisions and contingent assets/liabilities

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will materialise and the amount of the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. If the event resulting in a future obligation is less than probable but greater than remote, or the amount cannot be reliably estimated, a contingency is disclosed in the notes to the financial statements.

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the future economic benefits expected to be received under it. The unavoidable costs reflect the net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

1.14.1 Contingent assets and liabilities

Contingent assets are disclosed in the notes if the inflow of economic benefits is probable, but not virtually certain. When the inflow of economic benefits becomes virtually certain, the asset is no longer contingent and its recognition is appropriate. A provision is recognised for present legal or constructive obligations arising from past events, when it is probable that it will result in an outflow of economic benefits and the amount can be reliably estimated. If the outflow of economic benefits is not probable, a contingent liability is disclosed, unless the possibility of an outflow of economic benefits is remote.

1.15 Events after the balance sheet date

The financial statements are adjusted to reflect events that occurred provided they give evidence of conditions that existed at the balance sheet date.

Events that are indicative of conditions that arose after the balance sheet date are disclosed where significant, but do not result in an adjustment of the financial statements themselves.

Notes to the financial statements (continued)

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and underlying assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

2.1 Measurement of the expected credit loss allowance

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used. Refer to Note 17 for more detail on measurement of the ECL.

2.2 Pension benefits

Pension arrangements for Company employees are operated through a defined contribution Group Personal Plan ("GPP"). All costs for the scheme are charged in full to the statement of comprehensive income and loss account as they arise. A fellow Group undertaking (RML) operates a defined benefit pension scheme however, this is closed to new members.

3. Restatements of prior year balances

Following a review of the 2018 accounts, it has been identified that an invoice was misallocated, leading to the transfer of profit over to an inter-company entity and any required recharges in respect of the invoice were not recorded. This has now been restated and has resulted in a £215k increase to loss in the prior year with a 51k impact on tax. The impact on the financial statements are shown below.

Statement of comprehensive income	**As reported previously**	**Restated**
	2018	**2018**
	£'000	**£'000**
Other administrative expenses	(14,770)	(15,036)
Tax credit	78	129
Total comprehensive loss for the financial year	**(382)**	**(597)**

Notes to the financial statements (continued)

3. Restatement of prior years (continued)

Statement of financial position	**As reported previously**	**Restated**
	2018	**2018**
	£'000	**£'000**
Trade and other receivables	7,408	7,142
Tax credit receivable	78	129
Total Assets	**7,486**	**7,271**
Net Liabilities	**(43,181)**	**(43,396)**
Accumulated losses	(73,336)	(73,641)
Total Equity	**(43,181)**	**(43,396)**

Statement of changes in equity	**As reported previously**		**Restated**	
	2018	**2018**	**2018**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
	Accumulated losses	**Total equity**	**Accumulated losses**	**Total equity**
Total comprehensive loss for the financial year	(382)	(382)	(597)	(597)
At 31 December 2018	**(73,426)**	**(43,181)**	**(73,641)**	**(43,396)**

Notes to the financial statements (continued)

3. Restatement of prior years (continued)

Statement of Cashflow	**As reported previously**	**Restated**
	2018	**2018**
	£'000	**£'000**
Loss on ordinary activities before tax	(460)	(726)
Adjustments for:		
Decrease in receivables	7,515	7,880
Net cash used in operating activities	**(3,564)**	**(3,564)**
Net cash decrease in cash and cash equivalents	**(3,556)**	**(3,556)**
Cash and cash equivalents at the beginning of the year	3,556	3,556
Cash and cash equivalents	-	-

4. Revenue

	2019	**2018**
	£'000	**£'000**
Intragroup Revenue	5,045	14,277
Investment Income	44	33
	5,089	**14,310**

Revenue represents charges receivable from other Group companies and companies external to the Group in respect of the provision of administrative services by the Company. Revenue has decreased due to reduced services driven by the closure of a UK branch within the Group.

5. Administrative expenses

	2019	**2018 Restated***
	£'000	**£'000**
Staff costs (note 7)	3,811	11,766
Depreciation (note 10)	25	32
Other administrative expenses	1,129	3,238
	4,965	**15,036**

Administrative costs and other expenses incurred are recharged mainly to a related subsidiary company, ReAssure Limited, through a Management Services Agreement by way of a monthly service charge.

Notes to the financial statements (continued)

6. Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	2019	2018
	£000	£000
Audit Services:		
Fees payable for the audit of the Company's annual financial statements	30	30
Total Audit Fees	**30**	**30**
Assurance Services required by regulation:		
Audit related assurance services	-	-
Total fees	**30**	**30**

No other fees were paid or payable to the Company's auditors.

7. Staff costs

All staff are employed by RUKSL.

	2019	2018
	£'000	£'000
Wages and salaries	3,080	9,640
Social security costs	378	475
Other pension costs	353	1,651
	3,811	**11,766**

Other pension costs relate to the defined contribution scheme. There were outstanding contributions of £2,678 (2018: £1,165) at the balance sheet date.

The monthly average number of employees (including executive directors) during the year were:

	2019	2018
	No.	No.
Administration and Systems	10	39
Finance and Actuarial	35	21
	45	**60**

8. Key Management remuneration

The directors of the Company are also directors of other undertakings within the Swiss Re group and are remunerated by ReAssure UK Services Limited (2018: same). It has not been deemed possible to separate the time spent on Company business from other Group business, and hence no apportionment has been made. Remuneration is disclosed in full within the consolidated accounts ReAssure Group Plc.

Notes to the financial statements (continued)

9. Tax credit on loss on ordinary activities

a) Tax credit to the income statement

	2019	2018 Restated*
	£'000	£'000
Current taxation		
UK corporation tax	28	(132)
Adjustments in respect of prior periods	-	3
Total current tax charge/ (credit) for the year	**28**	**(129)**
Total tax charge/ (credit) for the year	**28**	**(129)**

b) Reconciliation of tax credit on loss before tax

The tax assessed for the year is higher (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019	2018 Restated*
	£'000	£'000
Profit /(loss) before tax	124	(726)
Tax on profit /(loss) at 19% (2018: 19%)	24	(138)
Difference due to effects of:		
Disallowable expenses	4	6
Adjustments in respect of prior years	-	3
Total tax charge/ (credit) for the year	28	**(129)**

Notes to the financial statements (continued)

10. Property, plant and equipment

Fixtures and fittings	**2019**	**2018**
	£'000	**£'000**
Cost		
At 1 January	196	204
Exchange differences	-	(8)
At 31 December	**196**	**196**

	2019	**2018**
	£'000	**£'000**
Accumulated depreciation		
At 1 January	127	95
Charge for the year	25	32
At 31 December	**152**	**127**
Carrying Value at 31 December	**44**	**69**

Notes to the financial statements (continued)

11. Trade and other receivables

	2019 £'000	2018 Restated* £'000
Trade receivables	-	1
Amounts owed by group undertakings	5,513	7,063
Prepayments and accrued income	58	78
Tax credit receivable	101	129
	5,672	**7,271**

These balances are receivable within one year from the balance sheet date.

12. Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank	707	-
	707	-

Cash comprises cash at bank. There are no amounts included in the cash and cash equivalents balances that are not readily available.

13. Provisions for other liabilities and charges

	Restructuring £000's	Onerous Contract £000's	Other £000's	Total £000's
At 1 January 2019	1,222	374	46	1,642
Additional Provisions	-	-	18	18
Utilisation of provision	(114)	(374)	(11)	(499)
At 31 December 2019	**1,108**	-	**53**	**1,161**

	Restructuring £000's	Onerous Contract £000's	Other £000's	Total £000's
At 1 January 2018	1,222	374	46	1,624
Additional Provisions	-	-	-	-
Utilisation of provision	-	-	-	-
At 31 December 2018	**1,222**	**374**	**46**	**1,642**

In the prior year, provisions mainly relate to restructuring costs resulting from the closure of a UK branch within the Group in June 2018. In the prior year, there was a provision in place for an onerous contract relating to an outsource arrangement with an IT contractor. The amount of the provision was based on the contractual terms of the agreement.

Notes to the financial statements (continued)

14. Trade and other payables

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	48,328	48,328
Accruals and other payables	234	766
	48,562	**49,094**

These balances are payable within one year from the balance sheet date. The payables to related parties are repayable on demand and bear no interest.

15. Share capital

	2019	2018
	£'000	£'000
Issued and fully paid		
100,000 (2018: 100,000) Ordinary shares of £1 each	100	100

The Company has one class of ordinary shares which carry no right to fixed income.

16. Share based payments

Global Share Participation Plan

The Global Share Participation Plan ("GSPP") provides employees with the ability to purchase shares in Swiss Re Limited (the ultimate holding Company of ReAssure Midco Limited (formerly ReAssure Group Limited) and a public limited Company quoted on the SIX Swiss Exchange). The GSPP plan cycle runs for 3 years and employees make monthly contributions which are used to purchase shares in Swiss Re Limited at the prevailing market share price. At the end of the plan cycle, the Company provides a match of 30% based on the number of shares held by the employee.

The Company recognised a total expense of £0.1m (2018: £0.1m) in respect of all share based payment plans for the year.

17. Management of financial risk

The Company's activities are limited to the provision of management services to its fellow subsidiary companies and of management services to external parties in relation to transactions with fellow subsidiary companies. The Company is exposed to liquidity risk and credit risk. The risk management approach of the Company is to seek to minimise the potential adverse impact of these risks on the financial performance.

The following section discusses the Company's risk management policies. The measurement of ECL under IFRS 9 uses the information and approaches that the Company uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9. The approach taken for IFRS 9 measurement purposes is discussed separately in note 1.12.

Notes to the financial statements (continued)

17. Management of financial risk (continued)

a) Credit risk

Credit risk is the risk that the Company will suffer loss from the failure of a third party to discharge its obligations to the Company. In addition, the solvency of the Company may be impacted by a widening in credit spreads or by credit downgrades under its portfolio of fixed-interest securities and deposits.

The board determines the risk appetite for the business. The risk is controlled by setting appropriate limits for counterparty exposures and communicating them to those who are responsible for complying with them.

The Company was most exposed to credit risk on trade and other receivables and cash and cash equivalents. The credit risk associated with these counterparties is not deemed to be high.

Credit risk measurement

The Company applies the simplified approach to providing for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for short-term receivables which are receivable on demand with no significant financing component. In accordance with paragraph 5.5.15 of IFRS 9, the loss allowance for such trade receivables is always measured at an amount equal to lifetime ECLs.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics. For each group, historical loss rates have been considered and applied using forward-looking information.

At 31 December 2019 the Company held trade receivables, intercompany receivables and prepayments which were subject to the above impairment review. The loss allowance provision for these receivables at this date was insignificant (2018: insignificant).

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below.

Definition of default and change in the risk of default
The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its debt obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

In assessing whether a borrower is in default, the Company considers indicators that are:

- Qualitative: e.g. breaches of covenant and other indicators of financial distress;
- Quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Company; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Measuring ECL – Explanation of inputs, assumptions and estimation techniques
The Company determines whether there are ECLs on receivables by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Maximum exposure to credit risk – Financial instruments subject to impairment

Notes to the financial statements (continued)

17. Management of financial risk (continued)

The gross carrying amount of other receivables, reflecting the maximum exposure to credit risk, is £5,513k (2018: £7,064k).

Loss allowance

The loss allowance recognised in the period could be impacted by a variety of factors, as described below:

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in historical loss rates and forward-looking estimates;
- Foreign exchange translations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

b) Liquidity risk

Funding liquidity risk is the risk that the Company will not be able to meet both the expected and unexpected future cash flow needs without affecting either daily operations or the financial condition of the Company. The risk is mitigated through management of cash and receivables within the Group to ensure that sufficient resources are available to meet the liabilities of the Company.

18. Related parties

a) Immediate and ultimate parent undertaking

The Company is incorporated and domiciled in England and Wales, part of the United Kingdom. It is a private company which is limited by shares. The entire issued share capital of the Company at the year-end is held by ReAssure FSH UK Limited, which is incorporated in England and Wales.

Swiss Re Limited is the ultimate and controlling parent undertaking of the Company and is the only company to consolidate the Company's financial statements. The consolidated financial statements of Swiss Re Limited may be obtained on www.swissre.com or from its registered office at Mythenquai 50/60, PO Box 8022, Zurich, Switzerland.

The parent Company of the smallest group in which the results of the Company are consolidated is that of ReAssure Group plc, an intermediate parent undertaking. The consolidated financial statements of ReAssure Group plc may be obtained on www.reassure.co.uk or from its registered office at Windsor House, Telford Centre, Telford, Shropshire, TF3 4NB.

b) Services provided to related parties

	2019	2018
	£'000	£'000
Other subsidiary undertakings of Swiss Re Limited	5,045	14,277
	5,045	**14,277**

c) Year-end balances with related parties

	2019	2018
	£'000	£'000
Parent company	(48,328)	(48,328)
Other subsidiary undertakings of Swiss Re Limited	5,537	7,329
	(42,791)	**(40,999)**

Notes to the financial statements (continued)

18. Related Parties (continued)

d) Remuneration of key management personnel

There were no transactions between the Company and any key management personnel during the year and there are no balances outstanding at the year-end (2018: nil).

Remuneration of key management personnel of the Company are included under Note 7.

19. Post Balance Sheet Events

On 11 March 2020, COVID-19 was declared as a pandemic due to the rising rate and scale of infection observed. COVID-19 has caused disruption to businesses and economic activity, which has been reflected in recent fluctuations in UK and global financial markets. The Company continues to monitor the market movements and their impact on the Company and remains focused on supporting its customers and business partners. Given the inherent uncertainties, it is not practicable to determine the impact of COVID-19 on the Company's financial performance or to provide any detailed quantitative estimate of the impact. At this point however, these market fluctuations have not had an impact on the solvency or liquidity of the Company and the Company will continue to meet its capital requirements. Given the uncertainty described, the Company has sought confirmation that ReAssure Group plc is able and willing to provide financial support should this be required in the next 12 months.
The Directors are not aware of any other significant post balance sheet events that require disclosure in the financial statements.