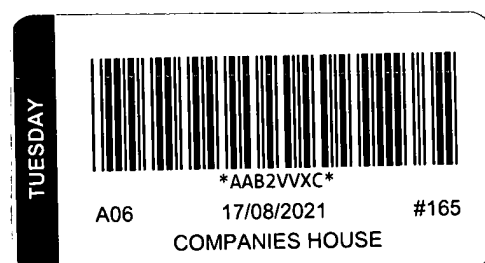


**ReAssure Companies Services Limited**  
**Annual Report and Financial Statements 2020**

Company Registration Number 06705828



## Contents

Directors and officers .....	3
Directors' report for the year ended 31 December 2020 .....	4
Independent auditors' report to the members of ReAssure Companies Services Limited .....	8
Statement of Comprehensive Income .....	11
Statement of Financial Position .....	12
Statement of Changes in Equity .....	13
Notes to the Financial Statements for the Year Ended 31 December 2020 .....	14
1. Accounting Policies .....	14
2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty .....	17
3. Revenue .....	17
4. Administrative expenses .....	17
5. Auditors' remuneration.....	17
6. Staff costs.....	18
7. Key management remuneration.....	18
8. Tax credit on loss on ordinary activities .....	18
9. Property, plant and equipment .....	19
10. Trade and other receivables .....	19
11. Cash and cash equivalents.....	20
12. Provisions for other liabilities and charges.....	20
13. Trade and other payables.....	20
14. Share capital.....	21
15. Share based payments .....	21
16. Related parties .....	21
17. Post Balance Sheet Events.....	22

ReAssure Companies Services Limited

## Directors and officers

### Board of Directors

Matthew Cuhls  
Michael Woodcock

### Company Secretary

Pearl Group Secretariat Services Ltd  
Paul Shakespeare

(Appointed 22<sup>nd</sup> July 2020)

(Resigned 22<sup>nd</sup> July 2020)

### Registered office

Windsor House  
Ironmasters Way  
Town Centre  
Telford  
England  
TF3 4NB

### Company registration number

06705828

## Directors' report for the year ended 31 December 2020

The directors present their annual report together with the audited financial statements of ReAssure Companies Services Limited ("the Company") for the year ended 31 December 2020.

These financial statements for the year ended 31 December 2020, have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS101"). The Company has taken advantage of the exemption in Section 414 of the Companies Act 2006 in relation to the exemption for small companies from preparing a Strategic Report.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

### Principal activity

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 of the Company is the control of expenses relating to the provision of management services to its fellow entities within the ReAssure Division ("the Division") of the Phoenix Group ("the Group"), such that those entities are able to generate comprehensive income and cash flows. The Company primarily operates a branch in Ireland, providing services to ARK Life Assurance Company dac ("ARK Life"). The Company intends to continue with the provision of services to those companies and to support them in their anticipated growth strategies.

On 6 December 2019, Swiss Re announced that it had come to an agreement to sell the ReAssure Group to Phoenix Group Holdings plc ("PGHP"). This transaction completed on 22 July 2020, meaning the Company is now a 100%-owned subsidiary of PGHP. The Group is the largest specialist consolidator of heritage life assurance funds in Europe. The Group's main focus has traditionally been on closed life fund consolidation, and the Group specialises in the acquisition and management of closed life insurance and pension funds. Alongside this, the Group has open business which manufactures and underwrites new products and policies to support people saving for their futures. The Group's vision is to be Europe's leading life consolidator, and its mission is to improve outcomes for customers and deliver value for shareholders.

Following the closure of the Lytham site, at which the former owners of the Company (the Guardian Group) based their operations, the services provided by the Company are significantly reduced and all expenses incurred are now recharged out to Ark Life or, to ReAssure UK Services Limited ("RUKSL"), a fellow management services company within the Group. As a consequence of all costs being rechargeable to other entities within the Group, performance is monitored separately in ARK Life and RUKSL therefore, no KPI's have been disclosed for the Company.

### Results

The results for the year are set out on page 11. The Company made a loss for the year of £362k (2019: profit of £96k). Losses have increased in the current year due to the write off of historic under accruals on bonus related costs. The net liability position of the Company at the end of the year was £43,662k (2019: £43,300k).

### Future outlook

As mentioned above, the Company operates a branch in Ireland however, to date there have been no significant operational or financial consequences arising from the end of the Brexit transition period. The Company continues to monitor the implications for its operations in light of the new trading relationship agreed between the UK and EU.

COVID-19 has resulted in an unprecedented global crisis which has challenged each and every one of us as we undertake our day-to-day lives. COVID-19 has had no significant operational or financial consequences upon the Company and therefore, has not affected the Company's ability to continue as a going concern. The Company's key priorities throughout the pandemic, by virtue of its position within the Group, have been to support and ensure the safety of our colleagues, customers and the communities in which we operate, whilst protecting the long-term value of the Company.

## Directors' report for the year ended 31 December 2020 (continued)

### Going concern

In assessing whether the Company is a going concern the Directors have followed the UK Financial Reporting Council's "Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (April 2016)", and additional guidance issued in relation to the COVID-19 pandemic. The Directors continue to believe that preparing the financial statements on the going concern basis is appropriate. Further details regarding the adoption of the going concern basis can be found in the notes to the financial statements.

### Financial risk management

The following have been defined as key business risks:

**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 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 Group'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.

### 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.

### Dividends

The Directors do not recommend the payment of a dividend (2019: £nil).

### Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 3.

### Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Directors' report and the Company's financial statements ("the financial statements") in accordance with applicable United Kingdom law and regulations.

## Director's report for the year ended 31 December 2020 (continued)

### Statement of directors' responsibilities in respect of the financial statements (continued)

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare those statements in accordance with FRS 101 Reduced Disclosure Framework in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial performance and financial position of the Company for the accounting period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 Reduced Disclosure Framework in conformity with the requirements of the Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with United Kingdom Accounting Standards including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice), subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a directors' report that comply with that law and those regulations.

### Qualifying third party indemnity provisions

At the start of the reporting period, the Company was part of the Swiss Re Group. Up until Change in Control (CiC), when ownership of the Company transferred to the Phoenix Group, the Company's Directors were covered by the Swiss Re Limited indemnity provision policy, which was in force during the prior and current financial year. 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.

Post CiC, qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

### Directors' confirmations

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

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

## **Directors' report for the year ended 31 December 2020 (continued)**

### **Independent Auditors**

Ernst & Young ("EY") were appointed as auditors on 28 July 2020 following the change in control of the Company to the Phoenix Group. EY 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.

### **Approval**

This report was approved by the Board of Directors on 12 August 2021 and signed on its behalf by:



Michael Woodcock  
Director  
12 August 2021

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

### **Opinion**

We have audited the financial statements of ReAssure Companies Services Limited (the 'Company') for the year ended 31 December 2020 which comprise Statement of Comprehensive Income, Statement of Financial Position, and, Statement of Changes in Equity and the related notes 1 to 17, 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 FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its loss 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's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, 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 up to 12 August 2022, which is at least 12 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. 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.

### **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 this 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 there is a material misstatement in the financial statements themselves. If, based



## ReAssure Companies Services Limited

on the work we have performed, we conclude that there is a material misstatement of the 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 the audit:

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 5-6, 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.

#### *Explanation as to what extent the audit was 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary

## ReAssure Companies Services Limited

responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the relevant laws and regulations related to elements of company law and tax legislation and the financial reporting framework (United Kingdom Generally Accepted Accounting Practice).
- We understood how the Company is complying with those frameworks by making enquiries with those charged with governance and those responsible for legal and compliance matters. We corroborated our enquiries through our review of correspondence between the Company and UK regulatory bodies and our review of minutes of the Board; and gained an understanding of the Company's approach to governance, demonstrated by the Board's approval of the Company's governance framework.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the entity level controls and governance oversight structure that the Company has established to monitor the risks and address risks identified by the Company, or that otherwise seek to prevent, deter and detect fraud. We also considered the impact of COVID-19 on the Company's financial reporting environment. Our procedures over the Company's financial reporting environment included validating the audit evidence against original documents to ensure the authenticity of the audit evidence and financial information accounted by the Company as they transitioned to operating remotely for a significant proportion of 2020.
- We considered the risk of management override and designated revenue recognition, in particular manual adjustments, to be a fraud risk. Our audit procedures included:
  - Understanding and testing manual adjustments to revenue accounts.
  - Tested the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions.
- Based on our understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: making enquiries of those charged with governance and senior management for their awareness of any non-compliance of laws and regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, enquiring about the Company's methods of enforcing and monitoring compliance with such policies, and inspecting significant correspondence.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ben Morphet (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham  
12 August 2021

ReAssure Companies Services Limited

## Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	3	4,414	5,089
Administrative Expenses	4	(4,856)	(4,965)
<b>(Loss)/Profit on ordinary activities before taxation</b>		<b>(442)</b>	<b>124</b>
Tax credit/(charge) on loss on ordinary activities	8	80	(28)
<b>Total comprehensive (loss)/profit for the financial Year</b>		<b>(362)</b>	<b>96</b>

The notes on pages 14 to 22 form an integral part of these financial statements.

All results derive from continuing operations.

ReAssure Companies Services Limited

# Statement of Financial Position

As at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Property, plant and equipment	9	26	44
		<u>26</u>	<u>44</u>
<b>Current assets</b>			
Trade and other receivables	10	892	5,571
Tax credit receivable	10	80	101
Cash and cash equivalents	11	4,592	707
		<u>5,564</u>	<u>6,379</u>
<b>Total assets</b>		<u>5,590</u>	<u>6,423</u>
<b>Non-current liabilities</b>			
Provision for other liabilities and charges due in more than 1 year	12	(63)	-
<b>Current liabilities</b>			
Trade and other payables	13	(49,189)	(48,562)
Provision for other liabilities and charges due in less than 1 year	12	-	(1,161)
<b>Net liabilities</b>		<u>(43,662)</u>	<u>(43,300)</u>
<b>Equity</b>			
Share capital	14	100	100
Other reserves		30,145	30,145
Accumulated losses		(73,907)	(73,545)
<b>Total equity</b>		<u>(43,662)</u>	<u>(43,300)</u>

The Company has taken advantage of the exemption in Section 414 of the Companies Act 2006 in relation to the exemption for small companies from preparing a Strategic Report.

The notes on pages 14 to 22 form an integral part of these financial statements.

The financial statements of Reassure Companies Services Limited (registered number 06705828) presented on pages 14 to 22 were approved by the director and authorised for issue on 12 August 2021 and signed on its behalf by:



Michael Woodcock

Director

12 August 2021

ReAssure Companies Services Limited

## Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company			Total equity
	Share capital	Capital contribution reserves	Accumulated losses	
	£'000	£'000	£'000	£'000
1 January 2020	100	30,145	(73,545)	(43,300)
Comprehensive loss for the financial year	-	-	(362)	(362)
<b>At 31 December 2020</b>	<b>100</b>	<b>30,145</b>	<b>(73,907)</b>	<b>(43,662)</b>

For the year ended 31 December 2019

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

The notes on pages 14 to 22 form an integral part of these financial statements.

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 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 Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101") and Companies Act 2006.

The Directors have followed the UK Financial Reporting Council's "Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (April 2016)", and additional guidance issued in relation to the COVID-19 pandemic, when performing their going concern assessment.

The Directors have considered the loss made during 2020, and the overall net liability position of the Company. However, the Directors also note that the Company has enough cash to comfortably cover its external liabilities. In the event of intergroup liabilities being recalled, the Company may require support from its immediate parent company, RML, in order to meet these liabilities.

The Directors have made enquiries, which include consideration of RML's business model, including expected dividend forecasts to the end of 2025, and have received confirmation from RML 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 has adequate resources to continue in operational existence for the foreseeable future (to at least 12 August 2022). Accordingly, they continued to adopt the going concern basis in preparing the financial statements.

As set out in the Directors' report, the Directors do not consider that the COVID-19 pandemic has impacted the Company's ability to continue as a going concern from either a financial or operational point of view.

The Company has adopted Financial Reporting Standard 101, Reduced Disclosure Framework for the first time in the current year. The financial statements of the Company were previously prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The main disclosure exemptions taken for all reporting periods in accordance with FRS 101 are:

- Overview of the entity's objectives and process for managing capital;
- Preparation of a cash flow statement;
- Assessment of the impact of new IFRS standards issued but not yet effective;
- Disclosure of key management personnel remuneration;
- Disclosure of amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity;
- Information regarding the significance of financial instruments and the nature and extent of risks arising from financial instruments;
- Disclosure of allowance for expected credit losses and maximum exposure to credit risk; and
- Disclosure of related party transactions included in the Statement of Comprehensive Income.

The Company is exempt from preparing a cash flow statement as FRS 101 provides full exemption from the requirements of International Accounting Standard ("IAS") 7 Statement of Cash Flows. The Company has taken advantage of the exemption in Section 414 of the Companies Act 2006 in relation to the exemption for small companies from preparing a Strategic Report.

The Company is included in the consolidated financial statements of PGHP which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006 and IFRS 10 Consolidated Financial Statements, paragraph 4(a).

In addition, as the Company is a wholly-owned subsidiary of PGHP, it has taken advantage of the exemption contained within FRS 101 to not disclose transactions with entities which form part of the group (or investors of the group qualifying as related parties) under IAS 24 Related Party Disclosures.

Notes to the financial statements (continued)

1. Accounting Policies (continued)

1.2 Adoption of new accounting announcements in 2020

New accounting pronouncements under the FRS 101 Reduced Disclosure Framework have not had a material impact on the Company.

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.

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"). The functional currency of the Company is Euros (EUR).

1.5.2 *Presentational currency*

The presentational currency of the Company is Great British Pounds (GBP). This is to ensure that the presentational currency of the Company remains aligned to the presentational currency of the 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 Statement of Comprehensive Income when they arise.

1.6 Share based payments

From September 2020, employees of the Company have the option to participate in a Share Incentive Plan ("SIP") which provides employees with the ability to purchase shares in Phoenix Group Holdings plc at the market price, with one Matching Share for every Partnership Share purchased on the first £50 invested each month. The corporate costs of the scheme are not incurred by the Company but are charged to another company within the Group. Prior to July 2020, employees of the Company had the option to participate in a Global Share Participation Plan ("GSPP") to purchase shares in Swiss Re Limited (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 charged the costs of the match, incurred to July 2020, as an expense to the Statement of Comprehensive Income on a straight-line basis over the plan.

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 as they arise.

## ReAssure Companies Services Limited

### 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 Comprehensive Income.

##### 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 Comprehensive 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 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.

##### 1.13 Provisions and contingent assets/liabilities

A provision is recognised when the Company 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.

##### 1.13.1 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.



# ReAssure Companies Services Limited

## Notes to the financial statements (continued)

### 1. Accounting Policies (continued)

#### 1.14 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.

#### 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.

### 3. Revenue

	2020	2019
	£'000	£'000
Intragroup Revenue	4,402	5,045
Bank interest	12	44
	<u>4,414</u>	<u>5,089</u>

Revenue represents amounts receivable from other group companies in respect of the provision of management services by the Company and bank interest on cash deposits.

### 4. Administrative expenses

	2020	2019
	£'000	£'000
Staff costs (note 6)	3,507	3,811
Depreciation (note 9)	19	25
Other administrative expenses	1,330	1,129
	<u>4,856</u>	<u>4,965</u>

Administrative costs and other expenses incurred are recharged to a fellow group company, ReAssure UK Services Limited, by way of a monthly service charge in accordance with the terms of a Management Services Agreement between the parties.

### 5. Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	2020	2019
	£000	£000
<b>Audit Services:</b>		
Fees payable for the audit of the Company's annual financial statements	10	30
<b>Total Audit Fees</b>	<u>10</u>	<u>30</u>

No other fees were paid or payable to the Company's auditors in either the current or prior year. Current year audit fees are payable to EY, prior year audit fees were payable to PwC LLP.

## ReAssure Companies Services Limited

### Notes to the financial statements (continued)

#### 6. Staff costs

	2020	2019
	£'000	£'000
Wages and salaries	2,934	3,080
Social security costs	282	378
Other pension costs	291	353
	<u>3,507</u>	<u>3,811</u>

Other pension costs relate to the defined contribution scheme. There were outstanding contributions of £45,569 (2019: £2,678) at the balance sheet date.

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

	2020	2019
	No.	No.
Administration and Systems	10	10
Finance and Actuarial	25	35
	<u>35</u>	<u>45</u>

#### 7. Key management remuneration

At the start of the reporting period, the Company was part of the Swiss Re Group. Up until 22 July 2020, when ownership of the Company transferred to the Phoenix Group, certain Directors of the Company were also Directors of other undertakings within the Swiss Re Group and were remunerated by ReAssure UK Services Limited (RUKSL). Post CiC, certain Directors of the Company are also Directors of other undertakings within the Phoenix Group and are remunerated by RUKSL (2019: 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 of PGHP.

#### 8. Tax credit on loss on ordinary activities

##### a) Tax credit to the statement of comprehensive income

	2020	2019
	£'000	£'000
Current taxation		
UK corporation tax	(80)	28
Total tax (credit)/charge for the year	<u>(80)</u>	<u>28</u>

##### b) Reconciliation of tax credit on loss before tax

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

# ReAssure Companies Services Limited

## Notes to the financial statements (continued)

### 8. Tax credit on loss on ordinary activities (continued)

	2020	2019
	£'000	£'000
Profit/(loss) before tax	(442)	124
Tax on profit /(loss) at 19% (2019: 19%)	(84)	24
Difference due to effects of:		
Disallowable expenses	4	4
Total tax charge/(credit) for the year	(80)	28

### 9. Property, plant and equipment

Fixtures and fittings	2020	2019
	£'000	£'000
Cost		
At 1 January	196	196
At 31 December	196	196
Accumulated depreciation		
At 1 January	152	127
Charge for the year	18	25
At 31 December	170	152
Carrying Value at 31 December	26	44

### 10. Trade and other receivables

	2020	2019
	£'000	£'000
Trade receivables	8	-
Amounts owed by group undertakings	746	5,513
Prepayments and accrued income	138	58
Tax credit receivable	80	101
	972	5,672

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

## ReAssure Companies Services Limited

### Notes to the financial statements (continued)

#### 11. Cash and cash equivalents

	2020	2019
	£'000	£'000
Cash at bank	4,592	707
	<u>4,592</u>	<u>707</u>

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

#### 12. Provisions for other liabilities and charges

	Restructuring £000's	Onerous Contract £000's	Other £000's	Total £000's
At 1 January 2020	1,108	-	53	1,161
Utilisation of provision	(298)	-	-	(298)
Release of provision	(747)	-	(53)	(800)
At 31 December 2020	<u>63</u>	<u>-</u>	<u>-</u>	<u>63</u>

	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	<u>1,108</u>	<u>-</u>	<u>53</u>	<u>1,161</u>

In 2018, a provision of £10.4m for severance costs associated with the integration of the Company into the ReAssure Division (following the sale of the Company from the Guardian Group to ReAssure in 2016) was included in restructuring costs. Employees were provided with the option of taking redundancy at certain pre-agreed dates. Those optional dates have (in the majority of cases) now passed, meaning that employees have now either taken redundancy or, have opted to continue to be employed by the Group. Therefore, the majority of this provision has now either been utilised or released. There is 1 resource remaining who has the option to take redundancy up until March 2022 therefore, the £63k remaining provision has been classified as a non-current liability on the Statement of Financial Position.

Other provisions relate to performance related bonus schemes which have been released following the acquisition of the Company by the Phoenix Group and the subsequent alignment of executive bonus schemes.

#### 13. Trade and other payables

	2020	2019
	£'000	£'000
Amounts owed to group undertakings	48,338	48,328
Accruals and other payables	851	234
	<u>49,189</u>	<u>48,562</u>

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.

## ReAssure Companies Services Limited

### Notes to the financial statements (continued)

#### 14. Share capital

	2020	2019
	£'000	£'000
Issued and fully paid		
100,000 (2019: 100,000) Ordinary shares of £1 each	100	100

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

#### 15. Share based payments

##### Global Share Participation Plan

From September 2020, following the acquisition of the Company by the Phoenix Group, employees of the Company have the option to participate in a Share Incentive Plan ("SIP") which provides employees with the ability to purchase shares in Phoenix Group Holdings plc at the market price, with one Matching Share for every Partnership Share purchased on the first £50 invested each month. The corporate costs of the scheme are not incurred by the Company but are charged to another company within the Group.

Prior to July 2020, employees of the Company had the option to participate in a Global Share Participation Plan ("GSPP") to purchase shares in Swiss Re Limited. The GSPP plan cycle ran for 3 years and employees made monthly contributions, which were used to purchase shares in Swiss Re Limited at the prevailing market share price. At the end of the plan cycle, the Company provided a match of 30% based on the number of shares held by the employee. The Company recognised a total expense of £1.7k (2019: £4.6k) for the year, in respect of the Swiss Re share-based payment plan. No further costs will be incurred post July 2020 in relation to this scheme.

#### 16. Related parties

##### Immediate and ultimate parent undertaking

The Company is incorporated and domiciled in England and Wales, part of the United Kingdom. The immediate parent company is ReAssure FSH UK Limited ("RFSH"), incorporated in England and Wales.

At the start of the reporting period, the ultimate and controlling parent undertaking of the Company was Swiss Re Limited. Ownership transferred to PGHP on 22 July 2020.

The parent Company of the largest and smallest group in which the results of the Company are consolidated is that of PGHP, the ultimate and controlling parent undertaking of the Company. The consolidated financial statements of PGHP may be obtained on [www.thephoenixgroup.com](http://www.thephoenixgroup.com) or from its registered office at Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU.

Year-end balances with related parties have been disclosed separately for the current and prior year to indicate the impact of the transfer of ownership of the Company to PGHP on 22 July 2020, at which point all entities within the ReAssure Division ceased to be subsidiary undertakings of Swiss Re Limited and became subsidiary undertakings of PGHP.

## ReAssure Companies Services Limited

### Notes to the financial statements (continued)

#### 16. Related parties (continued)

##### Year-end balances with related parties

	2020	2019
	£'000	£'000
Parent company (PGHP)	(48,328)	-
Other subsidiary undertakings of PGHP	736	-
	<u>(47,592)</u>	<u>-</u>

	2020	2019
	£'000	£'000
Parent company (Swiss Re Limited)	-	(48,328)
Other subsidiary undertakings of Swiss Re Limited	-	5,513
	<u>-</u>	<u>(42,815)</u>

Year end balances with related parties primarily relate to historic balances payable to the Company's immediate parent company RFSH. These amounts relate to cash injections provided to the Company in order to fund expenses incurred on behalf of other entities in the Group.

#### 17. Post Balance Sheet Events

The Directors are not aware of any significant post balance sheet events that require disclosure in the financial statements.