

Registered number: 07142031

**HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH
SPECIALTY LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021



HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

COMPANY INFORMATION

Directors	A Barrett (resigned 1 February 2021) A T Bastow (resigned 10 December 2020) J C Birkmire (resigned 1 February 2021) B D Rügge-Price (resigned 1 February 2021, appointed 12 November 2021, resigned 3 May 2022) A K Cameron (resigned 31 March 2022) S A Davies (resigned 1 February 2021, reappointed 2 November 2021) P W N Redgate (resigned 1 October 2020) D P Norris (resigned 1 October 2020) E Richardson (resigned 1 October 2020, reappointed 11 October 2021) A Pearson (resigned 1 October 2020) J D T Beckett (resigned 1 October 2020) A Bragoli (resigned 1 February 2021) S Caamano Freijeiro (resigned 1 October 2020) N Coles (resigned 1 October 2020) M Colgate (resigned 1 October 2020) N S Galletti (resigned 1 October 2020) S T Greener (resigned 1 October 2020) C Y Langdale (resigned 1 October 2020) E Longfield (resigned 1 October 2020) R A W Haines (resigned 1 October 2020) A S W Hall (resigned 11 October 2021) P A Gudgeon (appointed 11 October 2021) D Garland (appointed 3 May 2022) A Farooq (appointed 1 June 2022) B J A Maltese (appointed 9 June 2022)
Company secretary	P Fokou (appointed 1 October 2020) A J Moore (resigned 1 October 2020)
Registered number	07142031
Registered office	One Creechurch Place London United Kingdom EC3A 5AF
Independent auditor	Deloitte LLP Statutory Auditor 1 New Street Square London United Kingdom EC4A 3HQ

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

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HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Directors present their Strategic Report for the year ended 30 September 2021.

The Strategic Report has been prepared in accordance with Section 414C of the Companies Act 2006.

Business review

Howden Reinsurance Brokers Limited (formerly RKH Specialty Limited) ("the Company") made a profit after tax for the year ended 30 September 2021 of £987k (2020: £61,908k). The decrease in results are driven by the transfer of all business, assets and liabilities to fellow group company Howden Insurance Brokers Limited on 1 October 2020.

	FY2021	FY2020
	£000	£000
Revenue	450	237,316
Administrative expenses	1,207	159,306
Profit after tax	987	61,908
Total assets	34,672	596,811
Total liabilities	(4,154)	(462,016)

Average monthly number of employees, including the Directors, during the year was Nil (2020: 759).

Following the United Kingdom exiting the EU, the Company will be supporting clients in EEA Member states using 2 fellow subsidiaries, which are regulated companies established in Luxembourg (Howden Specialty Luxembourg S.a.r.l. and Howden Specialty Agency Luxembourg S.a.r.l.).

Principal risks and uncertainties

This section sets out some of the risks facing the Company which may affect its business operations and results during the year. The Company looks to assess and deal with the impact of these external influences by carrying out regular business planning reviews.

Financial key performance indicators

Analysis of the financial key performance indicators of the Company has been presented above. In addition, certain other key performance indicators have been established as described below.

Customer new business and retention levels

The Company monitors customer numbers and income for each of its operating lines.

EBITDA

The Company uses Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) to measure the performance of business units against budget and previous years results.

Matters generally affecting Company strategy and performance

Commercial Strategy

The Company endeavours to operate to the strategic and business plans that it sets itself.

Environmental, market and economic factors

The Company is heavily dependent on its clients to be able and willing to purchase insurance solutions to protect their assets and/or mitigate their exposure to any liabilities. Such ability and willingness is influenced by environmental and economic conditions.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Matters generally affecting Company strategy and performance (continued)

Key staff

The Company's success is reliant upon attracting and retaining key staff within all its core business operations.

On 1 October 2020 due to the transfer of the business, all the employees have been transferred to fellow group company Howden Insurance Brokers Limited.

Competition

The insurance market is highly competitive. The Company faces competition from other insurance intermediaries within the UK as well as indirect competition from other insurance intermediaries overseas.

Certain business interruption risks

The Company has in place a comprehensive business risk review process, which allows the Company to assess the business risks faced by it and to review them in the context of the appropriateness of the controls it has in place to address those risks.

Loss of IT systems or data

The Company believes its IT systems and those systems provided by third parties are reliable and well protected, notwithstanding that they require regular updating and maintenance to ensure their ongoing suitability for the Company.

Relationships with insurers

The Company is reliant upon its existing relationships with the insurance markets with which it places business. The Company has in place controls to ensure it is not overly dependent upon any one insurer or insurance market.

Financial crime and bribery and corruption

The Company conducts its business whilst being fully aware of the risks arising from non-compliance with either local or international regulations and operates within a business framework which seeks to minimise the risk of financial crime, including bribery and corruption.

Factors that could reduce operating revenues or increase operating costs

Claims against the Company that are not covered by or exceed purchased insurance

The Company believes its insurance cover would substantially mitigate the effect of any claims likely to be brought against it.

Legal and regulatory compliance

Uncertainty regarding compliance matters and higher costs of regulatory compliance can result from ongoing revision to laws, regulations and governance standards.

Risks to the Company's reputation

Corporate governance

The Company has an appropriate corporate governance programme in place commensurate with the scale of the business.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Financial risk management

Financial instruments

HIG Finance Limited, a fellow subsidiary of the Howden Group Holdings Limited group of companies (the "Howden Group"/"Group"), manages the Company's principal financial instruments which comprise cash and deposits. As part of the Group's pooling arrangements the Group's treasury function manages risks in relation to these as follows;

Liquidity risks

The Group manages the Company's cash and borrowing requirements centrally to maximise interest income and minimise interest expenses, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business.

Credit risk

Some clients are provided with credit, and are encouraged to settle their invoices within 60 days of the inception date of the insurance policy. Receivables balances are monitored on an ongoing basis with a provision being made for doubtful debts where necessary.

This report was approved by the board and signed on its behalf.



A Farooq
Director

Date: 21 July 2022

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Directors present their report and the financial statements for the year ended 30 September 2021.

Principal activity

The principal activity of the Company was that of being a wholesale and specialty insurance broker. The entity is authorised and regulated by the Financial Conduct Authority.

Results and dividends

The profit for the year, after taxation, amounted to £987k (2020: £61,908k).

During the year the Company paid a dividend of £130,000k (2020: £70,000k). The Directors do not recommend the payment of any further dividends.

All results were derived from discontinuing operations due to the transfer of all business to fellow group company Howden Insurance Brokers Limited on 1 October 2020.

The Administrative expenses for the year amounted to a credit of £1,207k (2020: a debit of £159,306k). The movement in these expenses is due to discontinuing operations.

Directors

The Directors who served during the year, and up to the date of signing the report, were:

A Barrett (resigned 1 February 2021)
A T Bastow (resigned 10 December 2020)
J C Birkmire (resigned 1 February 2021)
B D Rugge-Price (resigned 1 February 2021, appointed 12 November 2021, resigned 3 May 2022)
A K Cameron (resigned 31 March 2022)
S A Davies (resigned 1 February 2021, reappointed 2 November 2021)
P W N Redgate (resigned 1 October 2020)
D P Norris (resigned 1 October 2020)
E Richardson (resigned 1 October 2020, reappointed 11 October 2021)
A Pearson (resigned 1 October 2020)
J D T Beckett (resigned 1 October 2020)
A Bragoli (resigned 1 February 2021)
S Caamano Freijeiro (resigned 1 October 2020)
N Coles (resigned 1 October 2020)
M Colgate (resigned 1 October 2020)
N S Galletti (resigned 1 October 2020)
S T Greener (resigned 1 October 2020)
C Y Langdale (resigned 1 October 2020)
E Longfield (resigned 1 October 2020)
R A W Haines (resigned 1 October 2020)
S A Davies (appointed 2 November 2021)
A S W Hall (resigned 11 October 2021)
P A Gudgeon (appointed 11 October 2021)
D Garland (appointed 3 May 2022)
A Farooq (appointed 1 June 2022)
B J A Maltese (appointed 9 June 2022)

Charitable donations

The Company made £14k (2020: £54k) of charitable donations in the year ended 30 September 2021.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

Directors' indemnities

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and Officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including liabilities relating to the defence of any proceedings brought against them which relates to anything done or omitted, or alleged to have been done or omitted, by them as offices or employees of the Company. Appropriate Directors' and Officers' liability insurance cover is in place in respect of all the Company's Directors.

Existence of branches of the Company outside the United Kingdom

The Company had an overseas branch in the United Arab Emirates. The income in 2021 was earned from the United Arab Emirates branch which was closed on 30 May 2021.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Future developments

The existing business transferred to Howden Insurance Broking Limited. The name of the Company changed in preparation to commence the business in reinsurance brokerage. The Company will provide reinsurance for single risks or defined packages of risks, typically used for high-value or hazardous risks on a proportional or non-proportional basis. For Cedent companies, the Company will offer bespoke single risk reinsurance solutions and help to provide alternative coverage options to grow the business.

Covid-19

During 2020 and 2021 a global crisis ("Covid-19") spread across the world. This led to severe disruption, with governments putting in place measures such as temporary closure of sites of business activities and social distancing to limit the spread of Covid-19. Whilst the insurance broking industry has been less impacted than other industries in this crisis, there is uncertainty in terms of the duration of the pandemic and subsequent impacts on the wider economy. If clients were to undergo financial distress as a result, this could impact the future demand for the Company's services as well as increase the credit risk arising over outstanding amounts due from clients. Government restrictions have led to staff working from home. However, the investment in the IT infrastructure by the Howden Group over the recent years has facilitated this significant operational change.

The United Kingdom's withdrawal from the European Union ("Brexit")

As all revenue was derived from activities in the United Arab Emirates the United Kingdom's withdrawal from the European Union has not impacted the Company in the period reported. In future, the Company will trade as a reinsurance broker and will support clients in European Economic Area ("EEA") member states using a fellow subsidiary, which is a regulated company established in Luxembourg (Howden Specialty Luxembourg S.a r.l.).

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Environment

The Company is part of the Howden Group Holdings Limited group of companies which is determined to reduce its environmental impact as much as it can. The Group aims to reduce carbon footprint and during 2020 globally started the process of becoming carbon neutral. As part of this, emission data is collected which will influence further carbon management plans. Travel was reduced by teleconferencing, video calling and use of instant messaging and employees are encouraged to use bicycles and most offices therefore have dedicated bike storage facilities and showers. As part of waste management & recycling the Company aims to replace paper with electronic media, provides recycling bins for paper, cardboard, glass and batteries and actively encourage employees to reduce waste and recycle. The Group has pledged to reduce our plastic consumption and is also using environmentally responsible materials for use in printers and recycle black and white toner cartridges, notepad paper and biros etc and uses energy efficient lighting wherever possible e.g. motion sensor lights; and has achieved BREEAM rating 'Excellent' UK Group headquarters during its London office move in December 2018. The same approach for an ecobuilding is being taken with other office buildings.

Post balance sheet events

On 1 November 2021, Howden Reinsurance Brokers Holdings Limited acquired 100% of the share capital of the Company from RKH Group Limited.

Going concern

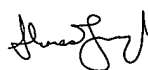
The Directors have a reasonable expectation that the Company has sufficient cash and working capital to meet all financial obligations for at least twelve months from the date of signing these financial statements. They have adopted the going concern basis in preparing the annual financial statements.

Further details regarding going concern are in note 2.3 to the financial statements.

Auditor

The auditor, Deloitte LLP, will not be proposed for reappointment. Ernst and Young LLP will be proposed as auditor for the following financial period in accordance with Section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



A Farooq
Director

Date: 21 July 2022

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Howden Reinsurance Brokers Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 27.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act (2006) and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Financial Conduct Authority regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business. We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In 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 Strategic Report or the Directors' Report.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWDEN REINSURANCE BROKERS
LIMITED (FORMERLY RKH SPECIALTY LIMITED)**

Matters on which we are required to report by exception

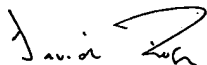
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



David Rush ACA (Senior statutory auditor)

for and on behalf of

Deloitte LLP
Statutory Auditor
London
United Kingdom

Date: 21 July 2022

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £000	2020 £000
Revenue	4	450	237,316
Administrative expenses		1,207	(159,306)
Other operating income	5	-	10
Operating profit		<u>1,657</u>	<u>78,020</u>
Interest receivable and similar income	10	-	64
Interest payable and similar expenses	11	(190)	(1,106)
Profit on ordinary activities before taxation		<u>1,467</u>	<u>76,978</u>
Taxation on profit on ordinary activities	12	(480)	(15,070)
Profit for the year		<u><u>987</u></u>	<u><u>61,908</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement.

The notes on pages 17 to 35 form part of these financial statements.

The income in 2021 was earned from the United Arab Emirates branch which was closed on 30 May 2021.

All results were derived from discontinuing operations due to the transfer of all business to fellow regulated subsidiary Howden Insurance Broking Limited on 1 October 2020.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £000	2020 £000
Profit for the year	987	61,908
Transfer to other group companies	(3,122)	-
Foreign exchange gains	127	-
	<hr/>	<hr/>
Other comprehensive income for the year	(2,995)	-
	<hr/>	<hr/>
Total comprehensive income for the year	(2,008)	61,908
	<hr/>	<hr/>

The notes on pages 17 to 35 form part of these financial statements.

All results were derived from discontinuing operations.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)
REGISTERED NUMBER: 07142031

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	-	2,636
Tangible assets	14	-	71
		-	2,707
Current assets			
Debtors: amounts falling due within one year	15	34,467	221,878
Current asset investments	16	-	389
Cash at bank and in hand	17	205	371,837
		34,672	594,104
Creditors: amounts falling due within one year	18	(4,154)	(462,016)
Net current assets		30,518	132,088
Total assets less current liabilities		30,518	134,795
Net assets		30,518	134,795
Capital and reserves			
Called up share capital	20	10,000	50,050
Other reserves	21	-	3,122
Profit and loss account	21	20,518	81,623
		30,518	134,795

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



A Farooq
Director

Date: 21 July 2022

The notes on pages 17 to 35 form part of these financial statements.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 October 2020	50,050	3,122	81,623	134,795
Comprehensive income for the year				
Profit for the year	-	-	987	987
Transfer of share based payment (note 22)	-	(3,122)	-	(3,122)
Exchange rate impact	-	-	127	127
Other comprehensive income for the year	-	(3,122)	127	(2,995)
Total comprehensive income for the year	-	(3,122)	1,114	(2,008)
Dividends: Equity capital	-	-	(130,000)	(130,000)
Shares cancelled during the year	(40,050)	-	-	(40,050)
Transfer to distributable reserves	-	-	40,050	40,050
Capital contribution	-	27,731	-	27,731
Cancellation of capital contribution	-	(27,731)	27,731	-
Total transactions with owners	(40,050)	-	(62,219)	(102,269)
At 30 September 2021	10,000	-	20,518	30,518

The notes on pages 17 to 35 form part of these financial statements.

All the transfers have been made to fellow group company Howden Insurance Brokers Limited

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 October 2019	50,050	2,827	89,655	142,532
Comprehensive income for the year				
Profit for the year	-	-	61,908	61,908
Currency translation differences	-	-	60	60
Share based payment (note 22)	-	295	-	295
Other comprehensive income for the year	-	295	60	355
Total comprehensive income for the year	-	295	61,968	62,263
Dividends: Equity capital	-	-	(70,000)	(70,000)
Total transactions with owners	-	-	(70,000)	(70,000)
At 30 September 2020	50,050	3,122	81,623	134,795

The notes on pages 17 to 35 form part of these financial statements.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of its registered office is One Creechurch Place, London, United Kingdom, EC3A 5AF. Company number 07142031.

The principal activity of the Company is disclosed in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The following accounting policies have been applied in dealing with items that are considered material in relation to the financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Monetary amounts in these financial statements are rounded to the nearest £1,000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standards 102 - reduced disclosure exemptions

The Company meets the definition of a qualifying entity and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12 (a) - (e):

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Howden Group Holdings Limited as at 30 September 2021 and these financial statements may be obtained from One Creechurch Place, London, EC3A 5AF.

2.3 Going concern

As at 30 September 2021, the Company has net assets of £30,518k and net current assets of £30,518k.

Having considered the aforementioned, and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of signing/approval of these financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue consists principally of brokerage, commissions and fees associated with the placement of insurance contracts, net of commissions payable to other directly involved parties. Revenue from brokerage, commission and fees are recognised on the inception date of the risk. Any adjustments to commissions arising from premium additions or reductions are recognised as and when they are notified by third parties.

Where contractual obligations exist for the performance of post placement activities, a relevant proportion of revenue received on placement is deferred and recognised over the period during which the activities are performed.

Profit commission is recognised when the amount can be estimated, with a reasonable degree of certainty, and is equivalent to the minimum value expected to be received.

2.5 Insurance intermediary assets and liabilities

Insurance intermediaries act as agents in placing the insurable risks of their clients with insurers and as such, generally, are not liable as principals for the amounts arising from such transactions. Accordingly, receivables arising from insurance broking transactions are not included as assets of the Company, other than the receivable for fees and commissions earned on the transaction, which is recognised within trade receivables. No recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client and is recognised as an insurance payable.

Fiduciary cash arising from insurance broking transactions is included within insurance cash. The Company is entitled to retain the investment income on any cash flows arising from insurance related transactions.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income Statement over its useful economic life and shall not exceed 10 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software in development

Costs of developing computer software are accumulated as work in progress until the development has been completed and released for use.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Goodwill	-	5 years
Computer software	-	3 years to 10 years

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	-	length of lease
improvements		
Fixtures and fittings	-	5 years
Computer equipment	-	4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

2.8 Current asset investments

Fiduciary cash arising from insurance broking transactions is included within insurance cash. Insurance cash can be invested into various investments such as money market funds and are included within insurance investments. The Group is entitled to retain the investment income on any cash flows arising from insurance related transactions and is recorded in "fiduciary income".

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value (including transaction costs), and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value (including transaction costs), and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.13 Foreign currency translation

Functional and presentational currency

The Company's functional and presentational currency is Pounds Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the date of transaction.

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the Income Statement within 'finance income or costs'.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Critical accounting judgements

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Company's Directors to exercise judgements and estimates that have been made in preparing the financial statements, as well as make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical judgements in applying the Company's accounting policies

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Revenue recognition

Revenue includes commission and fees receivable at the later of policy inception date or when the policy placement has been completed and confirmed. To the extent that the Company is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the fair value of the fulfilment of these obligations. Profit commission and other contingent fee arrangements are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Brokerage, commissions and fees	450	233,989
Fiduciary income	-	3,327
	<u>450</u>	<u>237,316</u>

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	-	30,003
Rest of Europe	-	33,811
Rest of the world	450	173,502
	<u>450</u>	<u>237,316</u>

The income in 2021 was earned from the United Arab Emirates branch which was closed on 30 May 2021.

5. Other operating income

	2021 £000	2020 £000
Other income	-	10
	<u>-</u>	<u>10</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £000	2020 £000
Exchange differences	(949)	1,918
Other operating lease rentals	60	194
Depreciation of tangible fixed assets	-	52
	<u>(889)</u>	<u>2,164</u>

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

7. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8	198

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	(301)	88,900
Social security costs	6	7,343
Cost of defined contribution scheme	24	5,333
	(271)	101,576

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Directors and management	-	25
Insurance professionals	-	561
Administration	-	173
	0	759

On 1 October 2020 due to the transfer of the business, all the employees have been transferred to fellow group company Howden Insurance Brokers Limited.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	-	10,339
Company contributions to defined contribution pension schemes	-	139
	<u>-</u>	<u>10,478</u>

During the year retirement benefits were accruing to 0 Directors (2020: 12) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £NIL (2020: £1,454k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £NIL (2020: £19k).

10. Interest receivable and similar income

	2021 £000	2020 £000
Other interest receivable	<u>-</u>	<u>64</u>

11. Interest payable and similar expenses

	2021 £000	2020 £000
Loans from group undertakings (see note 18)	<u>190</u>	<u>1,106</u>

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profit for the year	291	15,170
Adjustments in respect of previous periods	(103)	-
Total current tax	<u>188</u>	<u>15,170</u>
Deferred tax		
Origination and reversal of timing differences	176	(74)
Changes to tax rates	(1)	(23)
Adjustment in respect of prior years	117	(3)
Total deferred tax	<u>292</u>	<u>(100)</u>
Taxation on profit on ordinary activities	<u>480</u>	<u>15,070</u>

No tax was charged or credited directly to the statement of changes in equity in the current or prior year.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	1,467	76,978
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	279	14,626
Effects of:		
Expenses not deductible for tax purposes	189	471
Adjustments to tax charge in respect of prior periods	13	(3)
Tax rate changes	(1)	(23)
Other	-	(1)
Total tax charge for the year	480	15,070

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

13. Intangible assets

	Work in progress £000	Computer software £000	Goodwill £000	Total £000
At 1 October 2020	1,982	4,903	905	7,790
Transferred to group companies	(1,982)	(4,903)	(905)	(7,790)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 October 2020	-	4,249	905	5,154
Transferred to group companies	-	(4,249)	(905)	(5,154)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 September 2021	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2020	1,982	654	-	2,636
	<hr/>	<hr/>	<hr/>	<hr/>

Work in progress relates to software under development.

All the assets have been transferred to fellow group company Howden Insurance Brokers Limited.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. Tangible fixed assets

	Leasehold improve- ments £000	Fixtures and fittings £000	Computer equipment £000	Total £000
At 1 October 2020	136	32	1	169
Transferred to group companies	(136)	(32)	(1)	(169)
At 30 September 2021	-	-	-	-
At 1 October 2020	86	11	1	98
Transferred to group companies	(86)	(11)	(1)	(98)
At 30 September 2021	-	-	-	-
Net book value				
At 30 September 2021	-	-	-	-
At 30 September 2020	50	21	-	71

The net book value of leasehold may be further analysed as follows:

	2021 £000	2020 £000
Short leasehold	-	50

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. Debtors

	2021 £000	2020 £000
Trade debtors	-	91
Insurance debtors	-	79,513
Amounts owed by group companies	34,461	136,992
Other debtors	2	1,756
Prepayments and accrued income	-	3,230
Deferred taxation	4	296
	<u>34,467</u>	<u>221,878</u>

Amounts owed by group undertakings are unsecured and repayable on demand.

Trading balances are not interest bearing, arranged facilities will bear interest at a pre-arranged and competitive rate.

16. Current asset investments

	2021 £000	2020 £000
Insurance investments	<u>-</u>	<u>389</u>

During the year ended 30 September 2020, the Company invested insurance cash in a US Dollar Treasury Liquid Reserve fund with Goldman Sachs Asset Management International.

17. Cash and cash equivalents

	2021 £000	2020 £000
Bank current accounts	205	1,837
Insurance bank balances	-	370,000
	<u>205</u>	<u>371,837</u>

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

18. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Short term loans from group companies	-	18,964
Insurance creditors	-	370,389
Amounts owed to group companies	3,785	22,512
Amounts owed to fellow subsidiaries	-	4,542
Corporation tax	361	1,220
Other creditors	-	28
Accruals and deferred income	8	44,361
	<u>4,154</u>	<u>462,016</u>

Amounts owed to group undertakings are unsecured and repayable on demand.

Short term loans with group companies are repayable on demand and interest is charged at 6% per annum.

19. Deferred taxation

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Fixed asset timing differences	<u>4</u>	<u>296</u>

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

20. Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
10,000,000 (2020: 50,050,000) Ordinary shares of £1 each	10,000	50,050

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

21. Reserves

Other reserves

This reserve includes shares awarded to employees for nil cash consideration which have been treated as equity settled share-based payments. On 1 October 2020, the reserves of £3,122k have been transferred to fellow group company Howden Insurance Brokers Limited after the transfer of all business.

Share based payment reserve

This reserve consists of the total contribution to the equity capital of the Company that was not made in exchange for shares.

Profit and loss account

The Profit and loss account consists of current and prior period retained profits and losses, less any dividends paid.

22. Share based payments

The Company participates in a group share-based payment plan, whereby employees of the Company are issued with "D" or "E" shares of Howden Group Holdings Limited, the ultimate parent company. The "D" or "E" shares convert to "A" shares of Howden Group Holdings Limited based on a number of conditions, which include continued employment after four or five years, performance of the relevant business unit and performance of the "A" share price of Howden Group Holdings Limited. The charge recognised in the income statement of £Nil in the year ended 30 September 2021 (2020: £295k) is calculated based on the fair value of the "D" or "E" shares issued to the employees of the Company.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

23. Contingent liabilities

On 29 April 2015, the ultimate parent company Howden Group Holdings along with the Company and fellow subsidiary Hyperion Refinance S.a.r.l., entered into a financing agreement with Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, HSBC Bank plc, Lloyds Bank plc, Royal Bank of Scotland and ING Capital LLC. Under the terms of this agreement, the Company together with a number of other subsidiaries have given guarantees in respect of Hyperion Refinance S.a.r.l.'s obligations under the terms of the agreement.

On 20 December 2017, the ultimate company Howden Group Holdings along with fellow subsidiaries HIG Finance 2 Limited and Hyperion Refinance S.a.r.l. entered into an amended and restated credit agreement with the Group's lenders in respect of the Group's main lending facilities. As part of the amended and restated credit agreement the Company is a guarantor in respect of obligations undertaken by Howden Group Holdings, HIG Finance 2 Limited and Hyperion Refinance S.a.r.l..

24. Commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £24k (2020: £5,333k). Contributions totalling £Nil (2020: £Nil) were payable to the fund at the reporting date.

25. Related party transactions

	2021 £000	2020 £000
Amounts owed by / (to) related parties		
Howden M&A Limited	-	(16)

The consolidated financial statements of Howden Group Holdings Limited, within which this Company is included, can be obtained from the address given in note 27.

Balances arise between the company and Howden M&A Limited due to shared central services and are settled on a regular basis.

During the year Howden M&A Limited was fully acquired by the group, so is therefore a wholly owned subsidiary of the group.

26. Post balance sheet events

On 1 November 2021, Howden Reinsurance Brokers Holdings Limited acquired 100% of the share capital of the Company from RKH Group Limited.

HOWDEN REINSURANCE BROKERS LIMITED (FORMERLY RKH SPECIALTY LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

27. Controlling party

The company's immediate parent undertaking and controlling party is Howden Reinsurance Brokers Holdings Limited, a Company incorporated in the United Kingdom and registered in England and Wales. The registered office of this company is One Creechurch Place, London, United Kingdom, EC3A 5AF.

The Company's ultimate parent company is Howden Group Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The registered address of this company is One Creechurch Place, London, EC3A 5AF.

The largest and smallest group of which the Company is a member for which group financial statements are drawn up is that of Howden Group Holdings Limited. Copies of the financial statements of this Company can be obtained from One Creechurch Place, London, EC3A 5AF.