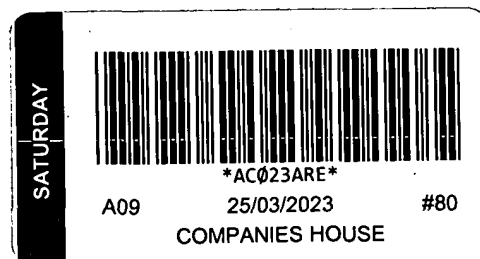


Company number 08604368

BHL (UK) Holdings Limited

Annual Report and Financial Statements

Year ended 30 June 2022



BHL (UK) Holdings Limited

Year ended 30 June 2022

Annual report and financial statements for the year ended 30 June 2022

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Directors	S Klinkert, alternate Director to I Echave to 31 May 2022, alternate Director to M Raisbeck from 31 May 2022 I Leech S James I Echave, resigned 31 May 2022 M Raisbeck, appointed 3 May 2022
Company secretary	L Sinfield
Registered office	Bath House 16 Bath Row Stamford Lincolnshire PE9 2QU
Auditors	Ernst & Young LLP 25 Churchill Place London United Kingdom E14 5EY

BHL (UK) Holdings Limited

Year ended 30 June 2022

Strategic report

The Directors present the strategic report for the year ended 30 June 2022.

Results and dividends

The annual results for BHL (UK) Holdings Limited, company number 08604368, (the "Company" or the "Group") in relation to the Company and its active subsidiaries, are set out on page 19 and show a consolidated profit for the year after taxation on continuing operations of £47.4m (2021 restated and re-presented: £94.8m). For details of the restatement and the re-presentation see notes 25 and 33 respectively. The Directors consider these results reflect wider market conditions and they remain confident of future prospects.

During the year, the Company has paid dividends on ordinary shares of £351.8m (2021: £nil).

Trading review and future developments

The Group's principal activities comprise:

- its price comparison websites, comparethemarket.com ("CTM") and LesFurets.com, which are within BGL (Holdings) Limited ("BGL Group");
- solicitors (Minster Law Limited, "Minster Law"); and
- insurance brokerage and price comparison in Turkey.

BGL (Holdings) Limited

The BGL (Holdings) Limited's ("BGL Group's") principal activities comprise its price comparison websites, comparethemarket.com ("CTM") and LesFurets.com. The activities of CTM are authorised and regulated by the Financial Conduct Authority ("FCA").

In April 2022 the BGL Group sold its "BGL Insurance" division, which included its Motor & Home and Life insurance operations, to Markerstudy Group Limited for cash consideration of £419.1m. The BGL Group recognised profit on the sale of £318.4m, which formed part of the total profit from discontinued operation of £336.6m. Further details can be found in note 25.

Unprecedented market disruptions have resulted in overall revenue from continuing operations declining by 5% to £445.1m (2021 re-presented: £467.4m). The global increase in the wholesale price of energy caused domestic energy providers to withdraw competitive fixed tariffs from the marketplace. As customers became increasingly unlikely to save by switching energy provider, the BGL Group decided to remove energy products from comparethemarket.com's price comparison offerings in September 2021, resulting in a material reduction in revenues from energy switching in the year.

In addition, revenue from general insurance products has been impacted by a reducing premium environment resulting in reduced switching rates in general insurance and by new regulations impacting the pricing of insurance which came into effect on 1 January 2022. These regulations, which arose from the findings of the FCA's "General Insurance Pricing Practices Market Study", require insurers to offer renewal prices to customers which are no higher than the equivalent new business price. This change further reduced switching rates and hence revenues from general insurance in the year.

The adverse impact of market disruptions was in part offset by the travel market returning to pre Covid-19 levels as restrictions eased and customers increased their appetite for foreign travel, contributing to customer numbers in CTM increasing 1.6% to 6.4m (2021: 6.3m).

The BGL Group completed the restructuring programmes commenced in the prior year relating to the devolution of certain management services provided by BGL Group Limited to its subsidiaries and the restructuring of central BGL Insurance functions which included the closure of its Wakefield office.

To support the delivery of the strategy, CTM adopted a new business operating model to enable greater collaboration and agility with teams focused on customer outcomes. The launch of the new operating model resulted in the de-prioritisation of certain initiatives and pivoting away from certain technologies and tools. Consequently, an impairment loss of £20.3m relating to software development intangible assets has been recorded in the year ended 30 June 2022.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Strategic report (continued)****BGL (Holdings) Limited continued)**

This, together with the decline in revenue and increased investment, has contributed to operating profit declining 42.5% to £79.9m (2021 re-presented: £139.1m). This is also reflected within profit before taxation which has declined by 45.8% to 69.5m (2021 re-presented: £128.1m).

The Group continues to invest in growth in its leading French price comparison site LesFurets.com.

Key performance indicators

The BGL Group's key performance indicators are:

	2022	Re-presented* 2021	Movement
	£m	£m	
Continuing operations			
Revenue	445.1	467.4	(4.8%)
Operating profit	79.9	139.1	(42.5%)
Profit before taxation	69.5	128.1	(45.8%)

*Re-presented for continuing operations. See note 25 for further details.

As at 30 June 2022, the BGL Group has net assets of £10.2m (2021: £5.0m). The BGL Group has net current assets of £106.4m at 30 June 2022 (2021: net current liabilities £37.7m) and the BGL Group continues to enjoy significant access to liquidity through its debt facilities. In the light of the financial forecasts of the BGL Group, together with the modest net debt and scale of profit before taxation, the Directors are satisfied with the net current asset position. The Directors believe that the BGL Group is able to withstand the operational and economic disruption of reasonable downside scenarios.

The BGL Group has access to substantial committed debt facilities, as detailed in note 17. The facilities provided significant headroom at year-end ensuring the BGL Group is in a strong position to support the liquidity requirements of the BGL Group for the foreseeable future.

The price comparison sector has been subject to an increasing degree of scrutiny from their regulatory authorities in recent years including the Financial Conduct Authority, the Competition and Markets Authority and Ofgem. The BGL Group maintains a constructive and open relationship with its regulators and it works proactively to provide excellent customer outcomes.

Minster Law

Minster Law is one the UK's leading providers of legal services, working in partnership with the insurer and broker markets to provide a range of outsourced claims services.

The company is authorised and regulated by the Solicitors Regulation Authority (SRA).

The directors consider the pre-tax, post accounting policy amendment loss on ordinary activities for the 12 months of £3.0m (Restated 2021: £0.9m) to be a satisfactory result given the exceptional trading environment that the implementation of the government small claims regulatory reforms and Covid-19 has created.

Turnover was £28.3m for the year ended 30th June 2022 (2021: Restated £28.8m). This was in line with the Company's expectations and represents a stable performance and a significant achievement for the business, with volume growth achieved in the year from new and existing partners offsetting the impact from the government's implementation of reforms to the Road Traffic Accident (RTA) personal injury market in May 2021.

Minster Law retains a strong balance sheet and will continue to explore opportunities to increase scale and achieve its long-term strategy of becoming the pre-eminent legal services provider to the insurance industry.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Strategic report (continued)****Minster Law (continued)****Key performance indicators**

	2022	Restated*
	£m	2021
		£m
Turnover	28.3	28.8
Loss on ordinary activities before taxation and one-off item**	(3.0)	(0.9)
Gross profit %	19.9%	25.8%
Administration costs as % of turnover	30.5%	28.7%

* Restatement of comparative financial information due to an accounting policy amendment. See note 33 for further details.

** an onerous contractual commitment of £3.7m is a one-off charge related to a commitment to assist a long-term partner in transitioning to a post reform environment.

Turkey

We operate two of the leading financial price comparison platforms in Turkey, comparing insurance (Koalay) and banking (Hesapkurdu) products. In insurance, we have a brokerage license, selling products for our own book. In the prior year impairment testing was performed and given the inherent uncertainty of estimating cash flows in the medium to long-term, it was decided to fully impair the investment. This investment is now expected to be reach breakeven in the short term and the Group remains confident in its future.

Principal risks and uncertainties

The majority of general risk management is managed by the Boards of each of the main operating subsidiaries, with sharing of best practice where appropriate.

The Board of the Company maintains an overview of risk management across the Group.

The arrangements described below reflect those in place for the Group's material operating subsidiary BGL Group ("the BGL Divisions") which comprise Compare The Market Limited and BISL Limited and its subsidiaries ("BGL Insurance"). These arrangements were in place for Compare The Market Limited for the full year and were in place for BGL Insurance until it was sold to a third party on 29 April 2022.

The Boards of Compare The Market Limited and BISL Limited ("the BGL Divisions") have in place a risk management framework that seeks to identify and limit potential adverse effects on the financial performance of BGL (Holdings) Limited and achievement of its objectives.

The BGL Divisions have established a risk appetite which is monitored through a set of key risk indicators and thresholds. Any risks considered to be outside of appetite are accompanied by appropriate action plans which are reviewed, approved and tracked by the BGL Divisional Board and its Audit Committee and Risk Committee.

The Audit Committee and Risk Committee of the BGL Divisions also review the implementation of processes for identifying, measuring, managing and controlling risks. The Committees receive and commission reports in relation to risk management activities, with escalation to the BGL Divisional Board where appropriate.

A risk radar looking at near and long-term impacts of internal and external risk factors is reviewed by the Executive Risk Committee and Board Risk Committee (together "the Risk Committees") on a regular basis.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Strategic report (continued)

Principal risks and uncertainties (continued)

The risks set out below are monitored using the BGL Divisional risk management framework and through established levels of management and governance review, from Company Executive meetings through to the BGL Divisional Board and BGL Board Committees.

Operational risk

The Group recognises the risks arising from maintaining and making changes to people, organisational structures, systems, processes and infrastructure to support current operations and on-going growth. The BGL Divisions monitor these risks on an on-going basis and puts in place appropriate controls to manage them. During the year, there has been further development to align ownership of risks to the relevant BGL Senior Management Function ("SMF"), with regular reporting to the BGL Divisional Risk Committees.

Key sources of operational risk include business partner and supplier management, data security, change management and business continuity.

In addition, the BGL Divisions assess and manage execution risks of significant projects, including organisational change initiatives, through adopting a consistent project methodology which incorporates risk management activities. Significant risks arising from change activity are monitored by the BGL Divisional Boards and BGL Executive.

People risk

Key sources of people risk arise from the BGL Group's resourcing, skills and competence requirements, key person dependency and its approach to reward and recognition. The BGL Divisions have in place a number of initiatives around recruiting and retaining talent, monitoring and developing the skills and experience of key roles across the BGL Group. A comprehensive framework of HR processes, owned by the BGL Chief People Officer, incorporates reward and resourcing, strategic planning and underpins a pro-active people based risk management process.

Technology risk

The BGL Group has in place processes, owned by the BGL Divisional Chief Technology Officer, to manage the design, availability, capacity, performance, infrastructure failure, integrity and security of its technology assets to support the current operations of the Company and future change requirements.

The BGL Group recognises cyber risk, such as the use of hacking techniques, social engineering or other malicious activities with the intent to cause damage or steal data for financial or competitive gain as a growing threat. The BGL Divisions already have in place a comprehensive framework of controls to actively manage this risk which is regularly reviewed and adapted as this threat evolves.

Conduct and Regulatory risk

Conduct risk is the risk that a BGL Division's business model, product design or sales practices do not deliver good customer outcomes or meet customer needs. The BGL Divisions have in place a clearly defined risk management framework, including controls to manage conduct risk and to monitor customer outcomes. As above, there has been further development to align ownership of risks to the relevant BGL SMF with regular reporting to the relevant BGL Risk Committees.

Regulatory risk is the risk that a subsidiary of the BGL Group will breach the requirements of a regulator or competition authority. Compare The Market Limited is authorised and regulated by the Financial Conduct Authority ("FCA"). In addition, the Company is required to comply with the rules and principles established by other market regulators and competition authorities. This risk is managed through an effective control framework and the operation of the governance structures.

The BGL Group continues to review the legal and regulatory environment, particularly as its business model and product set evolves.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Strategic report (continued)

Principal risks and uncertainties (continued)

Conduct and Regulatory risk (continued)

The price comparison and insurance intermediary sectors have been subject to an increasing level of scrutiny from regulatory authorities in recent years. The most significant of these are the remedies arising from the FCA General Insurance Pricing Practices Market Study which has banned the practice of 'price-walking' in retail motor and home insurance. The company has implemented the new rules, the bulk of which came into effect on 1 January 2022.

The BGL Group is currently evaluating the impact of, and developing an implementation plan for, the new FCA Consumer Duty. The Duty's objectives are to set higher and clearer standards to protect consumers in retail financial services and ensure firms put their customers' needs first by ensuring effective competition.

CTM has an established framework already in place to monitor good customer outcomes, and intends to enhance its current practices to ensure alignment with the Duty ahead of its introduction on 31 July 2023.

Conflicts of interest risk

Conflicts of interest risks could arise broadly across the business and each top tier governance meeting asks for conflicts of interest. The BGL Group and its BGL Divisions have in place a clearly defined framework of controls to manage conflicts of interest risk and reporting is reviewed by the BGL Divisional Risk Committees on a regular basis.

Strategic risk

The BGL Group continues to evolve its strategy and is investing in key strategic areas of data, digital and technology platforms to provide the simplest of experiences for its customers. There is a risk that market factors or management's execution will impact the BGL's Group's ability to successfully deliver the strategy. Strategic risk is measured across a number of factors to determine progress against business strategy, including external market factors, market share, conversion rates, search results and strategic project delivery on time and within budget. For each risk there are clear lines of ownership to the relevant SMF with regular reporting to the relevant Divisional Risk Committees.

Reputational risk

Reputational risk is the risk of adverse publicity arising from the BGL Group's relationships with its customers, partners, suppliers and regulators. Key sources of reputational risk arise around brand and marketing, including direct interaction with customers and the performance of the BGL Group's partner arrangements. There are robust controls in place to prevent incidents that could give rise to the reputational risks identified which are monitored by the BGL Divisional Risk Committees. The BGL Divisions also seek to manage reputational risks where they arise through established communications and public relations channels.

Litigation risk

The BGL Group's operations and contractual arrangements with third parties and customers may, from time to time, result in threatened or actual litigation. All potentially material matters are assessed, with the assistance of external advisers if appropriate. Where it is more likely than not that a payment will be made, a provision will be established to reflect the best estimate of the liability. Where it is not possible to form a view, disclosure of a contingent liability will be made where material.

Financial risk

The BGL Group's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks and liquidity. Derivative financial instruments are used to manage these risks where appropriate.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Strategic report (continued)

Principal risks and uncertainties (continued)

War in Ukraine

The BGL Group has mitigated the limited risk it had and has no direct material exposures to the political and economic impact of the war between Russia and Ukraine. The risks surrounding indirect impacts, such as disruption in banking systems, volatility in prices and foreign currencies and increased expenses due to the inflationary impacts of globally increasing energy costs are considered by the BGL Directors when reviewing the plans and performance of the BGL Divisions.

At Minster Law the risk of note is trading risk.

Trading risk

Minster Law is continually managing a variety of risks relating to the market in which it operates. The RTA Reforms regarding soft tissue injuries and the increase to the small claims limit were implemented in May 2021 and are expected to have a material impact on the business. Minster monitors the various external market forces to manage these risks on an ongoing basis and adapts its strategy accordingly. The external market position and its impact on Minster is managed through Minster's risk management framework through the following processes: regular review and monitoring of competitive threats, new business development and retaining partnerships.

Section 172 (1) statement

The Directors have complied with their duties to promote the success of the Group for the benefit of its members whilst having regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

The Board of BHL (UK) Holdings Limited (the "Board") is clear that good governance and robust decision making is essential to ensure the continued long-term success of the company.

The Board delegates the responsibility for implementing mechanisms by which the interests of the stakeholders are promoted to the Boards at its subsidiaries. The Board engages with its subsidiaries on key issues relating to the interests of stakeholders through having a representative on the Board of its subsidiaries. The Boards at the subsidiaries achieve good governance and robust decision making by giving due regard to the interests of a broad range of stakeholders, including employees, suppliers, customers and others as described below for its material subsidiary BGL (Holdings) Limited.

BGL (Holdings) Limited

To align corporate governance structures with changes to the business operating model, a restructuring of the Board of BGL Holdings Limited ("BGL Board") was carried out with effect from 1 July 2021. As part of this restructuring, a number of independent Non-Executive Directors joined the Boards of the BGL Group's major operating subsidiaries at that time, Compare The Market Limited and BISL Limited ("BGL Divisional Boards").

The overall goal of the restructuring was to strengthen and empower the BGL Divisional Boards and simplify the governance of the BGL Group's regulated entities, with governance driven from the divisional level, and decisions taken closest to the BGL Group's customers.

The BGL Board's Audit, Risk and Remuneration Committees were disbanded, and these Committees were established by each of the BGL Divisional Boards. The role of the BGL Board is to act as the holding company portfolio manager and is complimentary to the role of the BGL Divisional Boards. The BGL Board continues to be responsible for setting the overall Group strategy, with oversight of all subsidiaries within the BGL Group.

In accordance with BGL's articles of association and terms of the relevant shareholder agreement that govern the rights of the shareholders of BGL, the BGL Board gives due regard to the interests of all stakeholders when it exercises its powers.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Strategic report (continued)

Section 172 (1) statement (continued)

BGL (Holdings) Limited (continued)

As noted above, governance is driven primarily at the divisional level. The arrangements described below reflect those in place for the BGL Group's major operating subsidiaries ("the BGL Divisions") which comprise Compare The Market Limited and BISL Limited and its subsidiaries ("BGL Insurance"). These arrangements were in place for Compare The Market Limited for the full year and were in place for BGL Insurance until it was sold to a third party on 29 April 2022.

The BGL Divisional Boards ensure there are regular meetings and online opportunities for employees, with the aim of sharing financial and non-financial information on matters of concern and of interest to them as employees. These meetings also give employees the opportunity to ask questions and make their views known so that this dialogue can be taken into account when making decisions which are likely to affect their interests.

The BGL Divisions conduct regular employee satisfaction and feedback surveys. The BGL Divisional Boards receive the results of the survey, which they consider to be a good indicator of employees' confidence in the BGL Group's strategic direction. The BGL Divisional Boards are also regularly provided with updates on other measures of employee engagement and initiatives undertaken to improve employee relations.

The BGL Divisions endeavour to provide equality of opportunity in recruiting, training, promoting and career development to all, irrespective of race, ethnicity, religion, sexual orientation, gender or age. Full consideration is given to applications for employment or Board appointment from a person with a disability, where such a person can adequately fulfil the requirements of the role and workplace adjustments can be made to facilitate this appointment.

Where existing employees become disabled it is policy, wherever practicable, to provide workplace adjustments to ensure continuing employment under normal terms and conditions, and to provide training and career development and promotion opportunities, wherever appropriate.

Each BGL Division operates a 'Speak Up' policy, also known as whistleblowing, to ensure that employees feel confident to raise any concerns about conduct which may be perceived to be unethical, unlawful and/or damaging to the BGL Group, our people and our customers. Both internal and external channels are offered so that any workplace concerns may be raised confidentially.

The size and diversity of the BGL Group means that third-party suppliers range from multinational organisations to local businesses. The BGL Divisions aim to ensure that arrangements with suppliers are fairly negotiated and provide optimum levels of service.

The BGL Board delegates the responsibility for day-to-day supplier management to the BGL Divisions who are required to follow policies relating to the procurement of suppliers, approval and monitoring of contracts and the raising and authorisation of purchase orders. Together these policies assist the BGL Group in meeting its business and strategic objectives and in balancing the needs of customers, staff, commercial partners and other stakeholders.

Making a positive difference for customers is at the core of the BGL Group's purpose and values. To ensure that this is achieved whilst also complying with all applicable regulatory requirements, the BGL Divisions provide training to all employees and frequently test them on their knowledge. A strong customer culture is promoted with a range of workstreams and projects continually focussed on improving customer experience and protecting vulnerable customers.

Where the principal decisions made by the BGL Divisions during the year lead to new, or substantially amended, products and marketing activities, the impact on customers was formally reviewed by the BGL Divisional Executive Directors. Customer satisfaction is monitored by using Trust Pilot, Bazaar Voice and Net Promoter Score (NPS).

BHL (UK) Holdings Limited

Year ended 30 June 2022

Strategic report (continued)

Section 172 (1) statement (continued)

BGL (Holdings) Limited (continued)

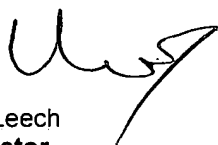
The BGL Divisional Boards are dedicated to supporting communities in the UK and further afield. They promote funding of locally based charities, volunteering and events at our sites through dedicated divisional Corporate Social Responsibility ("CSR") programmes. In addition, employees are encouraged to raise and donate funds in the aid of good causes. Employees can personalise their impact through Payroll Giving, Match Funding, community volunteering and skill share volunteering.

Reporting of the gender pay gap has been considered during the year at a BGL Group level. The gender pay summary is published annually and a number of specific initiatives have successfully reduced the gap, including balanced hiring, implementation of the National Living Wage Foundation pay rates and constant review of benchmarking. The gender pay gap will be reported at a company level going forwards.

The BGL Divisions publish slavery and human trafficking statements for each financial year as required by the Modern Slavery Act 2015. The latest statement sets out the steps the BGL Divisions have taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business.

As well as formal environment reporting, Compare The Market Limited also has CTM4Good, a colleague-driven initiative covering a range of issues, including reducing plastic use, energy efficiency and wildlife conservation around our sites. The BGL Divisions policies promote flexible working and aim to reduce unnecessary travel.

On behalf of the Board:



I R Leech
Director

Date: 25 January 2023

BHL (UK) Holdings Limited

Year ended 30 June 2022

Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 30 June 2022.

Results, dividends and future developments

Details of the Group results, dividends and future developments are set out in the Strategic report.

Going concern

The financial statements have been prepared on the going concern basis.

At 30 June 2022, the Group has net current assets of £176.8m (Restated 2021: £122.0m) and the Company has net current assets of £21.1m (2021: £110.7m).

The Directors have reviewed the budget and cash flow forecasts of the Group and Company for the period to 31 January 2024 and are confident that they show the Group will have sufficient resources to meet their liabilities as they fall due. This assessment includes management's analysis of liquidity stress testing and sensitivity analysis which considers a number of downside scenarios. Accordingly, the Directors believe the Group is well placed to manage its business risks and continue in operational existence for the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

Directors

The Directors who held office during the year and to the date of signature were as follows:

S Klinkert, alternate Director to I Echave to 31 May 2022, appointed as alternate Director to M Raisbeck from 31 May 2022

I Leech

S James

I Echave, resigned 31 May 2022

M Raisbeck, appointed 3 May 2022

Disclosure of information to auditor

In the case of each of the persons who are Directors of the Company at the time when this report is approved:

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

Auditor

In accordance with section 487 of the Companies Act 2006, Ernst & Young LLP has been reappointed as the auditor for the year ended 30 June 2022.

Directors' indemnity provision

In accordance with the Company's Articles of Association, the Company has indemnified the Directors of the Company and all its subsidiaries against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is still in place as at the date of this report.

Corporate governance

The BHL (UK) Holdings Limited Board of Directors is the governing body of BHL (UK) Holdings Limited and its subsidiaries (the "Group") and is responsible for the strategic management of the business and all operational matters.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Report of the Directors (continued)

Corporate governance (continued)

The BHL UK Group maintains a comprehensive level of monitoring, compliance, assurance and risk assessment in relation to all of its regulated and other entities, as specified in the strategic report.

Subsidiaries within the Group maintain a comprehensive level of monitoring, compliance, regulation, assurance and risk assessment in relation to all of their regulated entities, as specified in the Strategic report.

For the year ended 30 June 2022 BGL (Holdings) Limited ("BGL") has voluntarily applied 'The Wates Corporate Governance Principles for Large Private Companies' ('the Principles'). We have set out below how the Principles have been applied during the year.

Changes to the corporate governance arrangements during the year

A restructure of the Board of BGL Holdings Limited ("BGL Board") was carried out with effect from 1 July 2021 to align corporate governance structures with changes to the business operating model. The overall goal of the restructuring was to strengthen and empower the BGL Divisional Boards and simplify the governance of the BGL Group's regulated entities, with governance driven from the Company level, and decisions taken closest to customers. Further details are set out on page 3 in the Strategic report.

The corporate governance arrangements disclosed below were in place in the BGL Divisions throughout the year ended 30 June 2022 with the exception of BGL Insurance where arrangements were in place until the sale to a third party on 29 April 2022.

Purpose and leadership

The BGL Board and BGL Divisions are committed to high standards of corporate governance appropriate to the size and nature of the business. The BGL Board of Directors is the governing body of BGL (Holdings) Limited and as the ultimate BGL Group parent company it is responsible for the strategic management of the business of BGL (Holdings) Limited and its subsidiaries.

All subsidiaries of the BGL Group recognise the value of maintaining strong relationships with a broad range of stakeholders and understanding their views in delivering the BGL Divisional and BGL Group strategies. The perspectives of the key stakeholders, including its shareholders, who are represented on the BGL Board and BGL Divisional Boards, are taken into account as part of those BGL Board's discussions.

Values are set at a BGL Divisional level and define the way in which it does business with customers, colleagues and communities. These values are well embedded and are underpinned by a framework of behaviours, which set out how the BGL Division conducts itself. These behaviours are embedded into the day to day operations and incorporated into the appraisal process for all employees.

BGL Board composition

During the year, the BGL Board comprised of an Independent Non-Executive Chair, Chief Executive Officer, Chief Financial Officer and four shareholder representative Non-Executive Directors. The Independent Non-Executive Director is wholly independent in that she has no material business or relationships with the company that might influence her independence or judgement.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Report of the Directors (continued)

Corporate governance (continued)

BGL Board composition (continued)

The roles of the Chair and Chief Executive Officer are separate and clearly defined. The Chair is responsible for the leadership and effectiveness of the BGL Board. The Chief Executive Officer is responsible for the running of the Company in the development, implementation and achievement of the vision, strategy and plans, and ensuring the overall effectiveness of the BGL Divisional Boards and BGL Divisional Executive Teams.

In order to facilitate effective decision making and constructive challenge, the BGL Divisional Boards are committed to ensuring that they remain diverse, comprising a range of perspectives, experience, knowledge and skills. There is a Nomination Committee for BGL Board which is responsible for keeping the structure, size and composition of the regulated operating subsidiaries under review and identifying and nominating candidates to fill BGL Board vacancies, as and when they arise. This review and identification process includes an evaluation of the balance of skills, knowledge, experience and diversity on the BGL Board as well as the independence of Non-Executive Directors.

The Chair and Company Secretary arrange a comprehensive tailored induction programme for all newly-appointed Non-Executive Directors, which includes dedicated time with key executives and scheduled trips to business operations. The programme is tailored based on experience, background and the requirements of the role. The BGL Divisional Boards have a programme of on-going training and development for BGL Directors, and during the year, members of the BGL Boards received training and briefings on a range of topics, including regulatory, industry and technology developments.

BGL Director responsibilities

The role of the BGL Board is to act as the holding company portfolio manager and is complimentary to the role of the BGL Divisional Boards. The BGL Board continues to be responsible for setting the overall BGL Group strategy, with oversight of all subsidiaries within the BGL Group.

The BGL Board has a clear schedule of matters reserved for the decision of the BGL Board, and delegates authority for day-to-day management of the BGL Group to the Chief Executive.

In order to ensure that the BGL Board and BGL Divisional Boards maintain their ability to ensure objective and effective decision making, there are clear procedures in place for the monitoring and, where appropriate, authorising of any potential conflicts of interest that each BGL Director may have. This includes in respect of situational conflicts of interest that may arise as a result of holding directorships on other BGL Group company boards. The BGL Directors are regularly reminded of their continuing obligations in relation to conflicts and are required annually to review and confirm their external interests, which helps to determine their continued independence.

Opportunity and risk

The BGL Board is responsible for setting the overall BGL Group strategy. In approving the strategy, the BGL Board and BGL Divisional Boards consider a wide range of factors in order to determine how the BGL Divisions will create and preserve long term value and fulfil its objectives with regards to a broad range of stakeholders.

The BGL Divisional Boards have established a risk management approach that separates risk management responsibilities into "3 lines of defence". The first line of defence is executive management who are responsible for owning and managing risks on a day-to-day basis, the second line of defence comprises risk functions and committees providing oversight and challenge to the first line of defence, and the third line of defence is provided by Internal Audit which provides independent assurance on the adequacy and effectiveness of the risk management and internal control framework. During the year, risk management and audit assurance were overseen by the BGL Divisional Risk Committees and BGL Divisional Audit Committees respectively.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Report of the Directors (continued)

Corporate governance (continued)

Opportunity and risk (continued)

The BGL Divisional Risk Committees' terms of reference included advising the BGL Divisional Boards on the risk management framework and risk appetite, reviewing the effectiveness of risk management activity, and reviewing the principal risk policies. The BGL Divisional Committees had oversight over the challenge to the integrity of operational risk information reported to the BGL Divisional Boards. The BGL Risk Committees were chaired by an independent Non-Executive Director.

The BGL Divisional Audit Committees' terms of reference included monitoring the scope, independence, objectivity and effectiveness of the audit process; ensuring that management addresses external auditors' recommendations and observations; reviewing the programme and effectiveness of the internal audit function; and monitoring the effectiveness of internal controls. These activities underpinned the BGL Divisional Board's consideration of the integrity of the financial information upon which the BGL Divisional and BGL Board relies. The BGL Divisional Audit Committees were chaired by an independent Non-Executive Director.

Remuneration

The BGL Board aims to employ a high-performing workforce, rewarded in line with our values and incentivised to promote the BGL Group's purpose and strategy. The BGL Board delegates responsibility for setting remuneration policy for Directors, senior managers and employees to the BGL Divisional Remuneration Committees. The members of the Committees are independent Non-Executive Directors with the exception of two shareholder representative Non-Executive Directors.

The Committees are responsible for promoting the long-term success of the BGL Divisions by determining remuneration packages and arrangements which advances the performance and furthers the achievement of each BGL Division's purpose, values and strategy. Decisions surrounding remuneration are also aligned to comply with the expectations of regulators and the impact on employee conduct and fair outcomes for customers and shareholders.

In practice this means the Committees consider these factors when setting the terms for remuneration packages and align employee bonus schemes (including those for Directors and senior managers) with relevant performance-related criteria that support these objectives.

Stakeholder relationships and engagement

The BGL Directors act in good faith in the way most likely to promote the success of the Company for the benefit of its members as a whole. These activities have been disclosed in the Section 172 (1) statement within the Strategic report on page 6.

Financial instruments

Details of the Group's financial risk objectives and policies, and of the Group's exposure to credit risk, liquidity risk, market risk, exchange rate risk and interest rate risk are included in note 20 to the consolidated financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Report of the Directors (continued)****Streamlined energy and carbon reporting**

In accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the Group has presented its energy and carbon reporting below:

		2022	2021
UK energy consumption	kWh	2,749,881	5,243,376
Scope 1 emissions	tCO ₂ e	121.2	343.4
Scope 2 emissions	tCO ₂ e	352.2	102.8
Total	tCO₂e	473.4	446.2
			Re-presented
Revenue from continuing operations	£m	322.6	340.9
Revenue from discontinued operations*	£m	-	167.3
Revenue	£m	322.6	508.2
tCO ₂ e / £m revenue	tCO ₂ e	1.5	0.9

Scope 1 – Direct greenhouse gas emissions
 Scope 2 – Energy indirect emissions

*2021 reporting includes BGL Insurance. This division was sold to a third party during the year and has therefore been excluded from 2022 reporting. See note 25 for further information.

The figures include only the companies that are within the thresholds for this reporting.

The boundary of the organisation used for collation of the data is consistent with the equity share of UK companies included in the Group's consolidated Financial Statements. The reporting period is in line with the Group's financial year. The data reported is calculated based on the GHG Protocol Corporate Standard using emissions factors from published UK government conversion factor guidance.

The Group understands that in pursuing business objectives, it has a responsibility to consider all aspects relating to the environment. Through a dedicated programme of continuous improvement, the Group aims to take opportunities to protect and nurture the environment. Current initiatives underway at BGL include the creation of a wild garden site at its corporate headquarters, measures to reduce waste generation and the purchase of a new hybrid pool car.

The BGL Group also has CTM4Good, a colleague-driven initiative designed to drive behavioural change throughout the organisation and encourage employees to play a part in making the BGL Group as sustainable and environmentally friendly as possible.

The BGL Group has partnered with an environmental change organisation, Peterborough Environment City Trust ('PECT'), who regularly monitor our environmental initiatives and report on the impacts, including the reduction of single-use plastics and the implementation of a waste disposal management programme. The BGL Group is currently working with PECT with the aim of achieving 'Investors in the Environment' accreditation for its major subsidiary, Compare The Market Limited.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Report of the Directors (continued)

Events since the reporting date

In August 2022 the Competition Appeals Tribunal ("CAT") ruled that the £17.9m regulatory fine, issued by the Competition and Markets Authority ("CMA") in November 2020 in relation to Compare The Market Limited's historic use of most favoured nation clauses ("MFNs"), should be set aside. The CAT ruled there was no reliable evidence upon which the CMA may conclude that MFNs had an adverse effect on premiums or commissions. Legal proceedings have now concluded following the CAT's ruling.

The conditions which led to the CAT's ruling in August 2022 existed at the Balance Sheet date and therefore BGL's regulatory provision of £17.9m has been released in the year ended 30 June 2022. Further details of the regulatory provision can be found in note 19.

The Board of Directors are not aware of any other events after the reporting date requiring disclosure in these financial statements.

On behalf of the Board:



I R Leech

Director

Date: 25 January 2023

BHL (UK) Holdings Limited

Year ended 30 June 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Report of the Directors and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with UK adopted International Accounting Standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so; and
- prepare the financial statements on a going concern basis unless they consider that to be inappropriate.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Independent auditor's report to the members of BHL (UK) Holdings Limited

We have audited the financial statements of BHL (UK) Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 June 2022 which comprise the Consolidated statement of profit and loss and comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity and the related notes 1 to 33, including a summary of significant accounting policies and the parent company statement of financial position, and the parent company statement of changes in equity and associated notes 1 to 8. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice – 'UK GAAP').

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 30 June 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period to 31 January 2024.

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 group'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.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Independent auditor's report to the members of BHL (UK) Holdings Limited (continued)

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 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 directors' report have 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, 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 group's and the parent 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 group or the parent 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.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Independent auditor's report to the members of BHL (UK) Holdings Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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 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 direct laws and regulations related to the UK Companies Act 2006 and UK tax legislation, and the financial reporting frameworks UK adopted international accounting standards and UK Generally Accepted Accounting Practice.
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed the minutes of the Board of Directors and gained an understanding of the company's approach to governance, demonstrated by the Board's approval of the governance framework.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls the company has established to address risks identified by the entity, or that otherwise seek to prevent, detect or deter fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance 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 with laws and regulations, inquiries about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and enquiring about the company's methods of enforcing and monitoring compliance with such policies. Furthermore, we performed audit procedures which included testing 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.

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.

DocuSigned by:

Ernst & Young LLP

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Jonathan Bell (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

26 January 2023

BHL (UK) Holdings Limited**Year ended 30 June 2022****Consolidated statement of profit and loss and comprehensive income**

			Re-presented ¹ & restated ²
	Note	2022 £m	2021 £m
Revenue	3	476.5	494.1
Operating expenses		(386.9)	(354.8)
Restructuring costs	4	-	(5.1)
Impairment loss	4	(20.3)	(3.8)
Operating profit		69.3	130.4
Finance income	5	1.7	1.0
Finance costs	6	(11.1)	(11.5)
Profit before tax		59.9	119.9
Tax	7	(12.5)	(25.1)
Profit for the financial year from continuing operations		47.4	94.8
Profit from discontinued operations	25	336.6	16.2
Other items of comprehensive income that may subsequently be reclassified to profit or loss:			
Foreign currency translation reserve – movement		(0.7)	(1.4)
Comprehensive income for the year		383.3	109.6
Profit for the year is attributable to:			
Owners of the Company		253.2	73.0
Non-controlling interests		130.8	38.0
		384.0	111.0
Comprehensive income is attributable to:			
Owners of the Company		252.7	72.1
Non-controlling interests		130.6	37.5
		383.3	109.6

¹ Re-presented for continuing operations. See note 25 for further details.

² Restatement of comparative financial information. See note 33 for further details.

There is no tax expense attributable to other items of comprehensive income.

The notes on pages 23 to 61 form part of these consolidated financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2022**

Company Registration Number 08604368

Consolidated statement of financial position

	Note	2022 £m	Restated ¹ 2021 £m	Restated ¹ As at 1 July 2020 £m
Assets				
Non-current assets				
Goodwill	9	3.3	20.9	22.8
Other intangible assets	10	36.9	89.4	79.7
Property, plant and equipment	11	25.8	45.6	58.7
Deferred tax asset	12	2.2	5.9	3.1
Other investments	13	10.2	13.4	11.1
Trade and other receivables	15	17.2	74.5	27.7
		95.6	249.7	203.1
Current assets				
Inventories	14	0.3	0.2	4.1
Trade and other receivables	15	184.3	653.8	703.6
Financial assets at fair value	20	-	2.9	3.9
Cash and cash equivalents	16	93.9	40.6	36.6
		278.5	697.5	748.2
TOTAL ASSETS		374.1	947.2	951.3
Equity and Liabilities				
Current liabilities				
Borrowings	17	0.5	-	129.0
Trade and other payables	18	93.1	543.2	556.5
Provisions for liabilities	19	8.1	32.3	34.0
		101.7	575.5	719.5
Non-current liabilities				
Borrowings	17	150.0	150.0	50.0
Trade and other payables	18	22.6	26.1	8.0
Provisions for liabilities	19	8.1	9.3	33.6
		180.7	185.4	91.6
TOTAL LIABILITIES		282.4	760.9	811.1
Equity				
Ordinary share capital	21	600.0	600.0	600.0
Merger reserve	26	(594.5)	(594.5)	(594.5)
Foreign currency translation reserve	26	(0.1)	0.4	1.8
Other reserves	26	476.9	477.2	507.5
Retained earnings		(411.4)	(312.8)	(385.8)
Equity attributable to equity holders of Company		70.9	170.3	129.0
Non-controlling interests	23	20.8	16.0	11.2
TOTAL EQUITY		91.7	186.3	140.2
TOTAL EQUITY AND LIABILITIES		374.1	947.2	951.3

¹Restatement of comparative financial information. See note 33 for further details.

The financial statements were approved by the Board of Directors on 25 January 2023 and signed on its behalf by:

I R Leech
Director



The notes on pages 23 to 61 form part of these consolidated financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Consolidated statement of changes in equity**

	Ordinary share capital	Merger reserve	Foreign currency translation reserve	Other reserves	Restated retained earnings	Equity attributable to equity holders of Company	Non- controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 July 2020 (Restated) ¹	600.0	(594.5)	1.8	507.5	(385.8)	129.0	11.2	140.2
Profit for the year	-	-	-	-	73.0	73.0	38.0	111.0
Dividends paid	-	-	-	-	-	-	(32.8)	(32.8)
Purchase of a minority shareholding in a subsidiary	-	-	-	(30.3)	-	(30.3)	(0.4)	(30.7)
Foreign currency translation	-	-	(1.4)	-	-	(1.4)	-	(1.4)
At 30 June 2021 (Restated) ¹	600.0	(594.5)	0.4	477.2	(312.8)	170.3	16.0	186.3
Profit for the year	-	-	-	-	253.2	253.2	130.8	384.0
Dividends paid	-	-	-	-	(351.8)	(351.8)	(128.8)	(480.6)
Purchase of a minority shareholding in a subsidiary	-	-	-	(0.3)	-	(0.3)	3.0	2.7
Foreign currency translation	-	-	(0.5)	-	-	(0.5)	(0.2)	(0.7)
At 30 June 2022	600.0	(594.5)	(0.1)	476.9	(411.4)	70.9	20.8	91.7

¹Restatement of comparative financial information. See note 33 for further details.

The notes on pages 23 to 61 form part of these consolidated financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Consolidated statement of cash flows**

			Re- Presented*
	Note	2022 £m	2021 £m
Cash flows from operating activities			
Profit for the year from continuing operations		47.4	94.8
Profit from discontinued operations	25	18.2	16.2
Depreciation of property, plant and equipment	11	9.3	11.7
Amortisation of intangible assets	10	27.4	27.0
Impairment losses on intangible assets	10	20.8	4.0
Impairment of goodwill	9	-	1.3
Impairment property, plant and equipment	11	-	6.7
Change in fair value of financial assets		0.3	1.0
Impairment of investment	13	2.9	-
Loss on disposal of property, plant and equipment		0.5	0.9
Loss on disposal of intangible assets	10	-	0.3
Sale of subsidiary – transaction costs	25	(16.9)	-
Finance income	5	(6.2)	(7.6)
Finance costs	6	13.4	14.4
Tax expense	7	16.9	29.0
Loss of associates	13	3.1	2.8
		<u>137.1</u>	<u>202.5</u>
Changes in:			
Inventories	14	(0.1)	3.9
Trade and other receivables		117.0	0.7
Trade and other payables		(19.0)	(15.7)
Provisions	19	(25.4)	(0.4)
Cash generated from operating activities		<u>209.6</u>	<u>191.0</u>
Tax paid		(17.4)	(31.3)
Net cash generated from operating activities		<u>192.2</u>	<u>159.7</u>
Cash flows from investing activities			
Acquisition of investments		(2.7)	(5.1)
Acquisition of property, plant and equipment	11	(4.5)	(6.3)
Acquisition of intangible assets	10	(32.7)	(41.4)
Proceeds of sale of subsidiary less cash included	25	394.0	-
Acquisition of shares from minority interest		2.7	(30.8)
Net cash used in investing activities		<u>356.8</u>	<u>(83.6)</u>
Cash flows from financing activities			
Finance income		0.4	0.6
Finance costs		(6.9)	(5.8)
Movement in borrowings	17	0.5	(29.0)
Equity dividends paid	24	(480.6)	(32.8)
Payment of lease principal		(9.0)	(4.8)
Cash flow from financing activities		<u>(495.6)</u>	<u>(71.8)</u>
Change in cash and cash equivalents		<u>53.4</u>	<u>4.3</u>
Cash and cash equivalents at beginning of year	16	<u>40.6</u>	<u>36.6</u>
Cash and cash equivalents at end of the year	16	<u>93.9</u>	<u>40.6</u>

*Re-presented for continuing operations. See note 25 for further details.

The notes on pages 23 to 61 form part of these consolidated financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements****1. Accounting policies**

The Group's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out below. Where stated, accounting policies are consistent for the Group. Accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

Basis of preparation

BHL (UK) Holdings Limited is a private limited company incorporated and domiciled in England and Wales. In relation to the Company and its active subsidiaries, the Group has elected to prepare its financial statements in accordance with International Financial Reporting Standards and IFRIC interpretations, as UK adopted International Accounting Standards ("IFRS") and the requirements of the Companies Act 2006.

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates. The consolidated financial statements are stated in sterling, which is BHL (UK) Holdings Limited's functional currency and the Group's presentational currency. Unless otherwise noted, the amounts shown in these financial statements are rounded to the nearest £0.1m.

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss which are stated at fair value.

Basis of consolidation

The Group accounts for business combinations using the acquisition method of accounting. All companies within the Group make up their accounts to the same date.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group financial statements consolidate those of the Company, its subsidiaries and structured entity controlled by the Group as noted below. Transactions between Group companies are eliminated on consolidation.

Prior to the disposal of the BGL Insurance division, the BGL Group sold certain trade receivables subject to instalment collection arrangements to the structured entity, BGL Receivables Financing (1) Limited, for securitisation. The BGL Group did not hold any share capital with voting rights or have any Directors on the board of the structured entity. The relationship between the BGL Group and the structured entity however met the control criteria for consolidation under IFRS 10 in the period ended 30 June 2022, and in the prior year BGL Receivables Financing (1) Limited is consolidated in the Group consolidated financial statements.

Following the Group's disposal of the BGL Insurance division in April 2022, the BHL Group no longer holds this relationship with BGL Receivables Financing (1) Limited and therefore the entity is no longer consolidated in the Group's consolidated financial statements for the year ended 30 June 2022.

Going concern

The financial statements have been prepared on the going concern basis.

At 30 June 2022, the Group has net current assets of £176.8m (2021: £122.0m) and the Company has net current assets of £21.1m (2021: £110.7m).

The Directors have reviewed the budget and cash flow forecasts of the Group and Company for the period to 31 January 2024 and are confident that they show the Group will have sufficient resources to meet their liabilities as they fall due. This assessment includes management's analysis of liquidity stress testing and sensitivity analysis which considers a number of downside scenarios. Accordingly, the Directors believe the Group is well placed to manage its business risks and continue in operational existence for the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

Foreign exchange

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies, are translated at the year end exchange rate, with all gains and losses being recognised in the statement of profit and loss.

The Group has subsidiaries whose functional currency differs to that of the Group's presentational currency. In these cases, revenues, expenses and cash flows of the foreign operations are translated into the Group's presentation currency at average exchange rates for the period and assets and liabilities are translated at the year end exchange rates.

Exchange differences arising from the translation of the net investment in foreign subsidiaries are recognised in other comprehensive income and presented in the foreign currency translation reserve within equity.

Insurance assets and liabilities

Insurance intermediaries act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. The Group recognises receivables, representing cash in respect of premiums and a corresponding liability is established in favour of the insurer, representing the premium amount net of any commission due to the Group.

Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Financial instruments

All assets and liabilities, with the exception of goodwill, other intangible assets, property, plant and equipment, deferred tax, inventories, prepayments, corporation tax and deferred income are financial instruments.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group initially recognises financial instruments on the date that they are originated.

(i) Non-derivative financial instruments

The Group classifies non-derivative financial assets as financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such assets and makes decisions based on their fair value, in accordance with a documented strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes in fair value are recognised in profit or loss.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****1. Accounting policies (continued)****Financial instruments (continued)***Financial assets at fair value through profit or loss (continued)*

The Group has designated certain trail commission receivable from product providers where no subsequent servicing obligations exist under the contracts as financial assets at fair value through profit or loss. The Group ceased these activities at the point the BGL Insurance division was disposed of in April 2022. For further details, refer to note 20.

Financial assets measured at amortised cost

Trade and other receivables are measured at amortised cost net of any allowance for expected credit losses. This is deemed to be a reasonable approximation of fair value. The amortised cost is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit and loss for the amount by which the carrying amount of the asset exceeds its expected recoverable amount.

(ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities measured at amortised cost

Trade and other payables are not interest bearing and are designated as other financial liabilities. They are recognised at their carrying amount, which is deemed to be a reasonable approximation of their fair value.

Borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

iii) Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts and currency swaps to hedge its risks associated with foreign currency. Derivative financial instruments are recognised at fair value through profit and loss with the gain or loss on remeasurement to fair value recognised immediately. The Group does not use the hedge accounting option within IFRS.

Share based award transactions

Executive Directors and certain employees of the Group receive remuneration in the form of share based transactions, whereby services are rendered in exchange for shares or rights over shares. The cost of cash settled transactions with employees is measured by reference to the fair value at the date at which they are granted and at each subsequent reporting date, which is determined using a Black-Scholes model. Further details are given in note 22. The cost of the award is recognised together with a corresponding increase in equity or liabilities, over management's best estimate of the period in which the performance conditions are fulfilled.

Revenue from Contracts with Customers

Revenue consists substantially of gross commissions and fees on insurance, price comparison and other business transacted, before deduction of the related amounts payable to agents or affinity partners, which are included in operating expenses. Revenue is analysed into its constituent components with each element recognised at fair value upon provision of each service. Commission is recognised to the extent the service has been provided when it can be measured with suitable reliability and the Group has sufficient evidence of their recovery.

For price comparison businesses revenue recognition is at provision of lead where revenue can be reliably estimated and the business has no further outstanding performance obligations, otherwise recognition is at point of confirmation of sale.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****1. Accounting policies (continued)****Revenue from Contracts with Customers (continued)**

For the insurance distribution and outsourcing businesses revenue recognition is generally at the point an insurance product is sold. Mid-term adjustment and cancellation fee revenue is recognised at the point the adjustment or cancellation is performed. The Group ceased these activities at the point the BGL Insurance division was disposed of in April 2022.

Instalment fees are allocated between the fair value of providing credit and commission at the point of arrangement. The fair value of providing credit is recognised over the period that credit is provided to policy holders using an average annual percentage interest rate methodology. The fair value allocated to commission is recognised at the point an insurance product is sold. The Group ceased these activities at the point the BGL Insurance division was disposed of in April 2022.

For claims management activities, revenue represents fees charged to third parties in respect of claims management and reporting, and provision of uninsured loss recovery services. Credit is taken for fee income at a point in time when the Group becomes contractually entitled to it, usually at provision of lead and there are no outstanding performance obligations for the Group. The Group ceased these activities at the point the BGL Insurance division was disposed of in April 2022.

Where the Group has post-sale servicing obligations which are not sufficiently covered by future revenue, revenue is allocated to performance obligations on a relative fair value basis. The element relating to post-sale obligations is deferred and recognised in the periods in which these activities take place. None of these obligations exceed 12 months from the date of initial recognition.

Income from financial assets at fair value through profit and loss represents trail commission income. Any changes in the assets' value are recognised within revenue on an as earned basis where entitlement can be reliably measured. Where material, trail commission receivable after one year is discounted to present value using an effective interest rate methodology. The Group ceased these activities at the point the BGL Insurance division was disposed of in April 2022.

Legal services revenue

Legal services revenue is recognised to the extent that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably, in line with IFRS 15 "Revenue from Contracts with Customers". Revenue is recognised when the significant risks and rewards of a service has been transferred to the customer, when the claim is highly probable of a successful outcome, and the stage of completion can be reliably measured. Incremental costs incurred in obtaining contracts are capitalised where those contracts have an expected term of more than 12 months.

Turnover is shown exclusive of value added tax.

Advertising costs

Costs associated with the production of adverts are expensed only once the advert is available to the Group in a format ready for use, having been approved for airing or displaying. The cost of airing or displaying the advert is taken as an expense in the period in which the advert is aired or displayed.

Taxation*Current tax*

The current tax expense is the expected tax payable based on the taxable profits for the year, after any adjustments in respect of prior years. The rates enacted or substantively enacted at the reporting date are used to determine the current tax.

Deferred tax

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is regarded as more likely than not that they will be recovered in the foreseeable future. Deferred tax assets and liabilities are not discounted.

The rates enacted or substantively enacted at the reporting date are used to determine the deferred tax.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill on acquisition of subsidiaries is included in intangible assets and is allocated to the cash generating units ("CGU's") that are expected to benefit from that business combination.

Impairment testing

Goodwill is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or as a minimum on an annual basis.

Assessment of the recoverable amount for goodwill is made by assessing the asset CGU 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 assessment of time value of money and the risks associated with that asset or CGU.

The recoverable amount of goodwill derived from the above calculations is compared to the carrying value to determine whether impairment is required. Any impairment of goodwill is not reversed if performance later improves. Any impairment loss is recognised in the statement of profit and loss and comprehensive income.

Other intangible assets

Software development

Acquired computer software licences are capitalised on the basis of costs to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their expected useful life of 3-5 years.

Costs that are directly attributable to the production of identifiable software products controlled by the Group, where it is probable that the future economic benefits exceed the costs, are recognised as intangible assets. These include staff costs directly attributable to development of intangible assets. These costs are amortised using the straight-line method over their expected useful life of 3-5 years.

Development expenditure on web sites, where future economic benefits are probable, are capitalised as intangible assets to the extent that they relate to application and infrastructure development, graphical design and content development prior to operation. Web site costs that are recognised as intangible assets are amortised using the straight-line method over their expected useful life of 3-5 years.

Where the above requirements cannot be met, costs are expensed.

Affinity relationships

Payments of advanced commission in respect of affinity relationships are recognised as intangible assets when the Group has acquired the right to control either directly or jointly with the affinity partner key aspects of the relationship such as pricing, insurer panel selection, product design, marketing or the right to administer insurance policies or other customer contracts for a given period of time. As a result, these rights confer direct probable economic benefits to the Group.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****1. Accounting policies (continued)****Other intangible assets (continued)***Affinity relationships (continued)*

The Group initially measures the amounts paid at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses where appropriate. Amortisation is recognised on a systematic basis over the periods during which the related economic benefits arise. The Group ceased these activities at the point the BGL Insurance division was disposed of in April 2022.

Impairment

Intangible assets are reviewed for impairment losses whenever, but at least annually, events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Property, plant and equipment

Property, plant and equipment are included in the statement of financial position at cost less accumulated depreciation and impairment.

Depreciation is provided to write off the cost less estimated residual values of all property, plant and equipment evenly over their expected useful economic lives. It is calculated at the following rates:

Buildings	4% per annum or over the term of lease
Leasehold improvements	Over the term of lease
Fixtures and fittings	Over the term of lease or minimum of 10% per annum
Office equipment	10-20% per annum
Computer equipment	10-33% per annum

Depreciation is not provided for on freehold land or assets under construction, which are stated at cost.

Impairment reviews are carried out by the Group on a regular basis, but at least annually. If the carrying value of an asset is greater than the recoverable amount, the carrying value is reduced through an impairment charge recognised in the statement of profit and loss.

The Group recognises right-of-use assets at the commencement date of the lease or the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Right-of-use assets are recognised within property, plant and equipment and reported within the same category that the corresponding underlying asset would be presented in if were owned.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less costs to sell.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

Trade and other receivables

Doubtful receivables

Loss allowances for expected credit losses ('ECLs') are recognised on financial assets measured at amortised cost. Loss allowances for trade receivables and other receivables are measured at an amount equal to lifetime ECLs. The credit risk of financial instruments is assessed by comparing the risk of a default occurring on the financial instrument as at reporting date with the risk of default at the date of initial recognition. To assess whether there is an indication of a significant increase of credit risk since initial recognition the Group considers all reasonable and supportable information which is available without undue cost or effort.

The Group assumes that the credit risk on instalment receivables held prior to April 2022 has increased significantly if it is more than 45 days past due. The maximum period considered when estimating ECLs is the maximum period over which the Group is exposed to credit risk.

Work in progress

Trade debtors include unbilled amounts for work performed in relation to legal services contracts where the fee has yet to be agreed. These unbilled amounts for client work are stated at a percentage completion for fixed fee work or time spent for more complex claims (in accordance with the revenue recognition policy) less provision for foreseeable losses and net of amounts billed on account. A number of assumptions around profitability, drop off and work complete are incorporated into the calculation. This treatment is consistent with the requirements of IFRS 15 – Revenue from Contracts with Customers.

Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments with less than 90 days maturity from the date of acquisition.

For the purposes of the cash flow statement, cash and cash equivalents may also include bank overdrafts, which are included within borrowings on the statement of financial position.

Restricted cash is cash or equivalents set aside for a specific purpose due to it being either notionally or legally 'ring-fenced'. The Group considers the nature of any restrictions in order to identify whether the deposit can be classified as a cash or cash equivalent.

Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are stated at amortised cost.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequently to initial recognition they are measured at fair value.

Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****1. Accounting policies (continued)****Provisions for liabilities (continued)***Provision for insurer clawback of commission*

The Group recognises a provision for insurer clawback of commission following the lapse of life insurance policies previously recognised as income. The key assumption in this accounting estimate is the future lapse rate.

Restructuring provision

The provision related to restructuring activities within the BGL Group, relating to the operation of the BGL Group's divisions, BGL Insurance, CTM and LesFurets.com as separate entities with devolution of certain management services provided by BGL Group Limited to its subsidiaries; restructuring of central BGL Insurance functions; closure of the Wakefield office and migration of the team to Sunderland Office and implementation of a revised operating model in CTM. The restructuring plans were drawn up and announced to the employees of the Group in 2021 when the provision was recognised in its financial statements. BGL Insurance was disposed of during the year ended 30 June 2022 and the restructuring for remaining BGL Group companies has been materially completed by 2022.

Dilapidations provisions

The Group recognises a provision for the estimated costs for dilapidations for wear and tear that may become payable under the terms of current leasehold property contracts at the end of the lease. The present value of these costs are included within the cost of the associated right-of-use asset upon initial recognition and unwound.

Regulatory provision

The Group recognises a provision in respect of regulatory matters. The provision represents the Directors' current best estimate of liabilities that may arise.

Dividends

Dividends on equity instruments are recognised when they become legally payable.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss. The Group disposed of wholly owned subsidiary BSL Limited in the year along with all subsidiaries of that company.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss as required by IFRS 5. Further details are disclosed in note 25.

Pension commitments

The Group operates various defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the statement of profit and loss represents the contributions payable to the scheme in respect of the accounting period.

Leases

Where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration the Group recognises a lease liability at contract inception, except for short-term leases or leases of low value assets, which are recognised as an expense on a straight-line basis or another systematic basis.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****1. Accounting policies (continued)****Leases (continued)***Group as a lessee*

Leases are recognised as a liability at the commencement date of the lease and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

The Group uses its incremental borrowing rate at the lease commencement to calculate the present value of lease payments. The incremental borrowing rate applied to each lease is determined by taking into account the risk-free rate, adjusted for factors such as term of the underlying lease arrangement.

The weighted average borrowing rate applied, which is equal to the incremental rate of borrowing is 2.3% (2021: 2.3%). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of the lease liabilities is subsequently remeasured if there is a modification to the underlying leasing arrangement. The Group's lease liabilities are presented within trade and other payables, see Note 18.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Future developments

The Group has assessed the impact of upcoming accounting standard changes, and none are expected to cause any material adjustments to the financial statements.

2. Significant judgements and estimation uncertainty

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements.

Accrued income

For price comparison businesses, revenue is recognised during the period in which a lead is provided and can be reliably estimated, and where the business has no further outstanding performance obligations. Where an invoice is not received by the balance sheet date, income is accrued in the balance sheet. The key assumption made by management in the determination of the value of this accrual is the expected sales value. The accrual held on the balance sheet at the year end was £74.8m (2021: £85.6m).

Clawback provisions

Provisions are made in the balance sheet for the expected level of cancellations in relation to life insurance policies on which the Company has earned commission. The key assumption made by management in the determination of the value of this provision is the expected future lapse rates. The provision held in the balance sheet at the year-end was £9.4m (2021: £12.0m).

BHL (UK) Holdings Limited

Year ended 30 June 2022

Notes forming part of the consolidated financial statements (continued)

2. Significant judgements and estimation uncertainty (continued)

Impairment of goodwill and other intangible assets

The Group has recognised goodwill and other intangible assets as a result of previous acquisitions, investment in software development and transactions with affinity partners. The total value of goodwill and other intangible assets at the balance sheet date is £40.2m (2021: £110.3m).

The value of these assets is expected to be recovered through value in use and the recoverability of these assets at each reporting date is assessed with reference to the cash flows associated with the relevant cash generating unit ("CGU"). Various assumptions around discount rates, growth rates and future cash flows have been made by management in assessing the recoverability of goodwill and other intangible assets which may differ from actual results and could lead to an impairment.

Legal services work in progress

A Group company, Minster Law, recognises revenue on work performed during the reporting period on legal claims based on the stage of work complete and an assessment of the ultimate value of these claims.

Management uses the expected value method to assess past experience and historical performance of similar contracts to estimate the probability of a successful outcome. The estimated amount of consideration is based on the expected fee for the nature of the legal service provided with reference to historical fee levels and the related probability rates of successful and unsuccessful outcomes, by reference to key milestones in the process, the percentage of claims that will ultimately be settled in our clients' favour, and the expected consideration receivable by the Company in relation to each claim. This current policy contains some revisions compared to prior year. See note 33 for details of the changes in policy.

Fees are only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract at the end of the reporting period will not be subject to significant reversal when the matter is concluded.

The ultimate outcome in relation to each of these assumptions may differ from the estimates made by management and, as a result, the total consideration receivable will vary. The carrying value of work in progress at the year-end was £27.6m (Restated 2021: £26.0m).

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****3. Revenue from contracts with customers****(i) Disaggregation of revenue**

Revenue is wholly attributable to the principal activities of the Group and arises primarily within the United Kingdom. Fees of £2.1m (2021: £1.5m) arise from a related party in Australia and nil (2021: £0.1m) from other related parties.

	2022	Re-presented* 2021
Continuing operations	£m	£m
Price comparison	441.1	463.1
Legal services	31.2	29.2
Other income	4.2	1.8
	476.5	494.1
Discontinued operations		
Brokerage and fee income	168.2	252.4

*Re-presented for continuing operations. See note 25 for further details.

Price comparison revenue is wholly attributable to the principal activity of BGL and arises within the United Kingdom. Performance obligations are satisfied upon the introduction of customers to new deals with payment generally due within 30 to 60 days from this introduction.

Fees of £2.1m (2021: £1.5m) included in other income arise from a related party in Australia. Other income includes £1.4m (2021: £0.5m) of income relating to UK research and development tax credits which are outside the scope of IFRS 15.

Included within revenue is £2.4m (2021: £nil) where the Group's performance obligations are completed within the current financial year but the total variable consideration is contingent on future events outside of the control of the Group. Management has estimated this consideration by using historic data informed by expected market conditions to forecast future cash flows. The variable consideration recognised is subject to constraint until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur in future periods.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****3. Revenue from contracts with customers (continued)****(ii) Contract balances**

The following tables provide information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

The following table shows the contract assets balance:

	2022	2021
	£m	£m
Value at start of the period	108.8	103.8
Discontinued operations	(27.3)	-
Revenue recognised	415.8	514.3
Transferred to receivables	(417.3)	(509.2)
Loss allowance	(5.8)	(0.1)
Value at the end of the period	74.2	108.8

Contract assets consists of £74.2m accrued income (2021: £104.6m) while certain other debtor balances of £4.2m in the prior year are £nil following the disposal of BGL Insurance. The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on 30 June 2022. The contract assets are transferred to receivables when the rights become unconditional, meaning only the passage of time is required before payment of consideration is due.

The following table shows the contract liabilities balance:

	2022	2021
	£m	£m
Value at start of the period	17.3	21.4
Discontinued operation	(17.2)	-
Recognised in revenue	(0.1)	(16.5)
Contract liabilities recognised	0.2	12.4
Value at the end of the period	0.2	17.3

Contract liabilities consist of £0.2m deferred income (2021: £16.6m) and £nil other payables (2021: £0.8m).

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****3. Revenue from contracts with customers (continued)****(ii) Contract balances (continued)**

The Group has also recognised assets in relation to costs to obtain long-term contracts.

	2022	2021
	£m	£m
Value at start of the period	11.6	9.9
Discontinued operations	(11.6)	-
Asset recognised from costs incurred	-	16.4
Amortisation	-	(14.7)
Value at the end of the period	-	11.6

These contracts were disposed of with the discontinued operation and so the balance at 30 June 2022 is £nil.

Contract liabilities consists entirely of deferred income. The amount of revenue recognised in 2022 from performance obligations satisfied (or partially satisfied) in previous periods is £0.9m (2021: £nil).

Refund liabilities ('Clawback provisions') are recognised in relation to life insurance policies on which the Company has earned commission. Movements in refund liabilities are presented in note 19.

4. Operating profit

Operating profit is stated after charging the following:

	2022	Re-presented* 2021
	£m	£m
Continued operations		
Restructuring costs	-	5.1
Impairment loss related to corporate restructuring	20.3	3.8
Impairment of investment	2.9	
Impairment of intangible assets	0.6	3.7
Impairment of goodwill	-	1.3
Amortisation of intangible assets	19.0	16.8
Depreciation on plant, property and equipment	5.4	11.3
Loss on disposal of intangible assets	-	0.3
Loss on disposal of plant, property and equipment	0.3	0.9
Auditor fees - fees for the audit of the Company	-	-
Auditor fees - fees for the audit of the Company's subsidiaries	0.4	0.6
Foreign exchange movements	(2.1)	0.7
Impairment of trade and other receivables	1.9	0.1

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****4. Operating profit (continued)*****Discontinued operations***

Restructuring costs	-	2.2
Impairment loss related to corporate restructuring	-	2.9
Impairment of intangible assets	-	0.3
Amortisation of intangible assets	8.4	10.2
Depreciation on plant, property and equipment	4.0	0.4
Impairment of trade and other receivables	3.9	4.2

The launch of the BGL Group's new operating model resulted in the de-prioritisation of certain initiatives and pivoting away from certain technologies and tools. Consequently, an impairment loss of £20.3m relating to software development intangible assets has been recorded in the year ended 30 June 2022.

Restructuring costs of £nil (2021: £7.3m) relate to a restructuring programme relating to the operation of the BGL Group's divisions CTM and LesFurets as separate entities with devolution of certain management services provided by BGL Group Limited to its subsidiaries; in the prior year restructuring of BGL Insurance functions; closure of the Wakefield office and migration of the team to Sunderland Office and implementation of a revised operating model in CTM. These costs comprise of redundancy costs and one-off transition costs. As part of this restructuring programme, two offices were closed, and the Group has incurred an impairment loss of £nil (2021: £6.7m) to fully impair the carrying value of assets relating to these offices.

Expenses relating to employee benefits and changes in inventories of finished goods are disclosed in note 8 and note 14 respectively. Amortisation of assets arising from the incremental costs of obtaining revenue contracts are disclosed in note 3.

5. Finance income

	2022 £m	Re-presented* 2021 £m
<i>Continuing operations</i>		
Interest on loans to related parties	0.8	0.4
Other finance income	0.9	0.6
	1.7	1.0
<i>Discontinued operations</i>		
Finance income received from continuing operations	4.4	6.5
Other finance income	0.1	0.1
	4.5	6.6
Total finance income	6.2	7.6

*Re-presented for continuing and discontinued operations. See note 25 for further details.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****6. Finance costs**

	2022 £m	Re-presented* 2021 £m
Continuing operations		
Interest and charges on bank borrowings	5.7	3.9
Finance costs paid to discontinued operations	4.4	6.5
Other finance costs	0.5	0.5
Interest on lease liabilities	0.5	0.6
	11.1	11.5
Discontinued operations		
Interest and charges on bank borrowings	1.4	1.9
Other finance income	0.9	1.0
	2.3	2.9
Total finance costs	13.4	14.4

*Re-presented for continuing and discontinued operations. See note 25 for further details.

7. Tax expense

	2022 £m	2021 ¹ Restated £m
Current tax		
UK corporation tax	15.4	30.6
Adjustments in respect of prior year	0.2	1.2
	15.6	31.8
Deferred tax (see note 12)		
Charged to the statement of profit and loss	0.5	(2.1)
Adjustments in respect of prior year	0.8	(0.7)
	1.3	(2.8)
Total tax expense	16.9	29.0
Tax expense attributable to continuing operations	12.5	25.1
Tax expense attributable to discontinued operations	4.4	3.9
	16.9	29.0

¹Restatement of comparative financial information. See note 25 for further details.

The weighted average rate of tax for the year, based on the UK standard rate of corporation tax and the corporation tax rates applicable to overseas jurisdictions, is 18.9% (2021: 18.6%). The actual tax charge for the current year and the previous year differs from the weighted average rate for the reasons set out in the following reconciliation:

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****7. Tax expense (continued)**

	2022 £m	2021 ¹ Restated £m
Profit for the year	384.0	111.0
Tax expense	16.9	29.0
Profit before tax	400.9	140.0
Tax at the domestic rate of 19.0% (2021: 19.0%)	76.2	26.6
Effect of tax rates in foreign jurisdictions	(0.6)	(0.6)
Effects of:		
Adjustments in respect of prior year	0.9	0.5
Expenses not deductible for tax purposes	(2.9)	0.8
Income not taxable	(61.4)	(1.6)
Losses carried forward for which deferred tax is not provided	4.7	3.2
Other movements	-	0.1
Tax expense	16.9	29.0

¹Restatement of comparative financial information. See note 33 for further details.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was enacted on 24 May 2021. The deferred tax asset at 30 June 2022 has been calculated at 19% (2021: 19%), reflecting the expected timing of reversal of the related timing differences.

8. Employees

The average monthly number of employees (including Directors) during the year was made up as follows:

	2022 Number	Re- presented* 2021 Number
Continuing operations		
Management, business development and support services	1,651	1,406
Contact centre staff	16	18
Legal services	185	183
	1,852	1,607
Discontinued operations		
Contact centre colleagues	990	1,136
Management, business development and support services	681	695
Average for the 10 months to 29 April 2022	1,671	1,831

*Re-presented for continuing operations. See note 25 for further details.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****8. Employees (continued)**

The aggregate remuneration comprised:

	2022	2021
	£m	£m
Wages and salaries	81.4	135.9
Social security costs	11.0	15.4
Pension costs	7.1	12.6
	99.5	163.9

The above includes remuneration cost of discontinued operations. Wages and salaries include a credit of £nil (2021: £0.7m) relating to share-based payments. See note 22 for further details.

9. Goodwill

	£m
At 1 July 2020	22.8
Effect of movements in exchange rates	(0.6)
Impairment	(1.3)
At 30 June 2021	20.9
Disposal of discontinued operations (see note 23)	(17.1)
Effect of movements in exchange rates	(0.5)
At 30 June 2022	3.3
Carrying amount	
At 30 June 2022	3.3
At 30 June 2021	20.9

Recognition and allocation to cash generating units ("CGUs")

Of the goodwill held at 30 June 2022 £2.8m (2021: £2.8m) relates to LesFurets.com and £0.5m (2021: £1.0m) allocated to the Turkish subsidiaries.

The recoverable amounts of goodwill relating to the relevant CGUs are determined from discounted cash flow ("DCF") calculations. The key assumptions for the DCF calculations are the following:

- Profit before tax for the relevant CGU, based on approved plans and forecasts (which includes LesFurets.com delivering an operating profit), for a 3-5 year period (2021: 3-5 year period), including relevant assumptions around policy volumes and mix (new business and renewals), net rate inflation and acquisition/ marketing costs.
- Terminal value using the perpetuity growth method with long term growth rate of 2% (2021: 2%) representing management's assessment of the long term growth rate for the Group's mature businesses; and
- A discount rate of 20% (2021: 20%) for LesFurets.com.

Sensitivity analyses have been carried out based on an increase of discount rate to 25% for LesFurets.com and a reduction of long term growth rate to 1%. The Group also made additional considerations to the possible impact of Covid-19 on the reliability of the forecasted cash flows. None of the sensitivity analyses lead to a reduction of the recoverable amount below the carrying amount for any of the CGUs.

The DCF calculations show sufficient headroom against the carrying value of goodwill. No reasonably possible change to a key assumption would result in an impairment.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****10. Other intangible assets**

	Software development	Software development in progress	Affinity relationships	Total
	£m	£m	£m	£m
Cost				
At 1 July 2020	134.1	30.1	35.0	199.2
Additions	0.4	38.2	2.8	41.4
Transfers	24.2	(24.2)	-	-
Disposals	(12.2)	(0.3)	(35.2)	(47.7)
Effect of movements in exchange rates	(2.2)	(0.1)	-	(2.3)
At 30 June 2021	144.3	43.7	2.6	190.6
Additions	9.0	16.9	6.8	32.7
Disposals	(64.3)	(41.3)	(9.4)	(115.0)
At 30 June 2022	89.0	19.3	-	108.3
Accumulated amortisation				
At 1 July 2020	85.9	-	33.6	119.5
Charge for the year	25.5	-	1.5	27.0
Disposals	(12.2)	-	(35.2)	(47.4)
Impairment	2.5	1.2	0.3	4.0
Effect of movements in exchange rates	(1.9)	-	-	(1.9)
At 30 June 2021	99.8	1.2	0.2	101.2
Charge for the year	26.6	-	0.8	27.4
Disposals	(62.5)	(14.5)	(1.0)	(78.0)
Impairment	7.5	13.3	-	20.8
At 30 June 2022	71.4	-	-	71.4
Net book value				
At 30 June 2022	17.6	19.3	-	36.9
At 30 June 2021	44.5	42.5	2.4	89.4

Included within impairment losses is £20.3m relating to an internal reorganisation that resulted in certain software development assets and software development in progress no longer aligning with the Group's strategic direction.

The majority of the disposals in the year related to the disposal of the BGL Insurance Division.

There are no commitments to purchase intangible assets at the reporting date (2021: £nil). All additions to software development relate to internally developed software, and all additions to affinity relationships have been acquired separately.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****11. Property, plant and equipment**

	Land and buildings		Leasehold improvements and fixtures and fittings	Office equipment	Computer equipment	Total
	Owned	Leased				
	£m	£m	£m	£m	£m	£m
Cost						
At 1 July 2020	6.9	48.5	22.9	7.0	29.0	114.3
Additions	-	-	1.5	0.8	4.0	6.3
Disposals	-	(0.1)	(3.3)	(0.4)	(9.4)	(13.2)
Effect of movements in exchange rates	-	(0.3)	-	-	-	(0.3)
At 30 June 2021	6.9	48.1	21.1	7.4	23.6	107.1
Additions	-	-	0.5	0.5	3.5	4.5
Disposals	(4.1)	(5.9)	(10.7)	(2.8)	(18.5)	(42.0)
At 30 June 2022	2.8	42.2	10.9	5.1	8.6	69.6
Accumulated depreciation						
At 1 July 2020	1.3	17.9	11.8	3.5	21.1	55.6
Charge for the year	0.3	4.1	2.5	0.9	3.9	11.7
Disposals	-	-	(3.2)	(0.4)	(8.7)	(12.3)
Impairment	2.2	3.8	0.6	0.1	-	6.7
Effect of movements in exchange rates	-	(0.2)	-	-	-	(0.2)
At 30 June 2021	3.8	25.6	11.7	4.1	16.3	61.5
Charge for the year	0.1	3.1	2.4	0.8	2.9	9.3
Disposals	(1.1)	(3.4)	(6.9)	(1.4)	(14.2)	(27.0)
At 30 June 2022	2.8	25.3	7.2	3.5	5.0	43.8
Net book value						
At 30 June 2022	-	16.9	3.7	1.6	3.6	25.8
At 30 June 2021	3.1	22.5	9.4	3.3	7.3	45.6

In the prior year impairment charges totalling £6.7m were incurred relating to the closure of two offices as part of the restructuring programme, and the Group has fully impaired the carrying value of assets relating to these offices.

The majority of the disposals in the year related to the disposal of the BGL Insurance Division.

The Group had £nil of capital commitments at the reporting date (2021: £0.1m). Leased land and buildings relates to right-of-use assets recognised by the Group.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****12. Deferred tax asset**

	2022 £m	2021 restated ¹ £m
Property, plant and equipment	1.6	1.6
Other temporary differences	4.4	4.3
Deferred tax asset	6.0	5.9
Deferred tax asset at the start of the year	5.9	3.1
Asset released – discontinued operation	(2.4)	-
Recognised in income	(0.5)	2.4
Adjustment in respect of prior year	(0.8)	0.4
Deferred tax asset at the end of the year	2.2	5.9

¹Restatement of comparative financial information. See note 33 for further details.

The Group has £33.9m (2021: £31.1m) of unrecognised deferred tax assets related to LesFurets.com tax losses and £0.7m (2021: £0.7m) of unrecognised deferred tax assets related to tax losses of the Turkish subsidiaries. Whilst management's expectations in respect of the future performance of LesFurets.com and the Turkish subsidiaries remain strong, a more conservative approach has been applied in the assessment of probability where tax losses are forecast to be recovered.

Details of movement in deferred tax:

	Property, plant and equipment £m	Other temporary differences £m	Deferred tax asset £m
At 1 July 2020	1.7	1.4	3.1
Recognised in income	0.2	2.2	2.4
Adjustment in respect of prior year	(0.3)	0.7	0.4
At 30 June 2021 (restated)¹	1.6	4.3	5.9
Asset sold – discontinued operation	-	(2.4)	(2.4)
Recognised in income	(0.8)	0.3	(0.5)
Adjustment in respect of prior year	0.1	(0.9)	(0.8)
At 30 June 2022	0.9	1.3	2.2

¹Restatement of comparative financial information. See note 33 for further details.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****13. Other investments**

	2022 £m	2021 £m
Interests in associates	10.2	13.4

The Group has interests in a number of individually immaterial associates. The following table analyses, in aggregate, the carrying amount, share of profit of these associates and impairments:

	2022 £m	2021 £m
Carrying amount of interests in associates	10.2	13.4
Share of loss from continuing operations	6.5	3.4
Impairment of investments	2.9	-

14. Inventories

	2022 £m	2021 £m
Finished goods	0.3	0.2

Finished goods relate to inventory held for customer reward schemes.

During the year, costs of £2.3m (2021: £8.5m) were recognised in operating expenses as goods were dispatched. A provision for impairment of £0.6m (2021: £0.6m) is recorded against inventory.

15. Trade and other receivables

	2022 £m	2021 restated ¹ £m
Current		
Trade receivables	71.2	403.8
Amounts due from related undertakings	26.1	118.5
Corporation tax receivable	4.6	2.8
Accrued income	59.4	72.8
Other debtors	9.4	31.0
Prepayments	13.6	24.9
	184.3	653.8

¹Restatement of comparative financial information. See note 33 for further details.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****15. Trade and other receivables (continued)**

	2022	2021
	£m	£m
Non-current		
Accrued income	16.9	33.4
Other debtors	-	0.5
Prepayments	-	35.7
Amounts due from related undertakings	0.3	4.9
	17.2	74.5

Prior year figures above include the now disposed of BGL Insurance Division.

As at 30 June 2022 the Group held a bad debt provision of £5.8m (2021: £4.4m) in relation to an impairment of trade receivables and £0.6m (2021: £nil) in relation to impairment of accrued income. In the prior year a provision £4.2m relating to the discontinued operation was included within trade receivables.

Movements in the provision for bad debts were as follows:

	2022	2021
	£m	£m
Value at start of the period	(4.4)	(5.3)
Increase in provision	(5.8)	(4.3)
Utilisation	0.2	1.2
Amounts sold	4.2	1.8
Amounts recovered	-	2.2
Value at end of the period	(5.8)	(4.4)

Trade debtors include work in progress relating to legal services contracts of £27.6m (Restated 2021: £26.4m). The valuation of this balance is subject to estimation uncertainty as disclosed in note 2. These contracts relate to work done on behalf of our clients. Materially, the responsibility for payment sits with major insurance companies and, as such, the Directors consider that there is no significant uncertainty around the successful settlement and recoverability of these amounts.

Certain unbilled disbursements are disclosed net in the financial statements. This is in accordance with contracts with those suppliers where disbursements only become payable when recovered; hence the Company is not obliged to support any losses and nor does it intend to do so. At 30 June 2022 £23.8m (2021: £21.4m) remained within trade debtors after £2.9m (2021: £3.5m) had been offset with trade creditors.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****16. Cash and cash equivalents**

	2022 £m	2021 £m
Cash and cash equivalents	93.9	28.8
Restricted cash and cash equivalents	-	11.8
	93.9	40.6

Restricted cash and cash equivalents of £11.8m in 2021 related to BGL Insurance. £11.0m was notionally ring-fenced for regulatory purposes and the remainder related to collateral held as part of a customer contract.

Counterparties are subject to pre-approval and are limited to institutions with a certain credit rating. The amount of exposure to any individual counterparty is subject to limits, which are reassessed regularly.

Courtanet SAS operates Euro bank accounts with a balance of £1.0m (2021: £3.3m) at the reporting date.

Credit ratings of counterparties to cash and cash equivalents of the Group are detailed below. Ratings were obtained from Standard & Poor's.

	2022 £m	2021 £m
AA-	45.1	-
A+	27.6	26.2
A	1.0	13.6
Below A or not rated	20.2	0.8
	93.9	40.6

17. Borrowings

	2022 £m	2021 £m
Current		
Loans payable to related parties	0.5	-
Non-current		
Bank loans due beyond one year:		
Bank loans	150.0	150.0

The BGL Group has access to substantial committed debt facilities comprising an unsecured £175.0m (2021: £175.0m) revolving credit facility maturing June 2024, an unsecured £100.0m (2021: £100.0m) term loan maturing June 2024, and a £50.0m (2021: £50.0m) seven year fixed rate senior note with a bullet maturity date of April 2025. As at 30 June 2022 £150.0m (2021: £150.0m) was drawn under the facilities. The facilities provided significant headroom at year-end ensuring the Group is in a strong position to support the liquidity requirements of the business for the foreseeable future. Bank loans are denominated in Sterling and bear interest based on SONIA. The fixed rate senior note is fixed against 7 year UK Gilt.

The securitisation facility previously accessible by the BGL Group was transferred with the sale of BGL Insurance to a third party in April 2022. See note 25 for further details.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****18. Trade and other payables**

	2022	Restated 2021
	£m	£m
Current		
Trade payables	20.8	428.5
Amounts due to related undertakings	-	-
Other payables	10.3	23.7
Accruals	57.2	71.2
Deferred income	0.7	14.6
Lease liabilities	3.3	4.6
Current tax liabilities	0.8	0.7
	93.1	543.3
	2022	2021
	£m	£m
Non-current		
Accruals	3.6	-
Deferred income	-	2.0
Lease liabilities	19.0	24.1
	22.6	26.1

Trade creditors include £18.8m (2021: £17.3m) in respect of disbursements where there is a contractual obligation to pay the supplier regardless of whether the disbursement is recovered.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****19. Provisions for liabilities**

	Clawback provisions	Regulatory provision	Other provisions	Total £m
At 1 July 2021	12.1	22.9	6.6	41.6
Increase in provision	6.7	-	1.9	8.6
Utilisation	(6.2)	-	-	(6.2)
Unwinding of discounting	(0.3)	-	0.1	(0.2)
Movement in provision	-	-	(1.2)	(1.2)
Release of provision	-	(22.9)	-	(22.9)
Disposal of provision	(2.9)	-	(0.6)	(3.5)
At 30 June 2022	9.4	-	6.8	16.2
Current provisions	5.6	-	2.5	8.1
Non-current provisions	3.8	-	4.3	8.1
At 30 June 2022	9.4	-	6.8	16.2

Clawback provision

The Group recognises clawback provisions reflecting an estimation of the insurer clawback of commission following the lapse of life insurance policies previously recognised as income. The key assumption in this accounting estimate is the future lapse rate.

Regulatory provision

In November 2020, the Competition and Markets Authority ('CMA') announced its decision that the historic use by Compare The Market Limited of the wide most favoured nation clause broke competition law. The CMA imposed a financial penalty of £17.9m on BGL for the infringement and a provision for this amount was recognised on BGL's Balance sheet. BGL did not recognise the analysis of the home insurance market and fundamentally disagreed with the CMA's findings and appealed to the Competition Appeal Tribunal ('CAT'). In August 2022, the CAT overturned the original CMA decision.

In August 2022 the Competition Appeals Tribunal ("CAT") ruled that the £17.9m regulatory fine, issued by the Competition and Markets Authority ("CMA") in November 2020 in relation to Compare The Market Limited's historic use of most favoured nation clauses ("MFNs"), should be set aside. The CAT ruled there was no reliable evidence upon which the CMA may conclude that MFNs had an adverse effect on premiums or commissions. Legal proceedings have now concluded following the CAT's ruling and the release of the regulatory provision of £17.9m has been recognised within Operating expenses. The additional £5.0m provision held by BHL (UK) Holdings Limited for indemnities payable to a minority shareholder in BGL in these circumstances has also been recognised within Operating expenses.

Other provisions

The restructuring provision relates to restructuring activities within the BGL Group, relating to: the operation of the BGL Group's divisions, CTM and LesFurets.com as separate entities with devolution of certain management services provided by BGL Group Limited to its subsidiaries; restructuring of central functions, namely the implementation of a revised operating model in CTM. The restructuring plans were drawn up and announced in the second half of the previous financial year and the operating model has been rolled out during the current financial year therefore provision was recognised in the financial statements. The restructuring is materially completed in the financial year.

Included within this balance is a provision relating to an onerous contract where the obligations under the contract exceed the economic benefits expected to be received from it. The provision is calculated as the lower of the expected cash outflow over the contract life and the cost to exist contract. The key assumptions in the determination of the value of this provision are the expected future cash flows and the discount rate used to calculate the present value of those cash flows.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****19. Provisions for liabilities (continued)***Other provisions (continued)*

BGL recognises a provision for other costs that may become payable under terms of current leasehold property. The costs are accrued over the life of the lease and reassessed each year. A provision has been made at 30 June 2022 representing the Directors' current best estimates of liabilities that may arise from a contract settled during the year but the counterparty may dispute value of settlement. With reference to the prejudicial disclosure exemption in IAS 37, the Directors have determined not to disclose any further information in respect of this provision as the disclosure of such information is, in the Directors' opinion, seriously prejudicial to the Company until settlement is resolved.

The Directors are of the opinion that the carrying value of the provisions held approximate to the fair value.

20. Financial instruments*Financial assets at fair value through profit or loss*

At 30 June 2022, £nil (2021: £2.9m) represents the fair value of total trail commission receivable from product providers where no subsequent servicing obligations exist under the contracts. This financial instrument was wholly disposed with the discontinued operation.

In the prior year, these assets are designated Level 3 fair values by IFRS 7 since they are measured using valuation techniques for which significant inputs are not based on market observable data. The fair value assessment was undertaken by taking into account the total contractual commission entitlement per policy sold and applying lapse rates based on historical observed metrics. A further discount factor of 5% was then applied to take account of the time value of money.

The following table sets out a reconciliation of opening and closing balances for these assets in the prior year:

	2022	2021
	£m	£m
Value at start of the period	2.9	3.9
Discontinued operation	(2.9)	-
Purchases	-	0.1
Changes in lapses	-	(0.5)
Settlements	-	(0.6)
Value at end of the period	<u>-</u>	<u>2.9</u>

The net credit to revenue in 2022 was £nil (2021: £0.4m).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the Group by failing to pay its obligation.

Trade and other receivables

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base being well diversified. It is the Group's policy to recognise expected credit losses ('ELCs') on financial assets measured at amortised cost using a lifetime expected loss allowance. Loss allowances for trade receivables and contract assets relating to ECLs of £nil (2021: £4.4m) are held at the year end.

Of the insurance receivables past due but not yet written off, nil% (2021: 82.9%) are less than 30 days overdue, nil% (2021: 14.4%) are overdue by 31-60 days and nil% (2021: 2.7%) are overdue by more than 60 days. The latter category is comprised substantially of individuals with whom the Group has entered agreed repayment plans. All insurance receivables related to discontinued operations.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****20. Financial instruments (continued)***Short-term deposits*

Counter-parties for short-term deposits are subject to pre-approval, and are limited to institutions with a certain credit rating. The amount of exposure to any individual counter party is subject to defined limits. Both the acceptable credit rating and exposure limits are reassessed on a regular basis. Details of the credit risk on cash balances is given in note 16. Measures taken to monitor these risks include exposure reports to monitor counterparty credit risk and review of monthly key performance indicators.

Liquidity risk

Liquidity risk is the risk that any company within the Group will have difficulties in paying its financial liabilities. All liabilities are due within one year with the exception of certain borrowings as disclosed in note 17, payables as disclosed in note 18 and non-current provisions as disclosed in note 19.

The Group maintains a mixture of long-term and short-term committed facilities that are designed to ensure the Group has sufficient available funds for operations.

The BGL Group has substantial available but undrawn committed debt facilities that continue to be fully accessible. These comprise an unsecured £175.0m (2021: £175.0m) revolving credit facility, of which £175.0m (2021: £175.0m) was undrawn at the period end and a £100.0m (2021: £100.0m) term loan, of which £nil (2021: nil) was undrawn at the period end. The facilities are due to mature in June 2024. The BGL Group has a £50.0m unsecured 7 year fixed rate senior note maturing in April 2025 (2021: £50.0m).

Measures taken to monitor these risks include regular treasury reporting to the Board of Directors, including monitoring against the Group's existing and expected future available funding and cash requirements and compliance with financial covenants included within the committed debt facilities.

Details of maximum exposures to liabilities is given in note 29.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, foreign exchange risk and other price risks.

Foreign exchange risk

The Group has operations in France and Turkey, and is exposed to foreign exchange risks with respect to the Euro and the Turkish Lira.

The Group's shareholders' funds by currency were:

	Sterling £m	Euro £m	Turkish Lira £m	Total £m
Total equity 30 June 2022	92.8	(1.5)	0.3	91.6
Total equity 30 June 2021	182.5	(7.2)	1.7	177.0

A 10% change in sterling to Euro foreign exchange rates would have had the following impact on shareholders' funds:

	10% increase in Sterling/ Euro rate	10% decrease in Sterling/ Euro rate
Total equity at 30 June 2022	0.1	(0.1)
Total equity at 30 June 2021	(0.7)	0.8

The impact of foreign exchange movements in Turkish Lira are not material to the Group.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****20. Financial instruments (continued)***Foreign exchange risk (continued)*

Measures taken to monitor these risks include monthly reporting on foreign exchange movements for relevant currencies and foreign currency net asset exposure, as well as a periodic review of any requirement to purchase forward foreign exchange contracts to mitigate risk.

At 30 June 2022 the Group had commitments to purchase foreign currency totalling USD 15.0m (2021: USD 0.4m) via forward contracts. The last of these commitments matures in December 2024 and an asset of £1.2m (2021: £nil) is held on the balance sheet relating to the derivative which arises from the forward contracts.

Interest rate risk

The Group has both interest bearing assets and liabilities.

Cash and cash equivalents earn interest primarily at the rates available in the short-term deposit markets. The Group's borrowings are charged interest at floating and fixed rates. Interest on sterling-denominated bank balances is charged at Bank of England base rate plus a fixed premium. Interest on sterling-denominated loan balances with the parent company is charged at Bank of England base rate. The Group is therefore exposed to interest rate movements.

Sensitivity to a 100 basis point increase on the external weighted average interest rate for the Group for the financial year is an approximate £0.1m positive (2021: £0.1m adverse on 10 base points) impact on Group profit and equity. We have increased the basis point sensitivity analysis due to the volatile underlying interest rate changes.

Measures taken to monitor these risks include a review of consensus forecasts for interest rates and periodic assessments of the need to hedge variable rate exposures.

The Group regularly reviews this exposure alongside other offsetting financial impacts that could be expected to arise from interest rate movements, and enters into hedging contracts as it deems necessary. No such contracts were outstanding at year end.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability include fixed payments as set out within the underlying contract.

The table below summarises the maturity profile of the Group's lease liabilities:

	2022	2021
	£m	£m
Within one year	3.4	4.7
One to five years	12.3	14.5
More than five years	6.7	9.5
Lease liabilities	22.4	28.7

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****20. Financial instruments (continued)***Capital management*

This is the risk that the Group will not maintain sufficient capital to meet its legal and regulatory obligations, but also to take advantage of opportunities as they arise. For the purpose of the Group, capital consists of share capital, retained earnings and other reserves.

A number of Group companies are regulated by statutory bodies and therefore must maintain adequate regulatory capital. The Group companies hold sufficient capital over and above the capital resource requirements. In order to manage the risks around capital, the Group regularly reviews its capital position to ensure suitable headroom is maintained.

21. Share capital

	2022	2021
	£m	£m
Allotted, called up and fully paid		
Ordinary shares of £1 each	600.0	600.0

The share capital of the Group represents the share capital of the parent company, BHL (UK) Holdings Limited.

22. Share based payments

The number of BGL (Holdings) Limited share options relating to share-based payment arrangements that existed during the period is shown below:

	2021			
	C shares	D shares	E shares	Total
Number of shares at 1 July 2020	4,809	495	-	5,304
Forfeited during the year	(400)	-	-	(400)
Number of shares at 30 June 2021	4,409	495	-	4,904

	2022			
	C shares	D shares	E shares	Total
Number of shares at 1 July 2021	4,409	495	-	4,904
Granted during the year	-	-	76,294	76,294
Forfeited during the year	(1,280)	(100)	-	(1,380)
Lapsed during the year	(3,129)	(395)	-	(3,524)
Number of shares at 30 June 2022	-	-	76,294	76,294

3,129 C shares and 395 D shares are still in issue. However, as the minimum performance threshold has not been met, they have been recognised as 'lapsed' at 30 June 2022.

No share options were outstanding or exercisable at the end of the period.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****22. Share based payments (continued)***Long term incentive plan*

BGL (Holdings) Limited, has in issue C shares and D shares previously held by executive Directors and certain employees of the Company under the Long Term Incentive Plan ('LTIP') arrangement. The shares accrued rights to the extent that BGL (Holdings) Limited's earnings before interest, tax, depreciation and amortisation (EBITDA) increases by at least a cumulative 10% per annum from 1 July 2017 to 30 June 2020, 30 June 2021 and 30 June 2022.

The holders of C and D shares became entitled to their respective share of the equity value in three equal tranches following Remuneration Committee approval of the value of the shares. The entitlement were due to crystallise on 30 June 2022, 30 June 2023 and 30 June 2024 for C shares. For D shares, the entitlement were due to crystallise on 30 June 2024, 30 June 2025 and 30 June 2026. Participants were required to remain employed by the Group until 30 June 2024 for C shares and 30 June 2026 for D shares in order to receive the full value of vested shares. None of the awards would vest if the minimum performance threshold was not reached.

The 'put and call' option arrangements enable either BGL (Holdings) Limited or the participant to sell the shares for cash upon exercise, giving rise to a cash-settled share based payment arrangement.

On the 31 December 2021, the BHL (UK) Holdings Limited, purchased all 3,129 C shares and 395 D shares still held the participants in exchange for consideration of £0.3m. The participants completed the exit of the arrangement by settling £0.3m of outstanding employee loans, which had initially incurred on the grant date when the Group settled tax liabilities on behalf of the participants, with the cost of disposing of the remaining loans of £0.2m being recognised by the Company within operating expenses.

At 30 June 2022 all shares have either been forfeited or lapsed, the Group's liability for the arrangement was £nil and the Groups has no ongoing obligations towards former participants or the current shareholder.

E shares

During the year an Executive Director of the BGL Group entered, as a participant, into a share-based payment arrangement with BGL (Holdings) Limited. The participant received the maximum possible grant of 76,294 E shares and consideration for the shares was settled at a market valuation based on of dividend rights and future market conditions of £3.0m. Payment is deferred until settlement of the scheme or 10 years from the grant date (whichever is sooner). The consideration received above the nominal value of the E shares has been recognised within the share premium account of BGL (Holdings) Limited.

The E shares accrue rights to the extent that the market value of the Group's equity achieves a compound annual growth rate of at least 5% and will vest subject to an adjustment event. Vesting is conditional on the participant remaining an employee of the BGL Group. As such the arrangement has been recognised as an equity-settled scheme.

Current BGL Group valuations and forecasts of long-term growth do not present a likely scenario where the minimum performance threshold will be achieved for the above arrangement. Therefore no share-based payment charge has been recognised within operating expenses during the period or any associated liability on the balance sheet.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****23. Non-controlling interest**

	2022 £m	2021 £m
Value at the start of the year	16.0	11.2
Share of profit for the year	130.8	38.0
Dividends paid	(128.8)	(32.8)
Purchase of a minority shareholding in a subsidiary	3.0	(0.4)
Foreign currency translation	(0.2)	-
Value at the end of the year	20.8	16.0

24. Dividends

	2022 £m	2021 £m
<i>Declared and paid during the year by BHL UK Holdings Limited</i>		
<i>Equity dividends on ordinary shares:</i>		
Interim dividend for 2022: £0.25	150.0	-
Interim dividend for 2022: £0.34	201.8	-
Dividend for 2021: £nil	-	-
Paid during the year by BGL Holdings Limited		
<i>Equity dividends on ordinary shares:</i>		
Interim dividend for 2022: £6.20	10.1	-
Interim dividend for 2022: £11.80	19.3	-
Interim dividend for 2022: £60.00	98.3	-
Interim dividend for 2021: £11.80	-	19.4
Interim dividend for 2021: £8.20	-	13.4
<i>Equity dividends on other shares:</i>		
Interim dividend for 2022: £14.75	1.1	-
Dividends paid	128.8	32.8

25. Discontinued Operations**25(a) Description**

On 29 April 2022 the BGL group completed on sale of its BGL Insurance division which comprised of the company BISL Limited and all wholly owned subsidiaries of that company: ACM ULR Limited, BFSL Limited and BGL Direct Life Limited. Control was assessed as lost at this date and consolidation stopped here. In addition to that the control for BGL Receivables Financing Limited was transferred at the same time with the BISL Group, as the primary purpose of this entity is securitisation facility for the BGL Insurance division.

BISL Limited is reported in the current period as a discontinued operation with effect from 30 April 2022. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****25. Discontinued Operations (continued)****25(b) Financial performance and cash flow information**

	Note	2022 £m	2021 £m
Revenue	3	168.2	252.4
Operating expenses		(147.8)	(230.9)
Restructuring costs	4	-	(2.2)
Impairment loss	4	-	(2.9)
Operating profit	4	20.4	16.4
Finance income	5	4.5	6.6
Finance costs	6	(2.3)	(2.9)
Profit before taxation		22.6	20.1
Tax expense	7	(4.4)	(3.9)
Profit after taxation of discontinued operation		18.2	16.2
Gain on sale of the subsidiary after income tax		318.4	-
Profit from discontinued operation		336.6	16.2

	2022 £m	2021 £m
Net cash flow from operating activities	39.2	99.1
Net cash outflow from investing activities	(31.1)	(12.2)
Net cash outflow from financing activities	5.0	(95.9)
Net increase / (decrease) in cash generated by the subsidiary	13.1	(9.0)

25(c) Details of the sale of the subsidiary

	2022 £m
Cash consideration received	419.1
Total disposal consideration	419.1
Carrying amount of net assets sold	(83.8)
Exceptional costs of sale	(16.9)
Gain on sale before taxation	318.4
Tax expense on gain	-
Gain on sale after income taxation	318.4

The consideration for the sale includes a locked box date and a daily ticker mechanism. This is designed to compensate BGL Group Limited for the cash lost through lack of dividend income from the BGL Insurance division in the financial year. At the time of the sale the ticker mechanism was valued at £19.1m.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****25. Discontinued Operations (continued)****25(c) Details of the sale of the subsidiary**

The carrying amounts of assets and liabilities as at the date of sale (29 April 2022) were:

	2022
	£m
Intangible assets	37.0
Goodwill	17.1
Property, plant and equipment	14.5
Other non-current assets	152.3
Cash and cash equivalents	25.1
Trade and other receivables	704.6
Total assets	950.6
 Borrowings	 (150.0)
Trade and other payables	(716.8)
Total liabilities	(866.8)
 Net assets	 83.8

26. Reserves

Certain restrictions are placed on the ability of the Group to distribute its consolidated retained earnings as detailed below.

Foreign currency translation reserve

Exchange differences arising from the translation of the net investment in foreign subsidiaries are recognised in other comprehensive income and presented in the foreign currency translation reserve within equity. On disposal of a foreign entity, such exchange differences are transferred out of this reserve and are recognised in the statement of comprehensive income as part of the gain or loss on sale. At the reporting date a foreign currency translation reserve of £(0.1)m (2021: £0.4m) is recognised by the Group.

Merger reserve

A merger reserve of £594.5m (2021: £594.5m) arises on consolidation because of the purchase of BGL Group Limited by the Company. It represents the difference between the fair value paid by the Company to BHL Holdings Limited for 90.5% of the shares in BGL Group Limited and the book value of BGL Group Limited.

Other reserves

Other reserves of £476.9m (2021: 477.2m) comprise the gains or losses on share transactions with minority interests of BGL (Holdings) Limited and Minster Law Limited. During the current year, the difference between the fair value paid for C and D shares in BGL (Holdings) Limited and the book value at year end was £0.3m (loss).

During the prior year, the difference between the fair value paid by the Company for 1% of the shares of BGL (Holdings) Limited and the book value was £30.9m (loss). During the prior year, the difference between the fair value paid by the Company for an effective 2% shareholding of Minster Law Limited and the book value was £0.6m (gain).

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****27. Pension commitments**

The pension cost represents contributions payable by the Group and amounted to £12.6m (2021: £12.6m) in the year. At the reporting date £0.7m (2021: £1.2m) was owed by the Group. The prior year amount owing included £0.4m relating to the discontinued operation.

28. Commitments under operating leases**Group as a lessee**

The Group has lease contracts for a number of office buildings. Leases of land and buildings generally have lease terms between 4 to 10 years, with an option to renew the lease after the expiry date. Lease expiry dates range from February 2027 to December 2031. Two of the leases have exercisable break clauses in 2022 and 2026. The majority of the Company's leases are subject to rent reviews in accordance with the terms of the lease.

- 'Property, plant and equipment' includes leased assets that do not meet the definition of investment property. Additions, depreciation and carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset is disclosed in Note 11.
- Provisions for dilapidations which are included in the carrying amount of right-of-use assets are included within Note 19.
- Maturity analysis for lease liabilities is disclosed within Note 20
- Cash payment of principal portion of lease liabilities is disclosed separately within the Consolidated Statement of Cash Flows
- Cash payment for the interest portion of the lease liability is reported within finance costs in the Consolidated Statement of Cash Flows.
- Expense recognised in relation to short-term and low-value leases are £nil.

Group as a lessor

When the Group acts as a lessor, it determines at the lease commencement whether each lease is a finance lease or an operating lease.

The Group has entered into operating leases on a number of office buildings. These leases have terms of between one and four years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Rental income recognised by the Group during the year is £0.1m (2021: £0.1m).

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	2022 £m	2021 £m
Within one year	-	-
After one year but not more than five years	-	0.1
	<u>-</u>	<u>0.1</u>

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as a reduction to operating expenses. The Group ceased these activities at the point the BGL Insurance division was disposed of in April 2022.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****29. Contingent liability**

The BGL Group has access to substantial committed debt facilities comprising an unsecured £175.0m (2021: £175.0m) revolving credit facility maturing June 2024, an unsecured £100.0m (2021: £100.0m) term loan maturing June 2024, and a £50.0m (2021: £50.0m) seven year fixed rate senior note with a bullet maturity date of April 2025. Under the terms of these facilities, BGL (Holdings) Limited, BGL Group Limited and Compare the Market Limited, provide a joint and several guarantee. At 30 June 2022 the drawn balance under these facilities, and therefore the maximum exposure to this contingent liability was £150.0m (2021: £150.0m).

The facilities provided significant headroom at year-end ensuring the Group is in a strong position to support the liquidity requirements of the business for the foreseeable future.

The Group's companies are involved in a certain number of proceedings and litigation cases during the normal course of business. Liabilities and contingencies in connection with these matters are periodically assessed based upon the latest information available, usually with the assistance of lawyers and other specialists. A liability is accrued only if an adverse outcome is probable and the amount of the future loss can be reasonably estimated.

30. Related party transactions

Transactions between Group companies, which are related parties, have been eliminated on consolidation. All intercompany transactions are charged at a rate comparable to prevailing market rates.

Transactions with the following related parties have been identified with respect to the Group:

Compare the Market Pty Ltd	Common Directors and shareholders
BHL Holdings Limited	Parent company
Canada Pension Plan Investment Board	Minority shareholder of subsidiary
MM Bailie	Minority shareholder and CEO of subsidiary
S Klinkert	Minority shareholder of subsidiary
Klinkert Investments PTY Limited	Minority shareholder of subsidiary
BHL (SA) Holdings Limited	Fellow subsidiary of BHL Holdings Limited
A Ziyal	Director of an associate
Telesure Kurumsal	Associate of a subsidiary
Enro Holdings Limited	Associated company
Thingco Limited	Investee
Cogent Services Group Limited	Associated company

	2022 £'000	2021 £'000
Net related parties receivables		
Compare the Market Pty Ltd	0.4	-
BGL Receivables Financing (1) Limited	-	319.2
BHL Holdings Limited	10.9	117.2
A Ziyal	-	0.2
Telesure Kurumsal	-	0.1
BHL (SA) Holdings Limited	2.1	1.7
Enro Holdings Limited	13.0	5.0
Thingco Limited	0.5	-
Cogent Services Group Limited	0.2	-
Loans from Turkey minority shareholders	(0.5)	-
Net receivable	26.6	443.4

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****30. Related party transactions (continued)****Royalty income**

Compare the Market Pty Limited	2.2	1.5
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Management charge receivable

BHL Holdings Limited	-	0.1
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Interest receivable

BHL Holdings Limited	0.2	0.1
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Enro Holdings Limited	0.6	0.3
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0.8	0.4
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Dividends paid

Canada Pension Plan Investment Board	351.8	30.0
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Other shareholders	128.8	2.8
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480.6	32.8
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The balance with BGL Receivables Financing (1) Limited in the prior year represented certain trade debtors subject to instalment collection arrangements which had been sold to this structured entity for securitisation.

Key management emoluments (including Directors)

	2022	2021
	£m	£m
Short-term employee benefits	9.7	5.6
Compensation for loss of office and related costs	0.3	-
Pension contributions	-	0.1
	10.0	5.7

Directors' emoluments and highest paid Director

	2022	2021
	£m	£m
Short-term employee benefits	0.7	0.7

Two (2021: two) of the BHL (UK) Holdings Limited Directors were remunerated by other group companies and their remuneration is included in the accounts of those companies. It is not possible to determine the proportion of remuneration which relates to the Company.

No (2021: one) Director who served the Company during the year holds unrestricted shares of BGL (Holdings) Limited which carry voting and dividend rights.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****30. Related party transactions (continued)****Key management emoluments and Directors interests (continued)**

Shareholding in BGL (Holdings) Limited	2022 £'000	2021 £'000
MM Bailie	0.8	-
S Klinkert	3,757.5	3,757.5
Klinkert Investments PTY Limited	5,010.0	5,010.0
	8,768.3	8,767.5

The above reflects the nominal value of shareholdings. The Directors listed above received dividends due to their shareholding as described above.

In addition, at 30 June 2022 no Directors (2021: one Director) of BGL (Holdings) Limited held C shares (2021: nominal value of £12.50) under a long term incentive plan arrangement ('LTIP').

Included within other debtors is £3.0m owed by one Director relating to deferred consideration on the issue of restricted shares (2021: £nil). During the year, prepayments of £0.2m owed by Directors and £0.2m owed by key management personnel relating to loans provided to fund tax liabilities arising on the issue of BGL shares were settled. See note 22 for further details.

31. Post balance sheet events

In August 2022 the Competition Appeals Tribunal ("CAT") ruled that the £17.9m regulatory fine, issued by the Competition and Markets Authority ("CMA") in November 2020 in relation to Compare The Market Limited's historic use of most favoured nation clauses ("MFNs"), should be set aside. The CAT ruled there was no reliable evidence upon which the CMA may conclude that MFNs had an adverse effect on premiums or commissions. Legal proceedings have now concluded following the CAT's ruling.

The conditions which led to the CAT's ruling in August 2022 existed at the Balance Sheet date and therefore BGL's regulatory provision of £17.9m has been released in the year ended 30 June 2022. Further details of the regulatory provision can be found in note 19.

The Board of Directors are not aware of any other events after the reporting date requiring disclosure in these financial statements.

32. Ultimate and immediate parent companies

The Company's immediate and ultimate parent undertaking and ultimate controlling party is BHL Holdings Limited which is incorporated in Guernsey.

The largest group in which the results of the Company are consolidated is that headed by the Company itself.

33. Restatement of comparative financial information

Following a review of accounting policies at Minster Law, a decision has been made to change the accounting policy for revenue (with a resultant impact on work in progress) and distribution costs as the revised policies are considered to be as reliable, and more relevant to users of the accounts than the previous policies.

As a result of the review, the Group financial statements have been restated.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****33. Restatement of comparative financial information (continued)****Revenue recognition**

Previously variable consideration in respect of legal services contracts where a positive admission of liability had not yet been received from the third-party insurer was assessed as nil based on a 'most likely amount' basis. However, after a review of the recent track record of the business, the Directors noted that many of these contracts went on to receive positive admission of liability and hence earn revenue. As such the Directors consider that a move to an 'expected value' assessment of the variable consideration using a probability weighted approach would provide more relevant information, as this would take into account the portfolio of service contracts in assessing probability of revenue. This change in accounting policy results in a cumulative increase of work in progress on the balance sheet of £8,100,000 at 30 June 2021 in current assets and an increase in revenue recognised during 2021 of £159,000.

Distribution costs

A review of the accounting policy in respect of distribution cost recognition has been carried out. Previously certain incremental costs associated with obtaining new contracts have been expensed as incurred. The Directors have reconsidered in light of a review of the recovery period of these costs and determined that the average life is now around 18 months and as such it was more appropriate to account for these contract costs as an asset and to amortise that asset over the 18 months average contract life. The change in accounting policy has resulted in cumulative contract costs of £1,922,000 being capitalised as at 30 June 2021 with an associated increase in 2021 expenses recognised in the year of £1,562,000.

The adjusted creditors falling due within one year solely relates to changes in tax due to the adjustments stated above.

The opening equity was previously stated at £130.9m but the cumulative impact of the adjustment at that point in time was £9.3m giving a restated opening equity of £140.2m.

Profit and loss account

	Represented 30 June 2021 £m	Adjusted 30 June 2021 £m	Restated 30 June 2021 £m
Turnover	493.9	0.2	494.1
Cost of sales	(353.2)	(1.6)	(354.8)
Operating profit	131.8	(1.4)	130.4
Profit before tax	121.3	(1.4)	119.9
Tax	(26.5)	1.4	(25.1)
Profit for the financial year from continuing operations	94.8	-	94.8

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the consolidated financial statements (continued)****33. Restatement of comparative financial information (continued)****Balance sheet**

	Re-presented 30 June 2021 £m	Adjusted 30 June 2021 £m	Restated 30 June 2021 £m
Deferred tax asset	6.0	(0.1)	5.9
Trade and other receivables	643.8	10.0	653.8
Trade and other payables	542.6	0.6	543.2
Net assets	<u>177.0</u>	<u>9.3</u>	<u>186.3</u>
Capital and reserves			
Retained earnings	(322.1)	9.3	(312.8)
Total equity	<u>177.0</u>	<u>9.3</u>	<u>186.3</u>

	As reported 1 July 2020 £m	Adjusted 1 July 2020 £m	Restated 1 July 2020 £m
Deferred tax asset	4.6	(1.5)	3.1
Trade and other receivables	692.2	11.4	703.6
Trade and other payables	555.9	0.6	556.5
Net assets	<u>130.9</u>	<u>9.3</u>	<u>140.2</u>
Capital and reserves			
Retained earnings	(395.1)	9.3	(385.8)
Total equity	<u>130.9</u>	<u>9.3</u>	<u>140.2</u>


Impact on retained earnings (increase/(decrease) in retained earnings)

	30 June 2021 £m	1 July 2020 £m
Deferred tax asset	(0.1)	(1.5)
Trade and other receivables	10.0	11.4
Total assets	<u>9.9</u>	<u>9.9</u>
Trade and other payables	0.6	0.6
Total liabilities	<u>0.6</u>	<u>0.6</u>
Net impact on retained earnings	<u>9.3</u>	<u>9.3</u>

BHL (UK) Holdings Limited**Year ended 30 June 2022****Company registration number 08604368****Company statement of financial position**

	Note	2022 £m	2021 £m
Fixed assets			
Investments in subsidiaries	2	846.4	846.4
Other investments		16.7	16.8
Receivables	3	8.2	11.5
Current assets			
Receivables	3	28.2	129.7
Cash and cash equivalents		0.8	1.0
Creditors: amounts falling due within one year			
Payables	4	7.9	15.0
Provisions		-	5.0
Net current assets		21.1	110.7
Total assets less current liabilities		892.4	985.4
Capital and reserves			
Ordinary share capital	5	600.0	600.0
Retained earnings		292.4	385.4
Total equity		892.4	985.4

The financial statements were approved by the Board of Directors on 25 January 2023 and signed on its behalf by:



I R Leech
Director

The notes on pages 64 to 68 form part of these financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Company statement of changes in equity**

	Share capital £m	Retained earnings £m	Total equity £m
At 1 July 2020	600.0	324.4	924.4
Profit for the period	-	61.0	61.0
Dividend paid	-	-	-
At 30 June 2021	600.0	385.4	985.4
Profit for the period	-	258.8	258.8
Dividend paid	-	(351.8)	(351.8)
At 30 June 2022	600.0	292.4	892.4

The notes on pages 64 to 68 form part of these financial statements.

BHL (UK) Holdings Limited

Year ended 30 June 2022

Notes forming part of the company financial statements

1. Accounting policies

The Company's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out within the Group accounting policies, note 1. Accounting policies that affect the Company financial statements only are set out below. Accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

The following note is disclosed in the consolidated financial statements for BHL (UK) Holdings Limited: contingent liabilities (note 29).

Basis of preparation

The Company, a private limited company limited by shares incorporated and domiciled in England and Wales, has elected to prepare its financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of BHL (UK) Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Unless otherwise noted, the amounts shown in these financial statements are in £m.

As permitted under section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the period. The profit of the Company is disclosed in the Company statement of changes in equity.

The parent company audit fee is not disclosed in these accounts as it is disclosed in note 4 to the consolidated financial statements for BHL (UK) Holdings Limited Group.

Going concern

The financial statements have been prepared on the going concern basis.

At 30 June 2022, the Company has net current assets of £21.1m (2021: £110.7m). The Directors have reviewed the budget and cash flow forecasts of the Company for the period to 31 January 2024 and are confident that they show the Company will have sufficient resources to meet its liabilities as they fall due. Accordingly the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the company financial statements (continued)****1. Accounting policies (continued)****Intra-group financial instruments**

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Investments

In the Company's balance sheet, investments in subsidiaries are valued at cost less provision for impairment.

Impairment is measured based on the present value of expected future cash flows of the subsidiary. When a subsidiary is considered to be impaired, the profit and loss account is charged with the difference between the carrying value and the estimated recoverable amount. Reversals of impairments are only recognised where the decrease in the impairment can be objectively related to an event occurring after the write down.

Changes in the Company's ownership interest in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Dividends

Dividends on equity instruments are recognised when they become legally payable.

2. Investment in subsidiaries

	2022 £m	2021 £m
Value at start of the period	846.4	814.8
Addition in year	-	31.6
Value at end of the period	846.4	846.4

The following were the subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements:

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the company financial statements (continued)****2. Investment in subsidiaries (continued)**

Name	Proportion of ordinary share capital held		Nature of business
	2022	2021	
Bakewell Property Development Limited*	66.24%	67.25%	Dormant company
BGL Group Limited*	66.24%	67.25%	Servicing company
BGL (Holdings) Limited	66.24%	67.25%	Holding company
BHL Eurasia Limited	100%	100%	Holding company
Budget Financial Services Limited*	66.24%	67.25%	Dormant company
Budget Group Limited*	66.24%	67.25%	Dormant company
Coral Insurance Services Limited	100%	100%	Claims management
Compare the Market Limited*	66.24%	67.25%	Price comparison
Courtanet SAS* (incorporated in France)	66.24%	67.25%	Price comparison
Direct Insurance Systems Corporation Limited*	66.24%	67.25%	Dormant company
Fusion Contact Centre Services Limited*	66.24%	67.25%	Dormant company
G F Bennett (Holdings) Limited*	66.24%	67.25%	Dormant company
Hesap Kurdu Sigorta Aracnik Hizmetleri A.S.**	64.02%	64.02%	Price comparison
IGOECO Limited*	66.24%	67.25%	Dormant company
Koalay Bilisim A.S.**	95.00%	95.00%	Holding company
Koalay Com Sigorta ve Reasurans Brokerligi A.S.**	64.02%	64.02%	Insurance broker
BHL Turkey Teknoloji Anonim Sirketi**	64.02%	64.02%	Holding company
Minster Group Limited	100%	100%	Dormant company
Minster Law Limited	96.5%	96.5%	Solicitors
Sidechapel Limited	53.33%	53.33%	Holding company

Subsidiaries of BGL Group Limited disposed of during the year ended 30 June 2022:

BISL Limited	-	67.25%	Disposed 29 April 2022
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Subsidiaries of BISL Limited disposed of during the year ended 30 June 2022

ACM ULR Limited	-	67.25%	Disposed 29 April 2022
BFSL Limited	-	67.25%	Disposed 29 April 2022
BGL Direct Life Limited	-	67.25%	Disposed 29 April 2022

Subsidiaries dissolved during the year ended 30 June 2022:

Saverd Limited	-	67.25%	Dissolved 21 September 2021
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All dissolved companies in the year were dissolved via voluntary strike-off and remained dormant throughout the reporting period up to the date of dissolution.

* Indirectly held through BGL (Holdings) Limited

** Indirectly held through BHL Eurasia Limited; Konut Kredisi Com Tr Danismankik A.S. was renamed during the period BHL Turkey Teknoloji Anonim Sirketi

All subsidiaries held through BGL (Holdings) Limited with the exception of Courtanet SAS are incorporated in England and Wales and registered at Pegasus House, Bakewell Road, Orton Southgate, Peterborough, PE2 6YS.

Courtanet SAS is incorporated in France and registered at 12 Rue Mederic, 75017 Paris.

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the company financial statements (continued)****2. Investment in subsidiaries (continued)**

Koalay Bilisim A.S., Koalay Com Sigorta ve Reasurans Brokerligi A.S., BHL Turkey Teknoloji Anonim Sirketi and Hesap Kurdu Sigorta Aracnik Hizmetleri A.S. are all incorporated in Turkey and the registered addresses is Merdivenköy Mahallesi, Bora Sokak Nidakule Göztepe Blok No:1-3 İç Kapı No:58/61 Kadıköy / İstanbul.

All other subsidiaries are registered at Bath House, 16 Bath Row, Stamford, Lincolnshire, PE9 2QU.

3. Debtors

	2022	2021
	£m	£m
Current		
Amounts due from related undertakings	28.1	124.6
Other debtors	0.1	5.1
	28.2	129.7
Non-current		
Amounts due from related undertakings	8.2	11.5

4. Creditors

	2022	2021
	£m	£m
Accruals and deferred income	0.1	0.1
Other creditors	0.1	0.1
Amounts owed to related undertakings	7.7	14.8
	7.9	15.0

5. Share capital

	2022	2021
	£m	£m
Allotted, called up and fully paid		
Ordinary shares of £1 each	600.0	600.0

6. Related party transactions

The Company has taken the exemption available under paragraph 8(k) FRS 101 from the disclosure requirements of IAS 24 in relation to entities which are wholly owned members of the same group. Transactions between the Company and other related parties are disclosed below.

Transactions with the following related parties have been identified with respect to the Company:

BHL Holdings Limited	Parent company
Sidechapel Limited	Subsidiary company
BHL (SA) Holdings Limited	Fellow subsidiary of BHL Holdings Limited
BGL (Holdings) Limited	Subsidiary company
Enro Holdings Limited	Associated company
Minster Law Limited	Subsidiary company
Thingco Limited	Investee
Cogent Services Group Limited	Associated company

BHL (UK) Holdings Limited**Year ended 30 June 2022****Notes forming part of the company financial statements (continued)****6. Related party transactions (continued)**

Transactions entered into, and trading balances outstanding at 30 June 2022 with other related parties, are as follows:

	2022	2021
	£m	£m
Net related parties receivables/ (payables)		
BHL Holdings Limited	10.9	117.2
Sidechapel Limited	0.4	0.4
BHL (SA) Holdings Limited	2.1	1.7
BGL (Holdings) Limited	0.1	0.1
Enro Holdings Limited	13.0	5.0
Minster Law Limited	(7.7)	(14.3)
Thingco Limited	0.5	-
Cogent Services Group Limited	0.2	-
Net receivable	19.5	110.1
Management charge receivable		
BHL Holdings Limited	-	0.1
Minster Law Limited	0.1	0.1
Total management charge receivable	0.1	0.2
Interest receivable		
BHL Holdings Limited	0.2	0.1
Enro Holdings Limited	0.6	0.3
Total interest receivable	0.8	0.4

7. Ultimate and immediate parent companies

The Company's immediate and ultimate parent undertaking and ultimate controlling party is BHL Holdings Limited which is incorporated in Guernsey and registered at Second Floor, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

The largest group in which the results of the Company are consolidated is that headed by the Company itself.

8. Post balance sheet events

The Directors are not aware of any events after the reporting date requiring disclosure in these financial statements.