

Company number 08604368

BHL (UK) Holdings Limited

Annual Report and Financial Statements

Year ended 30 June 2021



BHL (UK) Holdings Limited

Year ended 30 June 2021

Annual report and financial statements for the year ended 30 June 2021

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Directors	S Klinkert I Leech S James I Echave
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 2021

Strategic report

The directors present the strategic report for the year ended 30 June 2021.

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 18 and show a consolidated profit for the year after taxation of £111.0m (2020 restated: £114.2m). The Directors are satisfied with the performance for the year and are confident of future prospects.

During the year, the Company has paid dividends on ordinary shares of £nil (2020: £nil).

Trading review and future developments

The Group's principal activities comprise:

- its price comparison businesses, comparethemarket.com and [LesFurets.com](https://lesfurets.com), and its Insurance Distribution and Outsourcing business ("IDO") which includes Motor & Home and Life operations (BGL (Holdings) Limited, "BGL"). From 1 July 2021, the IDO division has been renamed "BGL Insurance";
- solicitors (Minster Law Limited, "Minster Law"); and
- insurance brokerage and price comparison in Turkey.

BGL Group

The Group's principal activities comprise its price comparison divisions, comparethemarket.com and [LesFurets.com](https://lesfurets.com), and its Insurance Distribution and Outsourcing division which includes Motor & Home and Life insurance operations. From 1 July 2021, the IDO division has been renamed "BGL Insurance".

Although Covid-19 continued to impact CTM during the current year, comparethemarket.com delivered overall revenue growth supported by market recovery in Car and share gain in the second half, as well as growth in other products, such as Life and Business products. Travel restrictions remained throughout the year, impacting the normally high-volume travel insurance market. As a result, customer numbers decreased to 6.3m in the year to 30 June 2021 (2020: 7.6m).

The Group continues to invest in growth in its leading French price comparison site [LesFurets.com](https://lesfurets.com) which has achieved further revenue growth this year.

Within IDO, revised commercial contract terms with a partner was the key driver of an overall decrease in revenue of 5% revenue reduction year on year, with previous commercial terms being replaced by a transactional fee. In addition, Covid-19 was still prevalent for the entirety of the current financial year impacting claims income and very competitive New Business market also impacted revenues, however this was offset by strong renewal performance, Insurer profit share income and an improvement in Fee income.

All divisions will continue to leverage investment in marketing, data and digital capabilities to enhance and broaden product service offering and increase both customer numbers and loyalty.

During the second half of the year the Group commenced restructuring programmes relating to the devolution of certain management services currently provided by BGL Group Limited to its subsidiaries, the implementation of a revised operating model in CTM, the restructuring of central IDO functions and closure of the Wakefield office, migrating the Wakefield teams to a hub in Wakefield and the Sunderland Office. One of the Group's offices in Peterborough was also closed, with staff relocated to another office at the same site. Restructuring costs have been fully provided in the year and the carrying value of assets relating to office closures have been fully written down. The restructuring programmes are expected to be materially completed in the year ending 30 June 2022.

The Group effectively managed the impact of Covid-19 and the restructuring programmes on trading throughout the year ended 30 June 2021, and this is reflected in the increase in operating profit and profit before tax of 10% and 12% respectively.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Strategic report (continued)

BGL Group (continued)

Key performance indicators

The BGL Group's key performance indicators are:

	2021	2020	Movement
	£m	£m	
Revenue	720.0	708.8	2%
Underlying profit before taxation*	145.4	139.9	4%
	Number	Number	
comparethemarket.com customer numbers	6.3m	7.6m	(17)%
IDO intermediary customers under management	2.9m	2.9m	-

* The reconciling items with the consolidated statement of profit and loss are the movements in the regulatory provision (see note 19) and management incentive plan (see note 8).

The BGL Group's balance sheet position remains strong with significant positive operating cash flows. While the impact of the Covid-19 pandemic is still ongoing, the directors believe that the 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 Group is in a strong position to support the liquidity requirements of the business for the foreseeable future.

The price comparison and insurance intermediary sectors have 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 Group maintains a constructive and open relationship with its regulators with whom it works proactively to provide excellent customer outcomes.

Minster Law

The principal activity of the Company during the period was the provision of legal services.

The personal injury legal services industry has experienced unprecedented impacts from both Covid-19 and the implementation of the government small claim reforms. The investments made in previous years to embrace technology and deliver market leading efficiency has enabled the business to adapt quickly to the challenges presented and deliver a profit after tax of £0.5m (2020: £0.9m).

Key performance indicators

	2021	2020
	£m	£m
Turnover	28.6	34.1
Profit on ordinary activities before taxation	0.5	1.1
Gross profit %	30.8%	29.6%
Administration costs as % of turnover	28.8%	26.1%

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. Although the Group remains confident in the future of this investment it has been, and is expected to be, loss making for several years. Impairment testing has been performed and given the inherent uncertainty of estimating cash flows in the medium to long-term, it has been decided to fully impair the investment.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Strategic report (continued)

Principal risks and uncertainties

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

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

The main areas of risk the Group considers it is exposed are set out below.

Covid-19

The Covid-19 outbreak and resulting measures taken by the government to contain the virus, continued to provide operational, financial and risk challenges for the markets in which the Group operates during the year. The Group's risk management processes continued to ensure ongoing monitoring of the risks and mitigating strategies needed.

Operational risk

The Group recognises the risks arising from maintaining and changes to people, organisational structures, systems, processes, and infrastructure to support current operations and the on-going growth of the business. The Group monitors these risks on an on-going basis and puts in place appropriate controls to manage them within appetite.

Key sources of operational risk include business partner and supplier management, data security, change management, business continuity, and fraud and financial crime. The impact of the Covid-19 outbreak is set out above and in the Report of the Directors.

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.

People risk

Key sources of people risk arise from the Group's resourcing, skills and competence requirements, key person dependency and its approach to reward and recognition. The Group has in place a number of initiatives around monitoring and developing the skills and experience of key roles across the Group. A comprehensive framework of HR processes, incorporating Reward and Resourcing strategic planning, underpins a pro-active People based risk management process.

Technology risk

The Group has in place processes to manage the design, availability, capacity, performance, infrastructure failure, integrity and security of its technology assets to support both the current operations of the business and future change requirements.

The Group, along with the rest of the financial services industry, 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 Group already has in place a comprehensive framework of controls to actively manage this risk which it regularly reviews and adapts as this threat evolves.

Conduct and Regulatory risk

Conduct risk is the risk that the Group's business model, product design or sales practices do not deliver good customer outcomes or meet customer needs. The Group has in place a clearly defined framework of controls to manage conduct risk.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Strategic report (continued)

Principal risks and uncertainties (continued)

Conduct and Regulatory risk (continued)

Regulatory risk is the risk that one of the Group's regulated entities detailed below will breach the requirements of a regulator or competition authority (principal regulators are noted below):

- ACM ULR Limited, BFSL Limited, BISL Limited and Compare The Market Limited, which are authorised and regulated by the Financial Conduct Authority ("FCA"),
- Minster Law Limited is regulated by the Solicitors Regulation Authority ("SRA") and authorised and regulated by the FCA,
- Courtanet SAS, which is regulated by the Organisme pour le Registre des Intermédiaires en Assurance ("ORIAS"), and
- Koalay Com Sigorta ve Reasurans Brokerligi A.S., Hesap Kurdu Sigorta Aracilik Hizmetleri A.S. and Telesure Kurumsal Sigorta ve Reasurans Brokerligi A.S. which are regulated by The Republic of Turkey Ministry of Treasury and Finance General Directorate of Insurance.

In addition, our businesses are 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 described in the report of the directors. At BGL, management of risks relating to the Group's interactions with its customers are managed by the operating divisions with oversight being provided by dedicated Risk & Compliance functions.

The Group continues to review the legal and regulatory environment, particularly as its business model and product set evolves. It will proactively make recommendations for improvements or changes to the control environment where any changes to the risk or regulatory environment suggest these are appropriate.

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 will ban the practice of 'price-walking' in retail motor and home insurance. The Group is currently preparing to implement the new rules, the bulk of which, come into effect on 1 January 2022.

Conflicts of interest risk

Conflicts of interest risks could arise in circumstances where a duty owed to a customer conflicts with either the interests of the Group or duties owed by the Group to other customers. The Group has in place a clearly defined framework of controls to manage conflicts of interest risk.

Strategic risk

The Group is continually managing a wide variety of risks relating to its business strategy and the markets in which it operates. These include risks relating to:

- the economic environment, which can impact the overall size or structure of the markets in which the Group operates
- the insurance underwriting cycle; and
- the Group's business model and the ability to implement change to grow the Group as well as react quickly and effectively to changes in competitor and consumer behaviour in the market place.

Reputational risk

Reputational risk is the risk of adverse publicity arising from the Group's relationships with its customers, partners, suppliers and regulators. Key sources of reputational risk arise around direct interaction with consumers and the performance of the Group's affinity partner arrangements. The Group seeks to address reputational risks and also manages these risks where they arise, through established communications and public relations channels.

Exiting the European Union

Following the exit of the United Kingdom from the European Union, the Group has not seen any significant direct impact on the Group's business.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Strategic report (continued)

Principal risks and uncertainties (continued)

Litigation risk

The 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 Group's international operations and debt financing exposes it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit risks, liquidity and changes in interest rates. The Group's risk management framework applies derivative financial instruments to mitigate these risks where appropriate.

The use of derivative financial instruments by the BGL Group is governed by the BGL Group's policies approved by the BGL Board, which provide principles on the use of these instruments consistent with the BGL Group's risk management strategy. The BGL Group does not use derivative financial instruments for speculative purposes.

Further details of the Group's financial risks are provided in note 20.

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

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.

There are regular meetings and online opportunities for the BGL Group's 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 the BGL Board can take this dialogue into account when making decisions which are likely to affect their interests.

The BGL Group conducts a regular employee satisfaction and feedback survey. The BGL Board receives the results of the survey, which it considers to be a good indicator of employees' confidence in the Group's strategic direction. The BGL Board is also regularly provided with updates on other measures of employee engagement and initiatives undertaken by the BGL Group to improve employee relations.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Strategic report (continued)

Section 172 (1) statement (continued)

BGL (Holdings) Limited (continued)

The BGL Group endeavours to provide equality of opportunity in recruiting, training, promoting and career development to all, irrespective of race, ethnicity, religion, sexual orientation, gender or age. The BGL Group gives full consideration to applications for employment or appointment to the BGL Board 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 BGL Group's 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.

The BGL Group 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 BGL, BGL's people and BGL's customers. The BGL Group offers internal and external channels where 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 Group aims 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 individual business areas 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 BGL Group's purpose and values. To ensure that this is achieved whilst also complying with all applicable regulatory requirements, BGL Group provides training to all employees and frequently tests them on their knowledge. The Group promotes a strong customer culture with a range of workstreams and projects continually focussed on improving customer experience and protecting vulnerable customers.

Where the principal decisions made by BGL Group during the year lead to new, or substantially amended, products and marketing activities, the impact on customers is formally reviewed by the BGL Executive Directors and Executive Committee. Aggregate complaints data is published based on volume of complaints received and upheld, and regularly reviewing customer calls. Customer satisfaction is monitored by using Net Promoter Score (NPS), as a metric which measures how many customers would recommend a brand.

The BGL Board is dedicated to supporting communities in the UK and further afield. The BGL Board promotes funding of locally based charities, volunteering and events at BGL's sites through a dedicated corporate social responsibility (CSR) programme and corporate foundation. The BGL Group also uses match funding and payroll giving to encourage employees to raise and donate funds in the aid of good causes.

The CSR programme also develops longer-term partnerships with specific charities at home and abroad which are aligned to BGL Group's purpose, vision and values. These partnerships are designed to empower people and encourage education and entrepreneurship.

Reporting of the gender pay gap has been considered during the year at a BGL Group level, through the Remuneration Committee. The BGL Group's gender pay summary is published annually on the BGL website and a number of specific initiatives, including flexible working practices and mixed shortlisting are being constantly implemented in an effort to reduce the gap.

The BGL Group publishes a slavery and human trafficking statement for each financial year as required by the Modern Slavery Act 2015. This statement outlines the steps the BGL Group and Company 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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Strategic report (continued)

Section 172 (1) statement (continued)

BGL (Holdings) Limited (continued)

As well as formal environmental reporting, a Group-wide employee-led Mi Environment programme covers a range of issues, including reducing plastic use, energy efficiency and wildlife conservation around our sites. The Group's policies promote flexible working and aim to reduce unnecessary travel.

On behalf of the board:



I R Leech

Director

Date: 9 November 2021

BHL (UK) Holdings Limited

Year ended 30 June 2021

Report of the directors

The directors present their report together with the audited financial statements for the year ended 30 June 2021.

Results, dividends and future developments

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out and detailed within the strategic report. The financial position of the Group and Company are disclosed on their respective statements of financial position on pages 19 and 55.

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

At 30 June 2021, the Group has net current assets of £112.6m (2020: £17.9m) and the Company has net current assets of £110.7m (2020: £83.1m).

The directors have reviewed the budget and cash flow forecasts of the Group and Company for the period to 9 November 2022 and are confident that they show the Group and Company will have sufficient resources to meet their liabilities as they fall due. This assessment is based on management's analysis of liquidity stress testing and sensitivity analysis which considers a number of downside scenarios, including the potential impacts of Covid-19.

Directors

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

S Klinkert (resigned on 1 July 2020 and reappointed as alternate director to I Echave on the same date)
I Leech
S James
I Echave

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.

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 2021

Report of the directors (continued)

Corporate governance (continued)

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.

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.

For the year ended 30 June 2021 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 since the year end

Changes to the BGL Group's operating model were implemented to devolve central BGL Group activity into the operating divisions. To align the BGL Group's corporate governance structure with the changes to the Group's operating model, a restructuring of the 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 regulated companies, Compare The Market Limited and BISL Limited and its direct subsidiaries (the "Divisional Boards"), being the companies through which the Compare The Market and IDO divisions operate. The overall goal of the restructuring is to strengthen and empower the 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 Independent Group Chair, Chief Executive Officer, Chief Financial Officer and three shareholder representative Non-Executive Directors have remained as directors of the BGL Board. The BGL Board's, Audit, Risk and Remuneration Committees have been disbanded, with these Committees having been established by each of the Divisional Boards. The role of the BGL Board is to act as the holding company portfolio manager and will be complimentary to the role of the Divisional Boards. The BGL Board will continue to be responsible for setting the overall Group strategy, with oversight of all subsidiaries within the Group via regular and timely management information on all key aspects of the Group including, risks and opportunities, the financial performance of the Group, strategy, regulatory and strategy and operational matters and market conditions.

The corporate governance arrangements disclosed below were in place throughout the year ended 30 June 2021.

Purpose and leadership

The BGL Group is 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 (the "BGL Group").

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

The BGL Group's values define the BGL Group's culture and form the basis of the way in which it does business with customers, colleagues and communities. These values are well embedded across the BGL Group and are underpinned by a framework of behaviours, which set out how the BGL Group conducts itself. These behaviours are embedded into the day to day operations of the BGL Group 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, five Independent Non-Executive Directors and two shareholder representative Non-Executive Directors. The Independent Non-Executive Directors are wholly independent in that they have no material business or relationships with the company that might influence their independence or judgement.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Report of the directors (continued)

Corporate governance (continued)

BGL Board composition (continued)

In order to facilitate effective decision making and constructive challenge, the BGL Board is committed to ensuring that it remains diverse, comprising a range of perspectives, experience, knowledge and skills. Biographies for each Director can be found on the BGL Group's website <https://www.bglgroup.co.uk/about-us/bgl-board>.

The BGL Board has a Nomination Committee, which is responsible for keeping the structure, size and composition of the BGL Board and the Boards of the regulated operating subsidiaries under review and identifying and nominating for the approval of the BGL Board, 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 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 BGL Group in the development, implementation and achievement of the vision, strategy and plans, and ensuring the overall effectiveness of the Executive Team.

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

BGL Director responsibilities

The BGL Board has oversight of all subsidiaries within the BGL Group via regular and timely management information on all key aspects of the BGL Group including, risks and opportunities, the financial performance of the BGL group, strategy, regulatory and strategy and operational matters and market conditions.

During the year, certain governance responsibilities are delegated to other BGL Board committees (Audit, Risk, Remuneration, and, Nomination). These committees' responsibilities are outlined in their terms of reference, which were reviewed annually for approval by the BGL Board. Membership of these committees includes both independent Non-Executive Directors, together with the shareholder representative Non-Executive Directors, who support effective decision making and independent challenge.

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 BGL Group Executive Committee. The Committee was chaired by the Chief Executive Officer and its membership included the Chief Financial Officer and leaders of each business, Risk & Compliance, Human Resources and Technology functions.

In order to ensure that the BGL Board maintains its ability to ensure objective and effective decision making, there is a clear BGL Board procedure in place for the monitoring and, where appropriate, authorising of any potential conflicts of interest that each 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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Report of the directors (continued)

Corporate governance (continued)

BGL Director responsibilities (continued)

The BGL Board receives regular and timely information on all key aspects of the BGL Group's business. During the year, there has been an ongoing focus on developing the management information provided to the BGL Board to ensure that it is fully aligned with the evolution of the BGL Group's strategy and continues to provide timely and relevant insight to the BGL Board. As part of review of management information provided to the BGL Board, there has been an increasing degree of co-ordination of agendas and papers between the BGL Board and its committees and the Executive Team to further strengthen the integrity of information relied upon by the BGL Board.

Opportunity and risk

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

The BGL 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.

The BGL Board has 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 a number of group-level functions and committees providing oversight and challenge to the first line of defence, and the third line of defence is provided by BGL Group Internal Audit which provides independent assurance on the adequacy and effectiveness of the BGL Group's risk management and internal control framework. Risk management and audit assurance are overseen by the BGL Group Risk Committee and BGL Group Audit Committee respectively.

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

The BGL Group Audit Committee 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 Board's consideration of the integrity of the financial information upon which the BGL Board relies. The BGL Group Audit Committee was chaired by an independent Non-Executive Director.

For the principal subsidiaries, Audit & Risk Committees were established which were chaired by independent Non-Executive Directors.

Remuneration

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

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

BHL (UK) Holdings Limited

Year ended 30 June 2021

Report of the directors (continued)

Corporate governance (continued)

Remuneration (continued)

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

Stakeholder relationships and engagement

BGL's Directors act in good faith in the way most likely to promote the success of BGL 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 5.

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.

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:

		2021	2020
UK energy consumption	kWh	5,243,376	5,188,525
Scope 1 emissions	tCO ₂ e	343.4	345.5
Scope 2 emissions	tCO ₂ e	102.8	684.7
Scope 3 emissions	tCO ₂ e	-	10.2
Total	tCO₂e	446.2	1,040.4
Revenue	£m	508.2	499.7
tCO ₂ e / £m revenue	tCO ₂ e	0.9	2.1

Scope 1 – Direct greenhouse gas emissions

Scope 2 – Energy indirect emissions

Scope 3 – Other indirect emissions

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 is committed to its environmental responsibilities and during the year the Group has implemented a number of initiatives with a view to increasing the Groups' energy efficiency, such as investment in a new heating system for the BGL Group's largest office building and replacing nine inefficient boilers with high grade energy saving ones. The Group continues to have Mi Environment, a colleague-driven initiative designed to drive behavioural change throughout the organisation and the procurement of a new renewable energy provider to supply all BGL sites, resulting in no Scope 2 emissions to report in the current year.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Report of the directors (continued)****Streamlined energy and carbon reporting (continued)**

The BGL Group has partnered with an environmental change organisation, Peterborough Environment City Trust ('PECT'), who regularly monitor BGL's environmental initiatives and report on the impacts, including the reduction of single-use plastics and the implementation of a waste disposal management programme. Following a PECT audit in January 2020, the BGL Group received Bronze accreditation under the 'Investors in the Environment' certification and is now working towards achieving Silver accreditation.

Post balance sheet events

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: 9 November 2021



BHL (UK) Holdings Limited

Year ended 30 June 2021

Statement of directors' responsibilities in respect of the Strategic report, the Report of the directors and the financial statements

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 IFRSs as adopted by the EU;
- 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; and
- 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.

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.

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

Opinion

We have audited the financial statements of BHL (UK) Holdings Limited (the 'parent company' or 'company') and its subsidiaries (the 'group') for the year ended 30 June 2021 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 31, including a summary of significant accounting policies and the parent company balance sheet, and 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 requirements of 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 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance in with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 9 November 2022.

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.

Independent auditor's report to the members of BHL (UK) Holdings Limited (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 there is 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 by the parent company, 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 14, 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.

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

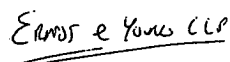
Our approach was as follows:

- 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 framework (UK GAAP).
- 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 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 that 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 non-compliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and senior management for their awareness of any non-compliance of laws and regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, and inquiring about the company's methods of enforcing and monitoring compliance with such policies. Further, 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.



Jonathan Bell (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

12 November 2021

BHL (UK) Holdings Limited**Year ended 30 June 2021****Consolidated statement of profit and loss and comprehensive income**

	Note	2021 £m	2020 £m
Revenue	3	746.3	739.5
Operating expenses		(584.1)	(587.0)
Restructuring costs	4	(7.3)	
Impairment loss	4	(6.7)	-
Operating profit		148.2	152.5
Finance income	5	1.1	1.6
Finance costs	6	(7.9)	(10.0)
Profit before tax		141.4	144.1
Taxation	7	(30.4)	(29.9)
Profit for the financial year		111.0	114.2
Profit for the year attributable to:			
Owners of the Company		73.0	73.3
Non-controlling interests		38.0	40.9
		111.0	114.2
Other items of comprehensive income that may subsequently be reclassified to profit or loss:			
Foreign currency translation reserve – movement		(1.4)	(0.1)
Comprehensive income for the year		109.6	114.1
Comprehensive income is attributable to:			
Owners of the Company		72.1	73.2
Non-controlling interests		37.5	40.9
		109.6	114.1

All activities relate to continuing operations.

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

The notes on pages 22 to 54 form part of these consolidated financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2021**

Company Registration Number 08604368

Consolidated statement of financial position

	Note	2021 £m	2020 £m
Assets			
Non-current assets			
Goodwill	9	20.9	22.8
Other intangible assets	10	89.4	79.7
Property, plant and equipment	11	45.6	58.7
Deferred tax asset	12	6.0	4.6
Other investments	13	13.4	11.1
Trade and other receivables	15	74.5	27.7
		249.8	204.6
Current assets			
Inventories	14	0.2	4.1
Trade and other receivables	15	643.8	692.2
Financial assets at fair value	20	2.9	3.9
Cash and cash equivalents	16	40.6	36.6
		687.5	736.8
TOTAL ASSETS		937.3	941.4
Equity and Liabilities			
Current liabilities			
Borrowings	17	-	129.0
Trade and other payables	18	542.6	555.7
Provisions	19	32.3	34.0
Current tax liabilities		-	0.2
		574.9	718.9
Non-current liabilities			
Borrowings	17	150.0	50.0
Provisions	19	9.3	8.0
Trade and other payables	18	26.1	33.6
		185.4	91.6
TOTAL LIABILITIES		760.3	810.5
Equity			
Ordinary share capital	21	600.0	600.0
Merger reserve	25	(594.5)	(594.5)
Foreign currency translation reserve	25	0.4	1.8
Other reserves	25	477.2	507.5
Retained earnings		(322.1)	(395.1)
Equity attributable to equity holders of Company		161.0	119.7
Non-controlling interests	23	16.0	11.2
TOTAL EQUITY		177.0	130.9
TOTAL EQUITY AND LIABILITIES		937.3	941.4

The financial statements were approved by the board of directors on 9 November 2021 and signed on its behalf by:


I R Leech
Director

The notes on pages 22 to 54 form part of these consolidated financial statements.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Consolidated statement of changes in equity

	Share capital	Merger reserve	Foreign currency translation reserve	Special reserve	Restated retained earnings	Total attributable to owners of the Company	Non-controlling interests (NCI)	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 July 2019	600.0	(594.5)	1.9	537.7	(468.4)	76.7	1.0	77.7
Profit for the year	-	-	-	-	73.3	73.3	40.9	114.2
Dividends paid	-	-	-	-	-	-	(30.4)	(30.4)
Purchase of a minority shareholding in a subsidiary	-	-	-	(30.2)	-	(30.2)	(0.3)	(30.5)
Foreign currency translation	-	-	(0.1)	-	-	(0.1)	-	(0.1)
At 30 June 2020	600.0	(594.5)	1.8	507.5	(395.1)	119.7	11.2	130.9
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	600.0	(594.5)	0.4	477.2	(322.1)	161.0	16.0	177.0

The notes on pages 22 to 54 form part of these consolidated financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Consolidated statement of cash flows**

	Note	2021 £m	2020 £m
Cash flows from operating activities			
Profit for the year		111.0	114.2
Depreciation of property, plant and equipment	11	11.7	12.3
Amortisation of intangible assets	10	27.0	23.9
Impairment losses on intangible assets	10	4.0	1.7
Impairment of goodwill	9	1.3	-
Impairment property, plant and equipment	11	6.7	-
Change in fair value of financial assets	20	1.0	(0.2)
Loss on disposal of property, plant and equipment	11	0.9	0.3
Loss on disposal of intangible assets	10	0.3	0.4
Finance income	5	(1.1)	(1.6)
Finance costs	6	7.9	10.0
Tax expense	7	30.4	29.9
Loss of associates		2.8	-
		<u>203.9</u>	<u>190.9</u>
Changes in:			
Inventories	14	3.9	(2.2)
Trade and other receivables	15	(0.7)	(9.6)
Trade and other payables	18	(15.7)	(21.4)
Provisions	19	(0.4)	6.8
Cash generated from operating activities		<u>191.0</u>	<u>164.5</u>
Tax paid		(31.3)	(43.3)
Net cash generated from operating activities		<u>159.7</u>	<u>121.2</u>
Cash flows from investing activities			
Acquisition of investments		(5.1)	(10.5)
Acquisition of property, plant and equipment	11	(6.3)	(7.5)
Acquisition of intangible assets	10	(41.4)	(36.7)
Acquisition of shares from minority interest		(30.8)	(30.2)
Net cash used in investing activities		<u>(83.6)</u>	<u>(84.9)</u>
Cash flows from financing activities			
Finance income	5	0.6	1.6
Finance costs	6	(5.8)	(7.5)
Movement in borrowings	17	(29.0)	12.7
Equity dividends paid	24	(32.8)	(30.4)
Payment of lease principal		(4.8)	(4.5)
Cash flow from financing activities		<u>(71.8)</u>	<u>(28.1)</u>
Change in cash and cash equivalents		<u>4.3</u>	<u>8.2</u>
Cash and cash equivalents at beginning of year	16	36.6	28.7
Exchange rate differences		(0.3)	(0.3)
Cash and cash equivalents at end of the year	16	<u>40.6</u>	<u>36.6</u>

The notes on pages 22 to 54 form part of these consolidated financial statements.

BHL (UK) Holdings Limited

Year ended 30 June 2021

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 limited by shares 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 adopted by the European Union ("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 directors regard the Group's activities as price comparison services, insurance distribution and outsourcing and legal services.

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.

For each business combination, the Group elects to measure any non-controlling interest in the acquiree at their proportionate share of the acquiree's identifiable net assets. Changes in the Group's interest in a subsidiary that does not result in a loss of control are accounted for as transactions with owners in their capacity as owners.

Results of subsidiary undertakings and branches acquired during the financial period are included in the Group statement of comprehensive income from the effective date in which control passes. The separable net assets of newly acquired subsidiary undertakings are incorporated into the financial statements on the basis of the fair value to the Group as at the effective date of control. Acquired goodwill is capitalised and its subsequent measurement (via annual impairment review) is determined based on the individual circumstances of each business acquired.

The Group sells certain trade receivables subject to instalment collection arrangements to the structured entity, BGL Receivables Financing (1) Limited, for securitisation. The Group does not hold any share capital with voting rights or have any directors on the board of the structured entity. The relationship between the Group and the structured entity however meets the control criteria for consolidation under IFRS 10, and hence BGL Receivables Financing (1) Limited is consolidated in the Group consolidated financial statements.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

Basis of consolidation (continued)

Based on the securitisation agreement the receivables sold by the Group to the structured entity are not eligible for funding in full. Deferred purchase price is only to be received by the Group upon full repayment of the receivables sold. Therefore, the bad debt risk of the receivables is largely borne by the Group and the relevant activity that significantly affects the Group's return is management of receivables in default.

Going concern

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

At 30 June 2021, the Group has net current assets of £112.6m (2020: £17.9m) and the Company has net current assets of £110.7m (2020: £83.1m).

The directors have reviewed the budget and cash flow forecasts of the Group and Company for the period to 9 November 2022 and are confident that they show the Group and Company will have sufficient resources to meet their liabilities as they fall due. This assessment is based on management's analysis of liquidity stress testing and sensitivity analysis which considers a number of downside scenarios, including the potential impacts of Covid-19.

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.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

Financial instruments

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

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. 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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

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.

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.

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.

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.

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.

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". The following specific recognition criteria must also all be met before revenue is recognised: the outcome can be reliably measured, the stage of completion can be reliably measured, and positive admission of liability has been received from the third party insurer.

Turnover is shown exclusive of value added tax.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

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.

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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

Other intangible assets (continued)

Software development (continued)

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.

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.

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 a charge to the statement of profit and loss in the year of impairment.

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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

Property, plant and equipment (continued)

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.

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 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 cases (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. No work in progress is recognised until a positive admission of liability has been received from the third-party insurer. 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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

Provisions

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.

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.

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 relates to restructuring activities within the group, relating to: the operation of the BGL Group's divisions, IDO, CTM and LesFurets.com as separate entities with devolution of certain management services provided by BGL Group Limited to its subsidiaries; restructuring of central IDO 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 BGL Group in 2021 when the provision was recognised in its financial statements. The restructuring is expected to be materially completed by 2022.

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.

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.

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 is 2.3%.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

1. Accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

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.

Revenue – Instalment income

Instalment fees are allocated between the fair value of providing credit and commission at the point of arrangement. The total value of instalment income deferred at the balance sheet date is £11.2m (2020: £12.6m). The key assumptions made by management is the estimate of fair value of income to allocate to the financing arrangement. In making this estimate, management considers all reasonably available information such as market conditions, entity specific factors and information about the customer or class of customer.

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 cash 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 £85.6m (2020: £72.7m).

Deferred Acquisition Costs

The Group recognises an asset in respect to insurance policy acquisition costs in anticipation that a certain proportion of the policies will renew annually. The total value of these deferred acquisition costs at the balance sheet date is £11.3m (2020: £9.5m). The key assumptions made by management in assessing the deferred acquisition cost asset is the future proportion of policies that will renew which may differ from actual results and could therefore lead to a different future value. Uncertainty around the way in which the market will respond to the remedies arising from the FCA General Insurance Pricing Practices Market Study which come into effect on 1 January 2022 could increase the difference between management's estimate of the future proportion of policies that will renew and actual results, and could lead to an impairment.

BHL (UK) Holdings Limited

Year ended 30 June 2021

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 £110.3m (2020: £102.5m). 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. Uncertainty around the way in which the market will respond to the remedies arising from the FCA General Insurance Pricing Practices Market Study which come into effect on 1 January 2022 could increase the difference between management's assumptions and actual results, and could lead to an impairment.

Legal services work in progress

The Company 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 cases. A number of judgements, assumptions and estimates are made by management in determining whether to recognise legal claims as part of revenue and in estimation of the value of the work carried out in the period. Management determine the key assumptions attributed to the stage of completion of each case, by reference to key milestones in the process, the percentage of cases that will ultimately be settled in our clients' favour, and the expected consideration receivable by the Company in relation to each case, all supported by historical settlement patterns. Income is only recognised on cases where an admission of liability has been received from the third-party insurer, as this gives more certainty to the Company as to recoverability of its costs.

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 £17.9m (2020: £15.8m).

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 £1.5m (2020: £1.5m) arise from a related party in Australia and £0.1m (2020: £0.1m) from other related parties.

	2021	2020
	£m	£m
Brokerage and fee income	243.5	261.8
Price comparison	465.2	440.1
Legal services	29.0	35.5
Other income	8.6	2.1
	746.3	739.5

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****3. Revenue from contracts with customers (continued)****(ii) Contract balances**

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

	2021	2020
	£m	£m
Value at start of the period	103.8	91.5
Revenue recognised	514.3	496.2
Transferred to receivables	(509.2)	(483.8)
Loss allowance	(0.1)	(0.1)
Value at the end of the period	108.8	103.8

Contract assets consists of £104.6m accrued income (2020: £84.5m) and £4.2m of certain other debtor balances (2020: £19.3m). 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 2021. 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:

	2021	2020
	£m	£m
Value at start of the period	21.4	22.0
Recognised in revenue	(16.5)	(14.8)
Contract liabilities recognised	12.4	14.2
Value at the end of the period	17.3	21.4

Contract liabilities consist of £16.6m deferred income (2020: £20.6m) and £0.8m other payables (2020: £0.8m). The amount of revenue recognised in 2021 from performance obligations satisfied (or partially satisfied) in previous periods is £nil (2020: £nil).

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****3. Revenue from contracts with customers (continued)****(iii) Assets recognised from costs to obtain a contract**

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

	2021	2020
	£m	£m
Value at start of the period	9.9	8.9
Asset recognised from costs incurred	16.4	14.2
Amortisation	(14.7)	(13.2)
Value at the end of the period	11.6	9.9

At 30 June 2021 £11.35m (2020: £9.5m) of these assets relate to deferred acquisition costs. The above costs are held within prepayments on the balance sheet.

4. Operating profit

Operating profit is stated after charging the following:

	2021 £m	2020 £m
Restructuring costs	7.3	-
Impairment loss related to corporate restructuring	6.7	-
Impairment of goodwill	1.3	-
Impairment of intangible assets	4.0	1.7
Amortisation of intangible assets	27.0	23.9
Depreciation of plant, property and equipment	11.7	12.3
Loss on disposal of intangible assets	0.3	-
Loss on disposal of plant, property and equipment	0.9	0.3
Auditor fees - fees for the audit of the Company	-	-
Auditor fees - fees for the audit of the Company's subsidiaries	0.6	0.7
Foreign exchange movements	0.7	0.8
Impairment of trade and other receivables	4.3	7.5

Restructuring costs of £7.3m (2020: £nil) relate to a restructuring programme relating to the operation of the BGL Group's divisions, IDO, CTM and Les Furets as separate entities with devolution of certain management services provided by BGL Group Limited to its subsidiaries; restructuring of central IDO 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 Company has incurred an impairment loss of £6.7m (2020: £nil) 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.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****5. Finance income**

	2021	2020
	£m	£m
Interest on bank deposits	0.1	0.4
Interest on loans to related parties	0.4	0.5
Other finance income	0.6	0.7
	1.1	1.6

6. Finance costs

	2021	2020
	£m	£m
Interest and charges on bank borrowings	5.8	7.3
Other finance costs	1.5	2.0
Interest on lease liabilities	0.6	0.7
	7.9	10.0

7. Tax expense

	2021	2020
	£m	£m
Current tax expense		
UK corporation tax	30.6	30.3
Adjustments in respect of prior year	1.2	0.1
	31.8	30.4
Deferred tax expense (see note 12)		
Charged to the statement of profit and loss	(1.0)	(0.1)
Adjustments in respect of prior year	(0.4)	(0.4)
	(1.4)	0.5
Tax expense	30.4	29.9

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 18.6% (2020: 18.24%). 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 2021****Notes forming part of the consolidated financial statements (continued)****7. Tax expense (continued)**

	2021 £m	2020 £m
Profit for the year	111.0	114.2
Tax expense	30.4	29.9
Profit before tax	141.4	144.1
Tax at the domestic rate of 19.0% (2020: 19.0%)	26.9	27.4
Effect of tax rates in foreign jurisdictions	(0.6)	(0.9)
Effects of:		
Adjustments in respect of prior year	0.8	(0.3)
Expenses not deductible for tax purposes	0.8	0.4
Income not taxable	(1.6)	(0.4)
Losses carried forward for which deferred tax is not provided	4.3	3.4
Other movements	(0.2)	0.3
Tax expense	30.4	29.9

A UK corporation tax rate of 19% (effective 1 April 2020) was enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future current tax charge accordingly. The deferred tax asset at 30 June 2021 has been calculated at 19%, reflecting the expected timing of reversal of the related timing differences (2020: 19%).

8. Employees

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

	2021 Number	2020 Number
Contact centre staff	1,154	1,314
Management, business development and support services	2,101	2,051
Legal services	183	221
	3,438	3,586

The aggregate remuneration comprised:

	2021 £m	2020 £m
Wages and salaries	135.9	124.7
Social security costs	15.4	14.9
Pension costs	12.6	12.1
	163.9	151.7

Wages and salaries includes a credit of £0.7m relating to share based payments. See note 22 for further details.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****9. Goodwill**

	£m
Cost	
At 1 July 2019	22.9
Effect of movements in exchange rates	(0.1)
At 30 June 2020	22.8
Effect of movements in exchange rates	(0.6)
At 30 June 2021	22.2
Accumulated impairment	
At 1 July 2019, 30 June 2020	-
Charge for the year	1.3
At 30 June 2021	1.3
Carrying amount	
At 30 June 2021	20.9
At 30 June 2020	22.8

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

Of the goodwill held at 30 June 2021 £2.8m (2020: £3.0m) has been allocated to the LesFurets.com operating segment, £17.1m (2020: £17.1m) has been allocated to the Motor & Home operating segment (part of 'Insurance Distribution and Outsourcing' business) and £1.0m (2020: £1.4m) allocated to the Turkish subsidiaries. In the year £1.3m allocated to the comparethemarket.com operating segment has been impaired.

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 (2020: 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% (2020: 2%) representing management's assessment of the long term growth rate for the Group's mature businesses; and
- A discount rate of 20% (2020: 20%) for the LesFurets.com CGU and 10% (2020: 10%) for the Motor & Home CGU.

Sensitivity analyses have been carried out based on an increase of discount rate to 25% for the LesFurets.com CGU, 15% for the Motor & Home CGU, reduction of long term growth rate to 1% and on the basis of no growth from FY 2020 for the Motor & Home operating segment. 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 2021

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 2019	124.7	17.7	34.7	177.1
Additions	0.2	36.2	0.3	36.7
Transfers	23.7	(23.7)	-	-
Disposals	(14.9)	(0.1)	-	(15.0)
Effect of movements in exchange rates	0.4	-	-	0.4
At 30 June 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
Accumulated amortisation				
At 1 July 2019	76.9	-	31.2	108.1
Charge for the year	21.5	-	2.4	23.9
Disposals	(14.6)	-	-	(14.6)
Impairment	1.7	-	-	1.7
Effect of movements in exchange rates	0.4	-	-	0.4
At 30 June 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
Net book value				
At 30 June 2021	44.5	42.5	2.4	89.4
At 30 June 2020	48.2	30.1	1.4	79.7

An impairment expense of £4.0m (2020: £1.7m) has been recognised during the year.

There are no commitments to purchase intangible assets at the reporting date (2020: £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 2021

Notes forming part of the consolidated financial statements (continued)

11. Property, plant and equipment

	Land and buildings (restated*)	Leasehold improvements and fixtures and fittings	Office equipment	Computer equipment	Total
	Owned	Leased			
	£m	£m	£m	£m	£m
Cost					
At 1 July 2019 (restated*)	6.9	48.9	21.1	7.6	113.8
Additions	-	-	3.7	1.1	7.5
Disposals	-	-	(1.8)	(1.7)	(6.5)
Lease modifications	-	(0.5)	-	-	(0.5)
Effect of movements in exchange rates	-	0.1	(0.1)	-	-
At 30 June 2020	6.9	48.5	22.9	7.0	114.3
Additions	-	-	1.5	0.8	6.3
Disposals	-	(0.1)	(3.3)	(0.4)	(13.2)
Effect of movements in exchange rates	-	(0.3)	-	-	(0.3)
At 30 June 2021	6.9	48.1	21.1	7.4	107.1
Accumulated depreciation					
At 1 July 2019	1.0	13.5	10.9	4.3	49.5
Charge for the year	0.3	4.3	2.6	0.8	12.4
Disposals	-	-	(1.7)	(1.6)	(6.3)
Effect of movements in exchange rates	-	0.1	-	(0.1)	-
At 30 June 2020	1.3	17.9	11.8	3.5	55.6
Charge for the year	0.3	4.1	2.5	0.9	11.7
Disposals	-	-	(3.2)	(0.4)	(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	61.5
Net book value					
At 30 June 2021	3.1	22.5	9.4	3.3	45.6
At 30 June 2020	5.6	30.6	11.1	3.5	58.7

Impairment charges totalling £6.7m have been 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 Group had £0.1m of capital commitments at the reporting date (2020: £1.0m).

Leased land and buildings relates to right-of-use assets recognised by the Group.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****12. Deferred tax asset**

	2021 £m	2020 £m
Property, plant and equipment	1.6	1.7
Other temporary differences	4.4	2.9
Deferred tax asset	6.0	4.6
Deferred tax asset at the start of the year	4.6	2.4
Recognised in income	1.0	0.1
Adjustment in respect of prior year	0.4	2.1
Deferred tax asset at the end of the year	6.0	4.6

At 30 June 2020, included within the adjustment in respect of prior year's comparative is £1.7m that relates to a reclassification of an amount that was previously included in the corporation tax receivable balance.

The Group has £31.1m (2020: £29.6m) of unrecognised deferred tax assets related to LesFurets.com tax losses and £0.7m (2020: £1.0m) 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 2019	1.5	0.9	2.4
Recognised in income	-	0.1	0.1
Adjustment in respect of prior year	0.2	1.9	2.1
At 30 June 2020	1.7	2.9	4.6
Recognised in income	0.2	0.8	1.0
Adjustment in respect of prior year	(0.3)	0.7	0.4
At 30 June 2021	1.6	4.4	6.0

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****13. Other investments**

	2021 £m	2020 £m
Interests in associates	13.4	11.1

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

	2021 £m	2020 £m
Carrying amount of interests in associates	13.4	11.1
Share of loss from continuing operations	3.4	0.6

14. Inventories

	2021 £m	2020 £m
Finished goods	0.2	4.1

Finished goods relate to inventory held for customer reward schemes.

During the year, costs of £8.5m (2020: £2.1m) were recognised in operating expenses as goods were dispatched. A provision for impairment of £0.6m (2020: £0.4m) is recorded against inventory.

15. Trade and other receivables

	2021 £m	2020 £m
Current		
Trade receivables	395.7	440.4
Amounts due from related undertakings	118.5	98.5
Corporation tax receivable	2.8	3.5
Accrued income	72.8	65.2
Other debtors	31.0	30.7
Prepayments	23.0	53.9
	643.8	692.2

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****15. Trade and other receivables (continued)**

	2021	2020
	£m	£m
Non-current		
Accrued income	33.4	20.1
Other debtors	0.5	1.8
Prepayments	35.7	5.5
Amounts due from related undertakings	4.9	0.3
	74.5	27.7

Trade receivables are shown net of a provision for credit losses of £4.2m (2020: £5.3m). Included within other debtors is £1.7m (2020: £2.2m) which represents credit losses expected to be recovered from affinity partners.

The Group has provided for balances which are unlikely to be recovered taking into consideration quantitative and qualitative information regarding the payment history of customers. In relation to a single class of instalment receivables recognised within trade receivables the Group applied a weighted average loss rate of 0.72% (2020: 0.82%) to policies arranged during the year which are paid by instalment.

Movements in the provision for credit losses were as follows:

	2021	2020
	£m	£m
Value at start of the period	(5.3)	(5.9)
Increase in provision	(4.3)	(7.5)
Utilisation	1.2	4.4
Amounts sold	1.8	2.5
Amounts recovered	2.2	1.2
Value at end of the period	(4.4)	(5.3)

Trade debtors include work in progress relating to legal services contracts of £17.9m (2020: £15.8m). 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 2021 £21.5m (2020: £24.7m) remained within trade debtors after £3.5m (2020: £4.4m) had been offset with trade creditors.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****16. Cash and cash equivalents**

	2021 £m	2020 £m
Restricted cash and cash equivalents	11.8	11.8
Cash and cash equivalents	28.8	24.8
	40.6	36.6

Cash of £11.0m (2020: £11.0m) has been notionally 'ring-fenced' for regulatory purposes. Remaining restricted cash of £0.8m (2020: £0.8m) relates to collateral held as part of a customer contract. Cash of £nil (2020: £nil) is restricted under the arrangement with BGL Receivables Financing (1) Limited, the securitisation structured entity, within the BISL Limited subsidiary.

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 £3.3m (2020: £3.8m) 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.

	2021 £m	2020 £m
A+	26.2	15.4
A	13.6	20.5
Below A or not rated	0.8	0.7
	40.6	36.6

17. Borrowings

	2021 £m	2020 £m
Current		
Bank loans and overdrafts due within one year or on demand:		
Bank loans	-	29.0
Asset-based securitised financing	-	100.0
	-	129.0
Non-current		
Bank loans due beyond one year:		
Bank loans	150.0	50.0
	150.0	50.0

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

17. Borrowings (continued)

Asset-based securitised financing is secured on certain instalment debtors disclosed in trade and other receivables. The amount of receivables on which the financing is secured varies depending upon concentration percentages prescribed under the agreement with the finance company.

The BGL Group has access to three debt facilities: a £175.0m (2020: £300.0m) revolving credit facility, a £100.0m (2020: £nil) term loan and a £125.0m (2020: £100.0m) securitisation facility. As at 30 June 2021 £nil (2020: £29.0m) was drawn under the revolving credit facility, £100.0m was drawn on the term loan (2020: £nil), and £nil (2020: £100.0m) was drawn under the securitisation. The facilities are due to mature in June 2024. The Group holds a £50.0m (2020: £50.0m) fixed rate senior note from a third party which was fully drawn down at the period end and is due to mature in April 2025. Bank loans are denominated in Sterling and bear interest based on SONIA. The fixed rate senior note is fixed against 7 year UK Gilt.

18. Trade and other payables

	2021 £m	2020 £m
Current		
Trade payables	428.5	448.6
Amounts due to related undertakings	-	0.1
Other payables	23.7	14.1
Accruals	71.2	71.7
Deferred income	14.6	16.6
Lease liabilities	4.6	4.6
	542.6	555.7
Non-current		
Accruals	-	0.7
Deferred income	2.0	4.0
Lease liabilities	24.1	28.9
	26.1	33.6

The Group receives upfront cash payments from one affinity partner to compensate the Group for its initial cash outlay when purchasing insurance policies but where the policy holder makes payment by instalments over 12 months.

At 30 June 2020 £40.0m of upfront cash was reported within trade payables to be settled on a net basis with the affinity partner. At 30 June 2021 the cash has been fully repaid.

Trade creditors include £17.3m (2020: £22.1m) in respect of disbursements where there is a contractual obligation to pay the supplier regardless of whether the disbursement is recovered.

There is no material difference between the fair value of trade and other payables, accruals, deferred income and amounts due to group companies and their carrying amount.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****19. Provisions**

	Restructuring provision	Regulatory provision	Dilapidations	Clawback provisions	Total £m
At 1 July 2020	-	25.0	2.0	15.0	42.0
Increase in provision	6.4	-	0.1	11.9	18.4
Utilisation	(1.9)	-	-	(13.1)	(15.0)
Decrease in provision	-	(2.1)	-	(1.0)	(3.1)
Unwinding of discounting	-	-	-	(0.7)	(0.7)
At 30 June 2021	4.5	22.9	2.1	12.1	41.6
Current provisions	4.5	22.9	0.1	4.8	32.3
Non-current provisions	-	-	2.0	7.3	9.3
At 30 June 2021	4.5	22.9	2.1	12.1	41.6

The Group recognises a provision for the estimated costs for dilapidations that may become payable under the terms of current leasehold property contracts at the end of the lease. The costs are accrued over the life of the lease and reassessed each year.

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.

In November 2020, the Competition and Markets Authority ('CMA') announced that the use by Compare The Market Limited of wide most favoured nation ('MFN') clauses broke competition law. The CMA has imposed a financial penalty of £17.9m on the BGL Group for the infringements and a provision for this amount is recognised on the BGL balance sheet. The Group does not recognise the CMA's analysis of the home insurance market and fundamentally disagrees with the CMA's findings. The Group has therefore appealed the CMA's decision to the Competition Appeal Tribunal. An additional provision is held by BHL (UK) Holdings Limited for indemnities payable to a minority shareholder in BGL in these circumstances.

The restructuring provision relates to restructuring activities within the group, relating to: the operation of the BGL Group's divisions, IDO, CTM and LesFurets.com as separate entities with devolution of certain management services provided by BGL Group Limited to its subsidiaries; restructuring of central IDO 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 in the second half of the current financial year and a provision was recognised in the financial statements. The restructuring is expected to be materially completed in the year ending 30 June 2022.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

20. Financial instruments

Financial assets at fair value through profit or loss

At 30 June 2021, £2.9m (2020: £3.9m) represents the fair value of total trail commission receivable from product providers where no subsequent servicing obligations exist under the contracts.

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. A 10% reduction or increase in the lapse rate would require an adjustment of £0.2m. An increase in the discount rate to 10% would require an adjustment of £0.7m.

Financial assets at fair value through profit or loss (continued)

The following table sets out a reconciliation of opening and closing balances for these assets.

	2021	2020
	£m	£m
Value at start of the period	3.9	3.7
Purchases	0.1	0.1
Changes in lapses	(0.5)	0.3
Settlements	(0.6)	(0.2)
Value at end of the period	<u>2.9</u>	<u>3.9</u>

The net credit to revenue in 2021 was £0.4m (2020: net debit to revenue of £0.2m).

The directors are of the opinion that the carrying value of the financial instruments held approximate to the fair value.

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 of £4.4m (2020: £5.3m) are held at the year end.

Of the insurance receivables past due but not yet written off, 82.9% (2020: 88.2%) are less than 30 days overdue, 14.4% (2020: 10.8%) are overdue by 31-60 days and 2.7% (2020: 1.0%) are overdue by more than 60 days. The latter category is comprised substantially of individuals with whom the Group has entered agreed repayment plans.

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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

20. Financial instruments (continued)

Short-term deposits (continued)

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 (2020: £300.0m) revolving credit facility, of which £175.0m (2020: £271.0m) was undrawn at the period end, a £100.0m (2020: £0.0m) term loan, of which £nil (2020: n/a) was undrawn at the period end and a £125.0m (2020: £100.0m) securitisation facility that is secured on certain instalment receivables, of which £125.0m (2020: £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 (2020: £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 28.

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
Net equity 30 June 2021	182.5	(7.2)	1.7	177.0
Net equity 30 June 2020	129.9	4.3	1.7	135.9

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 2021	(0.7)	0.8
Total equity at 30 June 2020	0.4	(0.5)

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

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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

20. Financial instruments (continued)

Short-term deposits (continued)

Foreign exchange risk (continued)

At 30 June 2021 the Group had commitments to purchase foreign currency totalling USD 0.4m (2020: USD 5.0m). This commitment matured on 30 July 2021.

At 30 June 2021 the Group had committed to purchase £nil (2020: £13.5m) and foreign currency of EUR nil (2020: EUR nil) and to sell £nil (2020: £nil) and foreign currency of EUR nil (2020: EUR 15.1m). A net liability of £nil (2020: £0.3m) arising from these commitments was recognised within other payables. The last of these arrangements matured on 30 July 2021.

During the year the Group entered into a series of foreign exchange swap arrangements, all of which had matured by 30 June 2021.

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 exclusively at floating rates. Interest on asset-based securitised financing is charged at a fixed premium added to a market rate which is either SONIA or an equivalent commercial paper rate (that is typically similar to SONIA). Interest on sterling-denominated bank balances is charged at Bank of England base rate plus a fixed premium. The Group is therefore exposed to interest rate movements.

Sensitivity to a 10 basis point negative variance on the external weighted average interest rate for the Group for the financial year is an approximate £0.1m adverse (2020: £0.1nil adverse) impact on Group profit and equity.

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:

	2021 £m	2020 £m
Lease liabilities		
Within one year	4.7	4.6
One to five years	14.5	16.0
More than five years	9.5	13.2
	28.7	33.8

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

20. Financial instruments (continued)

Short-term deposits (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

	2021 £m	2020 £m
Alloted, 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

BGL (Holdings) Limited has in issue C and D shares held by executive directors and certain employees under a Long Term Incentive Plan ('LTIP') arrangement. The C and D shares accrue rights to the extent that the Company's earnings before interest, tax, depreciation and amortisation (EBITDA) increases by at least a cumulative 10% per annum over the measurement periods show below:

	Class of share	
	C shares	D shares
Start date for all measurement periods	1 July 2017	1 July 2017
End date of the first measurement period	30 June 2020	30 June 2020
End date of the second measurement period	30 June 2021	30 June 2021
End date of the third measurement period	30 June 2022	30 June 2022

The C and D shares become 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 will crystallise on at 30 June 2022, 30 June 2023 and 30 June 2024 for C shares. For D shares, the entitlement will crystallise on at 30 June 2024, 30 June 2025 and 30 June 2026. Participants must 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 will vest if the minimum performance threshold is not reached.

There are 'put and call' option arrangements enabling either the Company or participant to sell the shares for cash. The LTIP awards are accounted for as a cash-settled share based payment with the fair value of the liability as at 30 June 2020 recognised within trade and other payables.

The fair value of the cash liability is measured using a Black-Scholes model, taking into account the terms and conditions attached to the arrangement. The model takes into account historical and expected dividends and the share price volatility of the Group relative to that of its competitors.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****22. Share based payments (continued)**

Details of the liabilities arising were as follows.

	2021	2020
	£m	£m
Total carrying amount of liabilities	-	(0.7)
Total intrinsic value of liabilities for vested benefits	-	-

The number of shares are as follows:

	2021	2020
Number of shares as at 1 July	5,304	7,730
Forfeited during the year	(400)	(3,000)
Granted during the year	-	574

Number of shares as at 30 June

4,904	5,304
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Exercisable at the end of the year

-	-
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C and D shares do not carry an exercise price, therefore the weighted average share price of shares exercised during the period was £nil. No options expired during the period.

Valuation model and key assumptions used

The following table lists the materially significant inputs to the Black Scholes model used to determine fair value of cash-settled shares as at the year ended 30 June 2021:

	2021		
	Tranche 1	Tranche 2	Tranche 3
Fair value	£0.01	£0.01	£0.01
Dividend yield	4.44%	4.44%	4.44%
Expected volatility	29.17%	49.45%	55.73%
Risk free interest rate	(0.03%)	(0.05%)	(0.18%)
Expected life	1 year	2 years	3 years
Share price	£0.01	£0.01	£0.01

	2020		
	Tranche 1	Tranche 2	Tranche 3
C and D share fair value	£1,233	£1,204	£1,176
Dividend yield	2.35%	2.35%	2.35%
Expected volatility	47.47%	53.26%	60.13%
Risk free interest rate	(0.09%)	(0.07%)	(0.07%)
Expected life	2 years	3 years	4 years
C and D share price	£1,292	£1,292	£1,292

The expected volatility reflects the assumption that the historical volatility of peer group companies over a period similar to the life of the instrument is indicative of future trends, which may not necessarily be the actual outcome. The expected life of the instruments are aligned to the 'put and call' option arrangements discussed above.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****23. Non-controlling interest**

	2021 £m	2020 £m
Value at the start of the year	11.2	1.0
Share of profit for the year	38.0	40.9
Dividends paid	(32.8)	(30.4)
Purchase of a minority shareholding in a subsidiary	(0.4)	(0.3)
Value at the end of the year	16.0	11.2

24. Dividends

	2021 £m	2020 £m
<i>Declared and paid during the year by BHL UK Holdings Limited</i>		
Equity dividends on ordinary shares:		
Dividend for 2021: £nil	-	-
Dividend for 2020: £nil	-	-
<i>Declared and paid during the year by BGL Holdings Limited</i>		
Equity dividends on ordinary shares:		
Interim dividend for 2021: £11.80	19.4	19.4
Interim dividend for 2021: £8.20	13.4	11.0
Interim dividend for 2020: £11.20	-	-
Interim dividend for 2020: £6.50	-	-
Dividends paid	32.8	30.4

25. 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 £0.4m (2020: £1.8m) is recognised by the Group.

Merger reserve

A merger reserve of £594.5m (2020: £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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

25. Reserves (continued)

Other reserves

Other reserves of £477.2m (2020: 507.5m) comprise the gains or losses on share transactions with minority interests of BGL (Holdings) Limited and Minster Law Limited. During the 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) (2020: £30.7m loss). During the 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). (2020: £0.5m gain).

26. Pension commitments

The pension cost represents contributions payable by the Group and amounted to £12.6m (2020: £12.1) in the year. At the reporting date £1.2m (2020: £1.1m) was owed by the Group.

All companies within the Group offer defined contribution pension schemes to their employees.

27. Commitments under operating leases

Group as a lessee

The Group has lease contracts for a number of office buildings and call centres. Leases of land and buildings generally have lease terms between 3 to 15 years, with an option to renew the lease after the expiry date. Lease expiry dates range from January 2022 to December 2031. Four of the leases have exercisable break clauses in 2023, 2024, 2026 and 2027 respectively. 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 disclosed in 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 (2020: £0.1m).

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

27. Commitments under operating leases (continued)

Group as a lessor (continued)

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

	2021	2020
	£m	£m
Within one year	-	-
After one year but not more than five years	0.1	0.1
	<u>0.1</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.

28. Contingent liability

The BGL Group has access to substantial committed debt facilities, BGL (Holdings) Limited and BGL Group Limited can access a £175.0m (2020: £300.0m) revolving credit facility and the £100.0m (2020: £nil) term loan. A £50.0m (2020: £50.0m) senior note is outstanding in the name of BGL (Holdings) Limited. Under the terms of these facilities BGL (Holdings) Limited, BGL Group Limited, BISL Limited, BFSL Limited, ACM ULR Limited and Compare The Market Limited, provide a joint and several guarantee. At 30 June 2021 the drawn balance under these facilities, and therefore maximum exposure to this contingent liability, was £150.0m (2020: £79.0m).

The Group's companies and businesses 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.

BGL (Holdings) Limited has joint and several liability under the group VAT registration and joint liability under the group payment arrangement in relation to corporation tax.

29. 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
BHL Management Services Limited	Fellow subsidiary of BHL Holdings Limited
BHL Minorities Limited	Sister company of BHL Holdings Limited
Canada Pension Plan Investment Board	Minority shareholder of subsidiary
Reef Management Services Limited	Common shareholder
BHL (SA) Holdings Limited	Fellow subsidiary of BHL Holdings Limited
A Ziyal	Director of a subsidiary
Telesure Kurumsal	Associate of a subsidiary
BGL Receivables Financing (1) Limited*	Securitisation structured entity
Enro Holdings Limited	Associated company

* BGL Receivables Financing (1) Limited, a securitisation structured entity, was incorporated on 29 January 2016. The Group does not hold any share capital with voting rights or have any directors on the board of directors of the structured entity. The relationship between the Group and the structured entity meets the control criteria for consolidation under IFRS 10, and hence BGL Receivables Financing (1) Limited is consolidated in the Group consolidated financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the consolidated financial statements (continued)****29. Related party transactions (continued)**

	2021	2020
	£'000	£'000
Net related parties receivables		
BGL Receivables Financing (1) Limited	319.2	257.7
BHL Holdings Limited	117.2	97.2
A Ziyal	0.2	0.2
Telesure Kurumsal	0.1	0.1
BHL (SA) Holdings Limited	1.7	1.5
Enro Holdings Limited	5.0	-
Net receivable	443.4	356.7
Royalty income		
Compare the Market Pty Limited	1.5	1.5
Management charge receivable		
BHL Holdings Limited	0.1	-
BHL Management Services Limited	-	0.1
Total management charge receivable	0.1	0.1
Interest receivable		
BHL Holdings Limited	0.1	0.6
Enro Holdings Limited	0.3	-
Total interest receivable	0.4	0.6
Dividends paid		
Other shareholders	32.8	30.4

Key management emoluments and directors interests

Key management emoluments	2021	2020
	£m	£m
Short-term employee benefits	5.6	5.1
Compensation for loss of office	-	1.0
Pension contributions	0.1	-
	5.7	6.1
Directors' emoluments and highest paid director	2021	2020
	£m	£m
Short-term employee benefits	0.7	0.9

Two (2020: 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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the consolidated financial statements (continued)

29. Related party transactions (continued)

Key management emoluments and directors interests (continued)

One (2020: one) director who served the Company during the year holds unrestricted shares of BGL (Holdings) Limited which carry voting and dividend rights.

Shareholding in BGL (Holdings) Limited	2021 £m	2020 £m
S Klinkert	3.8	3.8
Klinkert Investments PTY Limited	5.0	5.0
	<u>8.8</u>	<u>8.8</u>

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

In addition, at 30 June 2021 one director (2020: one director) of BGL (Holdings) Limited held C shares with a total nominal value of £12.50 (2020: £12.50) under a long term incentive plan arrangement ('LTIP').

Included within prepayments is £0.2m (2020: £0.2m) owed by BGL (Holdings) Limited directors and £0.2m (2020: £0.2m) owed by key management personnel relating to loans provided to fund tax liabilities arising on the issue of shares under the existing LTIP scheme. See note 22 for further details.

30. Post balance sheet events

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

31. 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.

BHL (UK) Holdings Limited**Year ended 30 June 2021**

Company registration number 08604368

Company statement of financial position

	Note	2021 £m	2020 £m
Fixed assets			
Investments in subsidiaries	2	846.4	814.8
Other investments		16.8	12.0
Receivables	3	11.5	14.5
Current assets			
Receivables	3	129.7	99.7
Cash and cash equivalents		1.0	3.7
Creditors: amounts falling due within one year			
Payables	4	15.0	15.3
Provisions		5.0	5.0
Net current assets		110.7	83.1
Total assets less current liabilities		985.4	924.4
Capital and reserves			
Ordinary share capital	6	600.0	600.0
Retained earnings		385.4	324.4
Total equity		985.4	924.4

The financial statements were approved by the board of directors on 9 November 2021 and signed on its behalf by:



I R Leech
Director

The notes on pages 57 to 61 form part of these financial statements.

BHL (UK) Holdings Limited**Year ended 30 June 2021****Company statement of changes in equity**

	Share capital £m	Retained earnings £m	Total equity £m
At 1 July 2019	600.0	274.9	874.9
Profit for the period	-	49.5	49.5
Dividend paid	-	-	-
At 30 June 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

The notes on pages 57 to 61 form part of these financial statements.

BHL (UK) Holdings Limited

Year ended 30 June 2021

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 28).

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 2021, the Company has net current assets of £110.7m (2020: £83.1m). The directors have reviewed the budget and cash flow forecasts of the Company for the period to 9 November 2022 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 2021

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

	2021	2020
	£m	£m
Value at start of the period	814.8	784.6
Addition in year	31.6	30.2
Dissolved in the year	-	-
Value at end of the period	846.4	814.8

On 20 August 2020 the Company acquired 1% of the shares of BGL (Holdings) Limited for £31.0m. £0.6m is the investment in Sidechapel Limited.

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 2021****Notes forming part of the company financial statements (continued)****2. Investment in subsidiaries (continued)**

Name	Proportion of ordinary share capital held		Nature of business
	2021	2020	
ACM ULR Limited*	67.25%	66.25%	Claims management
Bakewell Property Development Limited*	67.25%	66.25%	Dormant company
BFSL Limited*	67.25%	66.25%	Consumer credit services
BGL Group Limited*	67.25%	66.25%	Servicing company
BGL Direct Life Limited*	67.25%	66.25%	Insurance intermediary
BGL (Holdings) Limited	67.25%	66.25%	Holding company
BHL Eurasia Limited	100%	100%	Holding company
BISL Limited*	67.25%	66.25%	Insurance intermediary
Budget Financial Services Limited*	67.25%	66.25%	Dormant company
Budget Group Limited*	67.25%	66.25%	Dormant company
Coral Insurance Services Limited	100%	100%	Claims management
Compare the Market Limited	67.25%	66.25%	Price comparison
Courtanet SAS* (incorporated in France)	67.25%	66.25%	Price comparison
Direct Insurance Systems Corporation Limited*	67.25%	66.25%	Dormant company
Fusion Contact Centre Services Limited*	67.25%	66.25%	Dormant company
G F Bennett (Holdings) Limited*	67.25%	66.25%	Dormant company
Hesap Kurdu Sigorta Aracnik Hizmetleri A.S.**	64.02%	60.27%	Price comparison
IGOECO Limited*	67.25%	66.25%	Dormant company
Koalay Bilisim A.S.**	95.00%	95.00%	Holding company
Koalay Com Sigorta ve Reasurans Brokerligi A.S.**	64.02%	60.27%	Insurance broker
Konut Kredisi Com Tr Danismankik A.S.**	64.02%	60.27%	Holding company
Minster Group Limited	100%	100%	Dormant company
Minster Law Limited	96.5%	94.5%	Solicitors
Saverd Limited***	67.25%	66.25%	Dormant company
Sidechapel Limited	53.33%	26.67%	Holding company

Subsidiaries of BGL Group Limited dissolved during the year ended 30 June 2021:

Acraman (503) Limited	-	66.25%	Dissolved 22 September 2020
Advanced Claims Management Limited	-	66.25%	Dissolved 22 September 2020
Anzen Services Company Limited	-	100%	Dissolved 19 January 2021
Comparethemarket (CtM) Limited	-	66.25%	Dissolved 22 September 2020
Law Angel Limited	-	66.25%	Dissolved 22 September 2020
Project Falcon Holdco Limited	-	66.25%	Dissolved 15 June 2021

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

*** An application to dissolve Saverd Limited via voluntary strike-off was authorised by the Directors of Saverd Limited on 30 June 2021 and submitted to Companies House on 1 July 2021.

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.

BHL (UK) Holdings Limited

Year ended 30 June 2021

Notes forming part of the company financial statements (continued)

2. Investment in subsidiaries (continued)

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

Koalay Bilisim A.S., Koalay Com Sigorta ve Reasurans Brokerligi A.S., Konut Kredisi Com Tr Danismankik A.S. and Hesap Kurdu Sigorta Aracnik Hizmetleri A.S. are all incorporated in Turkey and the registered addresses is Cad. No:37/17/2 Ataşehir, İstanbul, 34752.

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

3. Debtors

	2021 £m	2020 £m
Current		
Amounts due from related undertakings	124.6	99.7
Other debtors	5.1	-
	129.7	99.7
Non-current		
Amounts due from related undertakings	11.5	14.5

4. Creditors

	2021 £m	2020 £m
Accruals and deferred income	0.1	0.1
Other creditors	0.1	0.1
Amounts owed to related undertakings	14.8	15.1
	15.0	15.3

5. Share capital

	2021 £m	2020 £m
Alloted, 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
BHL Management Services Limited	Fellow subsidiary of BHL Holdings Limited
BHL Minorities Limited	Sister company of BHL Holdings Limited
Canada Pension Plan Investment Board	Minority shareholder of subsidiary
Sidechapel Limited	Company controlled by a director
BHL (SA) Holdings Limited	Fellow subsidiary of BHL Holdings Limited
BGL (Holdings) Limited	Subsidiary company
BHL Eurasia Limited	Subsidiary company
Enro Holdings Limited	Associated company

BHL (UK) Holdings Limited**Year ended 30 June 2021****Notes forming part of the company financial statements (continued)****6. Related party transactions (continued)**

Transactions entered into, and trading balances outstanding at 30 June 2020 with other related parties, are as follows:

	2021	2020
	£m	£m
Net related parties receivables/ (payables)		
BHL Holdings Limited	117.2	97.2
BHL Eurasia Limited	11.5	14.5
Sidechapel Limited	0.4	0.6
BHL (SA) Holdings Limited	1.7	1.5
BGL (Holdings) Limited	0.1	0.4
Enro Holdings Limited	5.0	-
Minster Law Limited	(14.3)	(14.6)
Net receivable	121.6	99.6
Management charge receivable		
BHL Holdings Limited	0.1	-
BHL Management Services Limited	-	0.1
Minster Law Limited	0.1	0.1
Total management charge receivable	0.2	0.2
Interest receivable		
BHL Holdings Limited	0.1	0.6
Enro Holdings Limited	0.3	-
Total interest receivable	0.4	0.6

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.