

Company number 08604368

**BHL (UK) Holdings Limited**

**Annual Report and Financial Statements**

**Year ended 30 June 2023**



# **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

## **Annual report and financial statements for the year ended 30 June 2023**

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Directors	S Klinkert, alternate Director to M Raisbeck I Leech S James M Raisbeck
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Company secretary	L Sinfield
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Registered office	Bath House 16 Bath Row Stamford Lincolnshire PE9 2QU
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Auditors	Ernst & Young LLP 25 Churchill Place London United Kingdom E14 5EY
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## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Strategic report**

The Directors present the strategic report for the year ended 30 June 2023.

#### **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 14 and show a consolidated profit for the year after taxation on continuing operations of £69.0m (2022: £47.4m). The Directors consider these results reflect wider market conditions and they remain confident of future prospects.

During the year, the Company has paid dividends on ordinary shares of £60.0m (2022: £351.8m).

#### **Trading review and future developments**

The Group's principal activities comprise:

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

#### **BGL (Holdings) Limited**

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

During the year, the Group has continued to develop its customer proposition and to focus its investment in key strategic areas including data and digital capabilities and technology platforms in line with its purpose to make great financial decision making a breeze for everyone. The Group continues to invest in growth in its leading French price comparison website, LesFurets.com.

The BGL Group's overall revenue has risen by 11.1% to £494.4m (2022: £445.1m). This reflects progress in delivery of the BGL Group's strategy as well as an increasing premium environment which has resulted in higher switching rates in motor insurance and other general insurance products. Revenue from the travel market now exceeds pre-Covid-19 levels as customers continue to increase their appetite for foreign travel, contributing to overall customer numbers increasing 17.2% to 7.5m (2022: 6.4m).

Customer engagement with CTM's proposition continues to be strong, with externally measured Trustpilot scores maintained at 4.8 (2022: 4.8).

Increased revenue, improvement in marketing efficiency and a controlled cost base together with non-recurrence of the prior year events detailed below, have resulted in operating profit increasing by 79.8% to £143.7m (2022: £79.9m). Profit before taxation has increased by 95.7% to £136.0m (2022: £69.5m). During the prior period, the global increase in the wholesale price of energy caused domestic energy providers to withdraw competitive fixed tariffs from the marketplace. As customers became increasingly unlikely to save by switching energy provider, the Directors decided to remove energy products from comparethemarket.com's price comparison offerings in September 2021 and the situation continued throughout the current financial year.

The operating model launched in the prior period resulted in the de-prioritisation of certain initiatives and pivoting away from certain technologies and tools. Consequently, a non-recurring impairment loss of £20.3m relating to software development intangible assets was recorded in the year ended 30 June 2022. In August 2022 the Competition Appeals Tribunal ruled that the £17.9m regulatory fine, issued by the Competition and Markets Authority in November 2021 in relation to Compare The Market Limited's historical use of most favoured nation clauses, should be set aside. As a result the regulatory provision of £17.9m was released in the year ended 30 June 2022.

In April 2022, the BGL Group disposed of its wholly owned subsidiary BISL Limited along with all subsidiaries of that company, which included its Motor & Home and Life insurance operations ("BGL Insurance"), to Markerstudy Group Limited for a cash consideration of £419.1m. The BGL Group recognised profit on the sale of £318.4m, which formed part of the total profit from discontinued operations of £336.6m recorded in the year ended 30 June 2022.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Strategic report (continued)**

#### **BGL (Holdings) Limited (continued)**

##### **Key performance indicators**

The Group has continued to invest in its strategy during the year. In addition to financial metrics the Group tracks customer numbers and Trustpilot scores to assist in measuring progress in delivering its strategy. Customer numbers and Trustpilot scores support the Group in evaluating customer engagement and to track feedback on its proposition. Trustpilot scores are based on externally provided data.

	<b>2023</b>	<b>2022</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	
Revenue	494.4	445.1	11.1%
Operating profit	143.7	79.9	79.8%
Profit before taxation	136.0	69.5	95.7%

	<b>Number</b>	<b>Number</b>	<b>Movement</b>
Customer numbers	7.5m	6.4m	17.2%
Trustpilot rating	4.8	4.8	-

As at 30 June 2023, the BGL Group has net liabilities of £24.3m (2022: net assets £10.2m). While the BGL Group has net current liabilities of £16.1m at 30 June 2023 (2022: net current assets £106.4m), the BGL Group continues to enjoy significant access to liquidity through its available cash and debt facilities, as detailed in note 17. In light of the financial forecasts of the BGL Group, together with the modest net debt and scale of profit before taxation, the Directors are satisfied that the net current liability position is not a material concern. The Directors believe that the BGL Group is able to withstand the operational and economic disruption of reasonable downside scenarios.

##### **Minster Law**

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

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

Minster Law's board considers the loss on ordinary activities for the 12 months of £3.5m (2022: £1.6m) to be a satisfactory result given the continued income / cost timing differences related to the growth of the business, the exceptional trading environment that the regulatory reforms have created and the impact of a non performing contract that closed in year.

The directors plan to continue to expand Minster Law and are working towards increasing the current customer base and growing the key areas of the business, through continued investment in talent and merger and acquisition activity if appropriate opportunities are identified

##### **Key performance indicators**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Turnover	31.8	28.3
Loss	(3.5)	(1.6)
Gross profit %	13.4%	19.9%
Administration costs as % of turnover	30.0%	30.5%

## BHL (UK) Holdings Limited

Year ended 30 June 2023

### Strategic report (continued)

#### 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. Further investment was made in the current year and given the inherent uncertainty of estimating cash flows in the medium to long-term, it was decided to fully impair the investment. This investment is now expected to be reach breakeven in the short term and the Group remains confident in its future.

#### Principal risks and uncertainties

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

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

The arrangements described below reflect those in place for the Group's material operating subsidiary BGL Group. Risk management frameworks are in place across the BGL Group which seek to identify and limit potential adverse effects on the financial performance of the BGL Group and achievement of its objectives. The framework has been reviewed and simplified in year ended 30 June 2023 with a focus on rolling out and improving risk culture through the introduction of the "Everyone's a Risk Manager" and the "Decisions Check" initiatives.

The subsidiaries of the BGL Group have established a risk appetite framework, which is monitored through a set of key risk indicators and thresholds. Any risks considered to be outside of appetite are accompanied by appropriate action plans, which are reviewed, approved and tracked by the Board of Compare The Market Limited and its Audit Committee and Board Risk Committee (together the "Board Risk Committees").

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

A risk radar looking at near and long-term impacts of internal and external risk factors is reviewed by the Executive Risk Forum and Board Risk Committee of Compare The Market Limited on a regular basis. Risk reporting is managed through the use of Risk Dashboards.

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

Risk	Risk Appetite Statement	Management & Mitigation
<b>Customer &amp; Conduct</b> The risk that a business model, product design or sales practices do not deliver good customer outcomes or meet customer needs.	<i>"We will conduct our business to deliver good outcomes for customers."</i>	A clearly defined risk management framework with controls to manage conduct risk, including conflicts of interest, and to monitor customer outcomes. There has been further development to align ownership of risks to the relevant Senior Management Function ("SMF") with regular reporting to the relevant Risk Forums and Committees.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Strategic report (continued)****Principal risks and uncertainties (continued)**

<b>Risk</b>	<b>Risk Appetite Statement</b>	<b>Management &amp; Mitigation</b>
<b>Compliance &amp; Regulatory (including litigation)</b> The risk that a subsidiary of the Group will breach the requirements of a regulator or competition authority.	<i>"We will not accept risks that would materially impact our ability to meet our obligations against relevant laws, rules and regulations."</i>	<p>This risk is managed through an effective control framework and the operation of the governance structures.</p> <p>The Group continues to review the legal and regulatory environment, particularly as its business model and product set evolves.</p> <p>There has been particular focus during the period on "FCA Consumer Duty". The Group established a framework to monitor good customer outcomes and to enhance its current practices to ensure alignment with the Duty ahead of its introduction on 31 July 2023.</p>
<b>Operational (including people and technology)</b> The risks arising from maintaining and making changes to people, organisational structures, systems, processes and infrastructure to support current operations and on-going growth. It can also be the risk of failure due to external factors e.g., cyber threat.	<i>"We will operate the business in a way which prevents and mitigates against material financial losses, disruptions and other adverse consequences."</i>	<p>Key sources of operational risk include business partner and supplier management, data security, cyber threats, change management and business continuity.</p> <p>Risk reviews with each business area ensure an understanding of what could go wrong and the adequacy of controls in place.</p> <p>In addition, the subsidiaries assess and manage execution risks of significant projects, including organisational change initiatives, through adopting a consistent project methodology, which incorporates risk management activities.</p>
<b>Financial</b> The risk of inadequate regulatory capital or insufficient liquidity.	<i>"We will not accept risks that threaten our financial stability."</i>	<p>Financial risks are mitigated through prudent Treasury management, a series of key financial controls, and a robust governance framework, underpinned by clear policy requirements and oversight forums.</p>

## BHL (UK) Holdings Limited

Year ended 30 June 2023

### Strategic report (continued)

#### Principal risks and uncertainties (continued)

Risk	Risk Appetite Statement	Management & Mitigation
<b>Strategic</b> The risk that market factors or management's execution will impact the Group's ability to successfully deliver the strategy.	<i>"We will not accept risks that threaten us achieving our strategic objectives"</i>	The Group continues to evolve its strategy and is investing in key strategic areas of data, digital and technology platforms to provide the simplest of experiences for its customers. Strategic risk is measured across a number of factors to determine progress against business strategy, including external market factors, market share, conversion rates and strategic project delivery on time and within budget. For each risk there are clear lines of ownership to the relevant SMF with regular reporting to the relevant Risk Forums and Committees.

If any one of the risks above materialises, then this could result in reputational risk, being the adverse publicity arising from the BGL Group's relationships with its customers, partners, suppliers and regulators. There are robust controls in place to prevent incidents that could give rise to the reputational risks identified, which are monitored by the BGL Board Risk Committees. The BGL Group also seeks to manage reputational risks where they arise through established communications and public relations channels.

#### *Cost of Living Crisis*

The business model is one where the BGL Group only succeeds if the BGL Group help its customers save money, which is even more important in a cost-of-living crisis. The BGL Group works tirelessly to help its customers understand the benefits of searching and comparing quotes. From a risk perspective, the BGL Group has controls in place to ensure delivery of good customer outcomes.

#### **Section 172 (1) statement**

BHL (UK) Holdings Limited (the "Company") is required to include a statement in its Strategic report describing how the Directors have had regard to the matters set out in Section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties for the 2023 financial year. This section acts as the Company's section 172 (1) statement.

The Company's principal activity is as the holding company portfolio manager for its subsidiaries ("the Group"). The Group's principal activities comprise its price comparison websites, [comparethemarket.com](https://comparethemarket.com) in the UK and [LesFurets.com](https://lesfurets.com) in France and legal services provided by Minster Law in the UK.

As a result of the Group's governance structure, the matters that the Directors are responsible for considering under Section 172 (1) of the Companies Act 2006 have been considered to an appropriate extent by the Board of the Group's principal operating subsidiary in the UK, Compare the Market Limited. The Directors have also considered relevant matters where appropriate. For more information, please see the Section 172 (1) statement in the Strategic report of Compare the Market Limited's Annual Report and Financial Statements for the year ended 30 June 2023, which does not form part of this report.

#### **Climate-related Financial Disclosures**

##### *Governance and Risk Management*

The BGL Board sees reporting on environmental and climate-related matters, including progress towards environmental accreditations and partnerships with external environmental change organisations. The BGL Chief Financial Officer, supported by their Facilities and CTM4Good teams, oversees its climate change activity and reporting.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Strategic report (continued)**

#### **Climate-related Financial Disclosures (continued)**

##### *Governance and Risk Management (continued)*

Climate-related matters are identified through both internal and external avenues; these include through CtM4Good, a colleague-driven initiative designed to drive behavioural change throughout the organisation and encourage employees to play a part in making BGL as sustainable and environmentally friendly as possible. BGL also partners with external environmental change organisations, such as Peterborough Environmental City Trust ('PECT') who regularly monitor its environmental initiatives and report on the impacts, including the reduction of single-use plastics and the implementation of a waste disposal management programme.

BGL is keen to ensure it is as sustainable and environmentally friendly as possible. BGL continues to purchase 100% renewable electricity within its sites, and management is actively working to reduce emissions and energy consumption further through an ongoing programme of environmental initiatives, such as replacing old boilers for more efficient ones, swapping old machines for energy efficient models, introducing LED lighting and recycling schemes. An electric car scheme was recently introduced for employees.

BGL has achieved the Investors in the Environment Bronze Award and Sustainable Transport Champion Award and is working towards accreditations for Investors in the Environment and Tech Zero.

While BGL has made progress, it is at an early stage in its climate journey. BGL's plans for 2024 include developing a formal climate strategy, clarifying Executive ownership for this and setting environmental priorities and ambitions, underpinned by metrics and targets where appropriate.

##### *Strategy*

BGL operates a UK-based low-carbon intensity business; it does not mine, manufacture or transport goods and it does not operate in the most immediately susceptible areas. Therefore, BGL considers that it has relatively limited exposure to direct physical climate-related risks over short term. BGL is conscious of potential transition risk, such as changes in regulation, technology or customer behaviour over the longer-term. BGL considers climate change as an emerging risk to its business, rather than a principal risk.

In considering its risk assessments, the following timescales are defined:

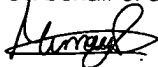
- Short term (up to three years) reflecting the period over which action plans appropriate to the likelihood of risks arising are prepared.
- Longer term (beyond three years) reflecting the period over which longer term risks could emerge.

BGL monitors existing and emerging regulatory requirements related to climate change to understand the potential impact and opportunities for its business and stakeholders, recognising that climate change regulations could require it to make changes to its processes or operations, but also that changes in climate regulations could present opportunities if they result in an increase in the demand for comparison of green and low carbon products.

##### *Metrics & Targets*

BGL collects information to measure a range of greenhouse gas emissions and intensity metrics. Working with external specialists, it has good visibility of its energy usage and emissions metrics and report these in line with the requirements of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Our streamlined energy and carbon reporting can be found on page 9. BGL does not currently have full visibility of scope 3 emissions generated across our value chain, but it intend to explore the practicalities of collating this information in the future.

On behalf of the Board:



M Raisbeck

Director

Date: 16 November 2023



## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Report of the Directors**

The Directors present their report together with the audited financial statements for the year ended 30 June 2023.

#### **Results, dividends and future developments**

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

#### **Going concern**

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

At 30 June 2023, the Group has net current assets of £33.8m (2022: £176.8m) and the Company has net current assets of £8.4m (2022: £21.1m).

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

#### **Directors**

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

S Klinkert, alternate Director to M Raisbeck  
I Leech  
S James  
M Raisbeck

#### **Disclosure of information to auditor**

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

- 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.

#### **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.

#### **Auditor**

In accordance with section 487 of the Companies Act 2006, Ernst & Young LLP has been reappointed as the auditor for the year ended 30 June 2023.

## BHL (UK) Holdings Limited

Year ended 30 June 2023

### Report of the Directors (continued)

#### Corporate governance

Prior to the sale of BGL Insurance, the Company provided a corporate governance statement, to disclose their corporate governance arrangements in line with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018. Although the BGL Group voluntarily adopts the Wates Corporate Governance Principles for Large Private Companies, following the disposal of BGL Insurance the qualifying thresholds were not met by the BGL Group or any of its subsidiaries in either the current or preceding year. A formal corporate governance statement has therefore not been included as part of the Report of the Directors.

#### 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:

		2023	Restated* 2022
UK energy consumption	kWh	2,863,147	2,749,881
Scope 1 emissions	tCO2e	122	121
Scope 2 emissions	tCO2e	95	94
<b>Total</b>	<b>tCO2e</b>	<b>217</b>	<b>215</b>
Revenue	£m	358	323
tCO2e / £m revenue	tCO2e	0.6	0.7

\* The prior year disclosure of scope 2 emissions has been restated to correct it to nil for BGL, who purchased 100% renewable electricity to supply its sites.

Scope 1 – Direct greenhouse gas emissions from the combustion of gas and fuel use from transport  
Scope 2 – Energy indirect emissions from the purchase of electricity

The boundary of the organisation used for collation of the data is consistent with the UK companies included in the Group's consolidated financial statements and excludes the non-UK based subsidiaries which do not qualify for mandatory disclosure under the regulations. The methodology used to calculate reported emissions is based on the GHG Protocol Corporate Standard using emissions factors from published UK government conversion factor guidance. The reporting period is in line with the Group's financial year.

The Group engages external specialists to support the calculation and disclosure of the above energy use and emissions metrics. Revenue is a common business performance metric for the industry in which the Group operates, therefore has been chosen as the intensity ratio to be disclosed. Emissions (tCO2e) as a proportion of revenue is lower than the previous financial year.

Natural gas supplied to the Group's office sites is a primary source of Scope 1 emissions and a significant increase in utilisation from January 2022, following a 'return to office' initiative, has therefore driven higher usage. This is offset by the energy-reducing initiatives presented below and an 11% increase in revenue during the year.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Report of the Directors (continued)**

#### **Streamlined energy and carbon reporting (continued)**

The Group continues to be dedicated to its environmental initiatives. The BGL Group has introduced numerous energy-reducing initiatives including ongoing installation of energy efficient LED lighting and the continuation of "CtM4Good – our environment", a colleague-driven initiative designed to drive behavioural change and minimise wastage at the London and Peterborough office sites. The BGL Group also continues to purchase 100% renewable electricity to supply these sites, therefore nil (2022: nil) Scope 2 emissions have been reported for the year.

The BGL Group takes environmental concerns seriously and has undertaken a range of activities and initiatives to help minimise its impact on the environment. Some of these initiatives include:

- the introduction of an electric vehicle scheme as an optional employee benefit;
- the introduction of electric vehicle charging points at office sites;
- the addition of mechanical ventilation 'Lossnay' units which recover heat; and
- a long-standing recycling scheme at both London and Peterborough office sites.

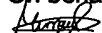
The BGL Group is partnered with an environmental change organisation, Peterborough Environment City Trust, who regularly monitor our environmental initiatives and report on the impacts, including the reduction of single-use plastics and the implementation of a waste disposal management programme.

#### **Events since the reporting date**

Following the year end, the BGL Group completed a refinancing of all its debt facilities, to comprise an unsecured £150.0m revolving credit facility maturing September 2027, an unsecured £300.0m term loan maturing September 2027, and a £50.0m five year fixed rate senior note with a bullet maturity date of October 2028. These bank loans are denominated in Sterling and bear interest based on SONIA. The fixed rate senior note is fixed against a 5 year swap rate. See note 17 for details of the debt facilities during the year.

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

On behalf of the Board:



**M Raisbeck**

**Director**

Date: 16 November 2023

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Statement of Directors' responsibilities**

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

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

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

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

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **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') and its subsidiaries (the 'group') for the year ended 30 June 2023 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 32, including a summary of significant accounting policies and the parent company statement of financial position, and the parent company statement of changes in equity and associated notes 1 to 8.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. 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 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance 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 a period 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

#### **Other information**

The other information comprises the information included in the strategic report, report of the directors and the statement of directors responsibility, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

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

#### **Other information (continued)**

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **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 frameworks UK adopted international accounting standards and UK Generally Accepted Accounting Practice.
- We understood how BHL (UK) Holdings is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed the minutes of the Board of Directors and gained an understanding of the company's approach to governance, demonstrated by the Board's approval of the governance framework.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls the company has established to address risks identified by the entity, or that otherwise seek to prevent, detect or deter fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and senior management for their awareness of any non-compliance with laws and regulations, inquiries about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees and enquiring about the company's methods of enforcing and monitoring compliance with such policies. Furthermore, we performed audit procedures which included testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

Electronically signed by  
*Jonathan Bell*  
07483110004305457

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

Date: 16 November 2023

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Consolidated statement of profit and loss and comprehensive income**

	<b>Note</b>	<b>2023 £m</b>	<b>2022 £m</b>
<b>Revenue</b>	<b>3</b>	<b>534.6</b>	<b>476.5</b>
Operating expenses		(406.0)	(386.9)
Impairment loss	<b>4</b>	(26.3)	(20.3)
<b>Operating profit</b>	<b>4</b>	<b>102.3</b>	<b>69.3</b>
Finance income	<b>5</b>	2.9	1.7
Finance costs	<b>6</b>	(10.6)	(11.1)
<b>Profit before tax</b>		<b>94.6</b>	<b>59.9</b>
Tax	<b>7</b>	(25.6)	(12.5)
<b>Profit for the financial year from continuing operations</b>		<b>69.0</b>	<b>47.4</b>
<b>Profit from discontinued operations</b>	<b>25</b>	<b>-</b>	<b>336.6</b>
<b>Other items of comprehensive income that may subsequently be reclassified to profit or loss:</b>			
Foreign currency translation reserve – movement		0.2	(0.7)
<b>Comprehensive income for the year</b>		<b>69.2</b>	<b>383.3</b>
<b>Profit for the year is attributable to:</b>			
Owners of the Company		32.4	253.2
Non-controlling interests		36.6	130.8
		<b>69.0</b>	<b>384.0</b>
<b>Comprehensive income is attributable to:</b>			
Owners of the Company		32.6	252.7
Non-controlling interests		36.6	130.6
		<b>69.2</b>	<b>383.3</b>

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

The notes on pages 18 to 52 form part of these consolidated financial statements.



**BHL (UK) Holdings Limited****Year ended 30 June 2023**

Company Registration Number 08604368

**Consolidated statement of financial position**

	<b>Note</b>	<b>2023 £m</b>	<b>2022 £m</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	9	3.4	3.3
Other intangible assets	10	33.5	36.9
Property, plant and equipment	11	26.6	25.8
Deferred tax asset	12	5.4	2.2
Other investments	13	8.9	10.2
Trade and other receivables	15	6.9	17.2
		<b>84.7</b>	<b>95.6</b>
<b>Current assets</b>			
Inventories	14	0.4	0.3
Trade and other receivables	15	177.0	184.3
Cash and cash equivalents	16	70.7	93.9
		<b>248.1</b>	<b>278.5</b>
<b>Total assets</b>		<b>332.8</b>	<b>374.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	17	100.0	0.5
Trade and other payables	18	108.0	93.1
Provisions for liabilities	19	6.3	8.1
		<b>214.3</b>	<b>101.7</b>
<b>Non-current liabilities</b>			
Borrowings	17	50.0	150.0
Trade and other payables	18	22.1	22.6
Provisions for liabilities	19	7.2	8.1
		<b>79.3</b>	<b>180.7</b>
<b>Total liabilities</b>		<b>293.6</b>	<b>282.4</b>
<b>Equity</b>			
Share capital	21	600.0	600.0
Merger reserve	26	(594.5)	(594.5)
Foreign currency translation reserve	26	0.1	(0.1)
Other reserves	26	463.4	476.9
Retained earnings		(439.0)	(411.4)
<b>Equity attributable to equity holders of Company</b>		<b>30.0</b>	<b>70.9</b>
Non-controlling interests	23	9.2	20.8
<b>Total equity</b>		<b>39.2</b>	<b>91.7</b>
<b>Total equity and liabilities</b>		<b>332.8</b>	<b>374.1</b>

The financial statements were approved by the Board of Directors on 16 November 2023 and signed on its behalf by:

  
M Raisbeck  
Director

The notes on pages 18 to 52 form part of these consolidated financial statements.

**BHL (UK) Holdings Limited**  
**Year ended 30 June 2023**  
**Consolidated statement of changes in equity**

	Ordinary share capital	Merger reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Equity attributable to equity holders of Company	Non- controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
<b>At 1 July 2021</b>	<b>600.0</b>	<b>(594.5)</b>	<b>0.4</b>	<b>477.2</b>	<b>(312.8)</b>	<b>170.3</b>	<b>16.0</b>	<b>186.3</b>
Profit for the year	-	-	-	-	253.2	253.2	130.8	384.0
Dividends paid	-	-	-	-	(351.8)	(351.8)	(128.8)	(480.6)
Purchase of a minority shareholding in a subsidiary	-	-	-	(0.3)	-	(0.3)	3.0	2.7
Foreign currency translation	-	-	(0.5)	-	-	(0.5)	(0.2)	(0.7)
<b>At 30 June 2022</b>	<b>600.0</b>	<b>(594.5)</b>	<b>(0.1)</b>	<b>476.9</b>	<b>(411.4)</b>	<b>70.9</b>	<b>20.8</b>	<b>91.7</b>
Profit for the year	-	-	-	-	32.4	32.4	36.6	69.0
Dividends paid	-	-	-	-	(60.0)	(60.0)	(47.4)	(107.4)
Purchase of a minority shareholding in a subsidiary	-	-	-	(13.5)	-	(13.5)	(0.8)	(14.3)
Foreign currency translation	-	-	0.2	-	-	0.2	-	0.2
<b>At 30 June 2023</b>	<b>600.0</b>	<b>(594.5)</b>	<b>0.1</b>	<b>463.4</b>	<b>(439.0)</b>	<b>30.0</b>	<b>9.2</b>	<b>39.2</b>

The notes on pages 18 to 52 form part of these consolidated financial statements.

**BHL (UK) Holdings Limited**  
**Year ended 30 June 2023**  
**Consolidated statement of cash flows**

	Note	2023 £m	2022 £m
<b>Cash flows from operating activities</b>			
Profit for the year from continuing operations		69.0	47.4
Profit from discontinued operations	25	-	18.2
Amortisation of intangible assets	10	16.5	27.4
Depreciation of property, plant and equipment	11	6.0	9.3
Impairment of goodwill		0.4	-
Impairment losses on intangible assets	10	0.9	20.8
Impairment property, plant and equipment	11	0.2	-
Change in fair value of financial assets		-	0.3
Impairment of investment		26.3	2.9
Loss on disposal of property, plant and equipment	11	-	0.5
Sale of subsidiary – transaction costs	25	-	(16.9)
Finance income	5	(2.9)	(6.2)
Finance costs	6	10.6	13.4
Tax expense	7	25.6	16.9
Loss of associates		6.3	3.1
Foreign exchange movements		0.6	
		<b>159.5</b>	<b>137.1</b>
Changes in:			
Inventories	14	(0.1)	(0.1)
Trade and other receivables		18.3	117.0
Trade and other payables		1.4	(19.0)
Provisions		(3.1)	(25.4)
<b>Cash generated from operating activities</b>		<b>176.0</b>	<b>209.6</b>
Tax paid		(30.1)	(17.4)
<b>Net cash generated from operating activities</b>		<b>145.9</b>	<b>192.2</b>
<b>Cash flows from investing activities</b>			
Acquisition of investments		(18.6)	(2.7)
Acquisition of property, plant and equipment	11	(7.7)	(4.5)
Acquisition of intangible assets	10	(13.5)	(32.7)
Proceeds of sale of subsidiary less cash included	25	-	394.0
Acquisition of shares from minority interest		(14.3)	2.7
<b>Net cash used in investing activities</b>		<b>(54.1)</b>	<b>356.8</b>
<b>Cash flows from financing activities</b>			
Finance income		1.9	0.4
Finance costs		(10.1)	(6.9)
Movement in borrowings	17	(0.5)	0.5
Equity dividends paid	24	(107.4)	(480.6)
Payment of lease principal		1.0	(9.0)
<b>Net cash used in financing activities</b>		<b>(115.1)</b>	<b>(495.6)</b>
<b>Net (decrease)/ increases in cash and cash equivalents</b>		<b>(23.3)</b>	<b>53.4</b>
Cash and cash equivalents at beginning of year	16	93.9	40.6
Effect of movements in exchange rates on cash held		0.1	-
<b>Cash and cash equivalents at end of the year</b>	<b>16</b>	<b>70.7</b>	<b>93.9</b>

The notes on pages 18 to 52 form part of these consolidated financial statements.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the consolidated financial statements**

#### **1. Accounting policies**

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

#### **Basis of preparation**

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

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

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

#### **Basis of consolidation**

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

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

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **Going concern**

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

At 30 June 2023, the Group has net current assets of £33.8m (2022: £176.8m) and the Company has net current assets of £8.4m (2022: £21.1m).

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

#### **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 Consolidated statement of profit and loss and comprehensive income.

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 Consolidated statement of profit and loss and comprehensive income.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the consolidated financial statements (continued)**

#### **1. Accounting policies (continued)**

##### **Foreign exchange (continued)**

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.

##### **Employee benefits**

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

##### **Financial instruments**

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

Financial assets and liabilities are offset and the net amount presented in the Consolidated 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.

##### *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 Consolidated statement of profit and loss and comprehensive income 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.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the consolidated financial statements (continued)**

#### **1. Accounting policies (continued)**

##### **Financial instruments (continued)**

###### *Financial liabilities measured at amortised cost*

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

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

###### **iii) Derivative financial instruments**

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

##### **Share based award transactions**

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

##### **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.

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.

###### *Legal services revenue*

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

Turnover is shown exclusive of value added tax.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **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 Consolidated 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.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the consolidated financial statements (continued)**

#### **1. Accounting policies (continued)**

##### **Other intangible assets (continued)**

###### *Software development (continued)*

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

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

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

###### *Impairment*

Intangible assets are reviewed for impairment losses annually and whenever 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
Right of use assets	over the term of lease

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

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

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

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

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



# **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

## **Notes forming part of the consolidated financial statements (continued)**

### **1. Accounting policies (continued)**

#### **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.

##### *Work in progress*

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

#### **Cash and cash equivalents**

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

For the purposes of the cash flow statement, cash and cash equivalents may also include bank overdrafts, which are included within borrowings on the Consolidated 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 using the effective interest method.

#### **Trade and other payables**

Trade and other payables are recognised initially at transaction price and subsequently measured at amortised cost.

# **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

## **Notes forming part of the consolidated financial statements (continued)**

### **1. Accounting policies (continued)**

#### **Provisions for liabilities**

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

#### *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.

#### *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.

#### *Onerous contract provision*

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

#### **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 Consolidated statement of profit and loss and comprehensive income 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 borrowing rates applied, which are equal to the average incremental rates of borrowing at commencement, are between 1.8 and 4.6%. After the commencement date, the lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. The carrying value 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.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the consolidated financial statements (continued)**

#### **1. Accounting policies (continued)**

##### **Leases (continued)**

###### *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 Consolidated statement of profit or loss and comprehensive income due to its operating nature.

##### **Discontinued operations**

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

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

The following significant accounting policies applied by the Group ceased to be in operation following the disposal of the wholly owned subsidiary BISL Limited in the prior year along with all subsidiaries of that company ("BGL Insurance") in April 2022. The policies below are only relevant to the estimates and judgements that were critical to presenting discontinued operations in the prior year and are no longer relevant to the Group's continuing operations.

###### *Revenue from discontinued operations*

The Group ceased the following activities at the point BGL Insurance was disposed of in April 2022. Associated revenue is reflected under profit from discontinued operations in the comparative period in note **Error! Reference source not found.5**.

For the insurance distribution and outsourcing businesses, revenue recognition was generally at the point an insurance product was sold. Mid-term adjustment and cancellation fee revenue was recognised at the point the adjustment or cancellation was performed.

Instalment fees were allocated between the fair value of providing credit and commission at the point of arrangement. The fair value of providing credit was recognised over the period that credit was provided to policy holders using an average annual percentage interest rate methodology. The fair value allocated to commission was recognised at the point an insurance product is sold.

For claims management activities, revenue represented fees charged to third parties in respect of claims management and reporting, and provision of uninsured loss recovery services. Credit was taken for fee income at a point in time when the Group became contractually entitled to it, usually at provision of lead and when there were no outstanding performance obligations for the Group.

Income from financial assets at fair value through profit and loss represented trail commission income. Any changes in the assets' value were recognised within revenue on an as earned basis where entitlement could be reliably measured. Where material, trail commission receivable after one year was discounted to present value using an effective interest rate methodology.

##### **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.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the consolidated financial statements (continued)**

#### **2. Significant judgements and estimation uncertainty**

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

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

##### *Accrued income*

For price comparison businesses, revenue is recognised during the period in which a lead is provided and can be reliably estimated, and where the business has no further outstanding performance obligations. Where revenue has been recognised but not invoiced by the balance sheet date, income is accrued on 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 £68.7m (2022: £74.8m).

##### *Clawback provisions*

Provisions are made in the balance sheet for the expected level of cancellations in relation to life insurance policies on which the Company has earned commission. The key assumption made by management in the determination of the value of this provision is the expected future lapse rates. The provision held on the balance sheet at the year-end was £10.1m (2022: £9.4m).

##### *Impairment of goodwill and other intangible assets*

The Group has recognised goodwill and other intangible assets as a result of previous acquisitions, and investment in software development. The total value of goodwill and other intangible assets at the balance sheet date is £36.9m (2022: £40.2m).

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

##### *Legal services revenue recognition*

For Fast Track and Small Claims, Minster Law recognises revenue on work performed during the reporting period on legal claims based on the stage of work complete and an assessment of the ultimate value of these claims. Management uses the expected value method to assess past experience and historical performance of similar contracts to estimate the probability of a successful outcome. The estimated amount of consideration is based on the expected fee for the nature of the legal service provided with reference to historical fee levels and the related probability rates of successful and unsuccessful outcomes, by reference to key milestones in the process, the percentage of claims that will ultimately be settled in our clients' favour, and the expected consideration receivable by Minster Law in relation to each claim.

For Serious Injury claims, the Company recognises revenue on work performed during the reporting period on legal claims based on the time recorded on the cases, the applicable hourly rate and an expectation of the likely recovery of the costs.

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

The ultimate outcome in relation to each of these assumptions may differ from the estimates made by management and, as a result, the total consideration receivable will vary. The carrying value of work in progress at the year-end was £32.1m (2022: £27.6m).

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****3. Revenue from contracts with customers****(i) Disaggregation of revenue**

Revenue is wholly attributable to the principal activities of the Group and arises primarily within the United Kingdom.

	2023	2022
	£m	£m
<b>Continuing operations</b>		
Price comparison	491.2	441.1
Legal services	30.9	31.2
Other income	12.5	4.2
	<b>534.6</b>	<b>476.5</b>
<b>Discontinued operations</b>		
Brokerage and fee income	-	168.2

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

Included within price comparison revenue is £6.6m (2022: £2.4m) subject to constraint whereby the Group's performance obligations are completed within the current financial year but the total variable consideration is contingent on future events outside of the control of the Group. Management has estimated this consideration by using historic data informed by expected market conditions to forecast future cash flows. The variable consideration recognised is subject to constraint until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur in future periods.

Also included within price comparison revenue is £1.6m (2022: £nil) from performance obligations satisfied in previous periods whereby accrued income had previously been constrained and £1.2m (2022: £0.9m) where revenue had not previously been recognised.

Included within other revenue are fees of £2.1m (2022: £2.1m) which arise from a related party in Australia. £1.4m of revenue relating to UK research and development tax credits, which is outside the scope of IFRS 15, was recognised in the comparative period. Of this amount, £0.3m was subsequently reversed in the current period.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****3. Revenue from contracts with customers (continued)****(ii) Contract balances**

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

The following table shows the contract assets balance:

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Value at start of the period</b>	<b>74.2</b>	<b>108.8</b>
Discontinued operations	-	(27.3)
Revenue recognised	497.4	415.8
Transferred to receivables	(502.6)	(417.3)
Loss allowance	(0.3)	(5.8)
<b>Value at the end of the period</b>	<b>68.7</b>	<b>74.2</b>

Contract assets consist entirely of accrued income. 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 2023. 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:

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Value at start of the period</b>	<b>0.2</b>	<b>17.3</b>
Discontinued operation	-	(17.2)
Recognised in revenue	(1.9)	(0.1)
Contract liabilities recognised	3.0	0.2
<b>Value at the end of the period</b>	<b>1.3</b>	<b>0.2</b>

Contract liabilities consist entirely of deferred income.

**Assets recognised from costs to obtain a contract**

On 1 July 2021, the Group held £11.6m relating to costs incurred to obtain a contract. This balance was included within the discontinued operation and fully disposed of in the prior year. As at 30 June 2023, no asset is recognised by the Group in relation to costs incurred to obtain a contract.

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

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****4. Operating profit**

Operating profit is stated after charging the following:

	2023 £m	2022 £m
<b><i>Continued operations</i></b>		
<b><i>Included within operating expenses:</i></b>		
Auditor fees - fees for the audit of the Company	-	-
Auditor fees - fees for the audit of the Company's subsidiaries	0.4	0.4
Amortisation of intangible assets	16.5	19.0
Depreciation on plant, property and equipment	6.0	5.4
Foreign exchange movements	0.5	(2.1)
Impairment of investment in associates	-	2.9
Impairment of accrued income	0.3	-
Impairment of intangible assets	0.9	0.6
Impairment of property, plant and equipment	0.2	-
Impairment of trade and other receivables	0.1	1.9
Impairment of goodwill	0.4	-
Loss on disposal of plant, property and equipment	-	0.3
<b><i>Included within impairment loss:</i></b>		
Impairment of investment in associates	26.3	-
Impairment loss relating to corporate restructuring	-	20.3
<b><i>Discontinued operations</i></b>		
<b><i>Included within operating expenses:</i></b>		
Amortisation of intangible assets	-	8.4
Depreciation on plant, property and equipment	-	4.0
Impairment of trade and other receivables	-	3.9

In the prior year, the BGL Group completed the implementation of a new operating model, which resulted in the de-prioritisation of certain initiatives and pivot away from certain technologies and tools. Consequently, an impairment loss of £20.3m, relating to software development intangible asset, was recorded in the year ending 30 June 2022.

Expenses relating to employee benefits and changes in inventories of finished goods are disclosed in note 8 and note 14 respectively.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****5. Finance income**

	2023 £m	2022 £m
<b><i>Continuing operations</i></b>		
Interest on loans to related parties	-	0.8
Interest on bank deposits	1.4	-
Other finance income	1.5	0.9
	<u>2.9</u>	<u>1.7</u>
<b><i>Discontinued operations</i></b>		
Finance income received from continuing operations	-	4.4
Other finance income	-	0.1
	<u>-</u>	<u>4.5</u>
<b>Total finance income</b>	<u><u>2.9</u></u>	<u><u>6.2</u></u>

**6. Finance costs**

	2023 £m	2022 £m
<b><i>Continuing operations</i></b>		
Interest and charges on bank borrowings	8.6	5.7
Finance costs paid to discontinued operations	-	4.4
Other finance costs	1.6	0.5
Interest on lease liabilities	0.4	0.5
	<u>10.6</u>	<u>11.1</u>
<b><i>Discontinued operations</i></b>		
Interest and charges on bank borrowings	-	1.4
Other finance income	-	0.9
	<u>-</u>	<u>2.3</u>
<b>Total finance costs</b>	<u><u>10.6</u></u>	<u><u>13.4</u></u>



**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****7. Tax expense**

	2023 £m	2022 £m
<b>Current tax</b>		
UK corporation tax	27.6	15.4
Adjustments in respect of prior year	1.2	0.2
	<b>28.8</b>	<b>15.6</b>
<b>Deferred tax (see note 12)</b>		
Charged to the statement of profit and loss	(0.2)	0.5
Adjustments in respect of prior year	(2.0)	0.8
Effect of changes in tax rates	(1.0)	-
	<b>(3.2)</b>	<b>1.3</b>
<b>Total tax expense</b>	<b>25.6</b>	<b>16.9</b>
Tax expense attributable to continuing operations	25.6	12.5
Tax expense attributable to discontinued operations	-	4.4
	<b>25.6</b>	<b>16.9</b>

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 27.11% (2022: 18.9%). 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:

	2023 £m	2022 £m
Profit for the year	69.0	384.0
Tax expense	25.6	16.9
<b>Profit before tax</b>	<b>94.6</b>	<b>400.9</b>
Tax at the domestic rate of 20.5% (2022: 19.0%)	19.4	76.2
Effect of tax rates in foreign jurisdictions	(0.2)	(0.6)
Effects of:		
Adjustments in respect of prior year	(0.7)	0.9
Expenses not deductible for tax purposes	5.6	(2.9)
Income not taxable	(1.5)	(61.4)
Losses carried forward for which deferred tax is not provided	4.4	4.7
Effects of changes in tax rates	(1.3)	-
Other movements	(0.1)	-
<b>Tax expense</b>	<b>25.6</b>	<b>16.9</b>

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****8. Employees**

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

	<b>2023</b>	<b>Restated</b>
	<b>Number</b>	<b>2022</b>
		<b>Number</b>
<b><i>Continuing operations</i></b>		
Management, business development and support services	1,065	1,211
Legal services	359	185
Contact centre staff	16	16
	<b>1,440</b>	<b>1,412</b>
<b><i>Discontinued operations</i></b>		
Contact centre colleagues	-	990
Management, business development and support services	-	681
<b>Average for the 10 months to 29 April 2022</b>	<b>-</b>	<b>1,671</b>

The aggregate remuneration comprised:

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Wages and salaries	94.0	81.4
Social security costs	13.4	11.0
Pension costs	8.2	7.1
	<b>115.6</b>	<b>99.5</b>

Wages and salaries do not include adjustments relating to share-based payments. See note **Error! Reference source not found.2** for further details.

In addition to the aggregate remuneration above, expenditure of £1.0m (2022: £0.8m) was incurred by the Group relating to direct non-monetary benefits for employees.

The prior year disclosure of average staff numbers has been restated to correct a misallocation of employees between continuing and discontinued operations.

## BHL (UK) Holdings Limited

Year ended 30 June 2023

### Notes forming part of the consolidated financial statements (continued)

#### 9. Goodwill

	£m
<b>At 1 July 2021</b>	<b>20.9</b>
Disposal of discontinued operations (see note 25)	(17.1)
Effect of movements in exchange rates	(0.5)
<b>At 30 June 2022</b>	<b>3.3</b>
Additions	0.7
Impairment	(0.4)
Effect of movements in exchange rates	(0.2)
<b>At 30 June 2023</b>	<b>3.4</b>
<b>Carrying amount</b>	
<b>At 30 June 2023</b>	<b>3.4</b>
<b>At 30 June 2022</b>	<b>3.3</b>

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

Of the goodwill held at 30 June 2023 £2.8m (2022: £2.8m) relates to LesFurets.com, £0.5m (2022: £0.5m) relates to the Turkish subsidiaries and £0.2m relates to Sidechapel Limited (2022: £nil).

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 (2022: 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% (2022: 2%) representing management's assessment of the long term growth rate for the Group's mature businesses; and
- A discount rate of 20% (2022: 20%) for LesFurets.com.

Sensitivity analyses have been carried out based on an increase of discount rate to 25% for LesFurets.com CGU and a reduction of long term growth rate to 1%. 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 2023**

**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
<b>Cost</b>				
<b>At 1 July 2021</b>	<b>144.3</b>	<b>43.7</b>	<b>2.6</b>	<b>190.6</b>
Additions	9.0	16.9	6.8	32.7
Disposals	(64.3)	(41.3)	(9.4)	(115.0)
<b>At 30 June 2022</b>	<b>89.0</b>	<b>19.3</b>	<b>-</b>	<b>108.3</b>
Additions	1.4	12.1	-	13.5
Transfers	23.0	(23.0)	-	-
Disposals	(4.0)	(0.1)	-	(4.1)
Effects of movements in foreign exchange	0.1	-	-	0.1
<b>At 30 June 2023</b>	<b>109.5</b>	<b>8.3</b>	<b>-</b>	<b>117.8</b>
<b>Accumulated amortisation</b>				
<b>At 1 July 2021</b>	<b>99.8</b>	<b>1.2</b>	<b>0.2</b>	<b>101.2</b>
Charge for the year	26.6	-	0.8	27.4
Disposals	(62.5)	(14.5)	(1.0)	(78.0)
Impairment	7.5	13.3	-	20.8
<b>At 30 June 2022</b>	<b>71.4</b>	<b>-</b>	<b>-</b>	<b>71.4</b>
Charge for the year	16.5	-	-	16.5
Impairment	0.9	-	-	0.9
Disposals	(4.6)	-	-	(4.6)
Effects of movements in foreign exchange	0.1	-	-	0.1
<b>At 30 June 2023</b>	<b>84.3</b>	<b>-</b>	<b>-</b>	<b>84.3</b>
<b>Net book value</b>				
<b>At 30 June 2023</b>	<b>25.2</b>	<b>8.3</b>	<b>-</b>	<b>33.5</b>
<b>At 30 June 2022</b>	<b>17.6</b>	<b>19.3</b>	<b>-</b>	<b>36.9</b>

In the prior year, impairment losses included £20.3m relating to an internal reorganisation at BGL Group that resulted in certain software development assets and software development in progress no longer aligning with the Group's strategic direction.

The majority of the disposals in the prior year related to the disposal of BGL Insurance, including all affinity relationships.

There are no commitments to purchase intangible assets at the reporting date (2022: £nil). All additions to software development relate to internally developed software.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****11. Property, plant and equipment**

	Land and buildings		Leasehold improvements and fixtures and fittings	Office equipment	Computer equipment	Total
	Owned	Leased				
	£m	£m	£m	£m	£m	£m
<b>Cost</b>						
<b>At 1 July 2021</b>	<b>6.9</b>	<b>48.1</b>	<b>21.1</b>	<b>7.4</b>	<b>23.6</b>	<b>107.1</b>
Additions	-	-	0.5	0.5	3.5	4.5
Disposals	(4.1)	(5.9)	(10.7)	(2.8)	(18.5)	(42.0)
<b>At 30 June 2022</b>	<b>2.8</b>	<b>42.2</b>	<b>10.9</b>	<b>5.1</b>	<b>8.6</b>	<b>69.6</b>
Additions	-	6.0	0.4	0.1	1.2	7.7
Disposals	-	(6.6)	(3.1)	(0.4)	(1.3)	(11.4)
<b>At 30 June 2023</b>	<b>2.8</b>	<b>41.6</b>	<b>8.2</b>	<b>4.8</b>	<b>8.5</b>	<b>65.9</b>
<b>Accumulated depreciation</b>						
<b>At 1 July 2021</b>	<b>3.8</b>	<b>25.6</b>	<b>11.7</b>	<b>4.1</b>	<b>16.3</b>	<b>61.5</b>
Charge for the year	0.1	3.1	2.4	0.8	2.9	9.3
Disposals	(1.1)	(3.4)	(6.9)	(1.4)	(14.2)	(27.0)
<b>At 30 June 2022</b>	<b>2.8</b>	<b>25.3</b>	<b>7.2</b>	<b>3.5</b>	<b>5.0</b>	<b>43.8</b>
Charge for the year	-	3.2	0.6	0.7	1.5	6.0
Impairment	-	-	0.2	-	-	0.2
Disposals	-	(5.8)	(3.1)	(0.5)	(1.3)	(10.7)
<b>At 30 June 2023</b>	<b>2.8</b>	<b>22.7</b>	<b>4.9</b>	<b>3.7</b>	<b>5.2</b>	<b>39.3</b>
<b>Net book value</b>						
<b>At 30 June 2023</b>	<b>-</b>	<b>18.9</b>	<b>3.3</b>	<b>1.1</b>	<b>3.3</b>	<b>26.6</b>
<b>At 30 June 2022</b>	<b>-</b>	<b>16.9</b>	<b>3.7</b>	<b>1.6</b>	<b>3.6</b>	<b>25.8</b>

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

The Group had £nil of capital commitments at the reporting date (2022: £nil). Leased land and buildings relates to right-of-use assets recognised by the Group.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****12. Deferred tax asset**

	2023 £m	2022 £m
Property, plant and equipment	1.3	1.6
Other temporary differences	4.1	4.4
<b>Deferred tax asset</b>	<b>5.4</b>	<b>6.0</b>
<b>Deferred tax asset at the start of the year</b>	<b>2.2</b>	<b>5.9</b>
Asset released – discontinued operation	-	(2.4)
Recognised in income	0.3	(0.5)
Adjustment in respect of prior year	1.9	(0.8)
Effect of changes in tax rate	1.0	-
<b>Deferred tax asset at the end of the year</b>	<b>5.4</b>	<b>2.2</b>

The Group has £28.4m (2022 restated: £27.4m) of unrecognised deferred tax assets related to LesFurets.com tax losses and £0.7m (2022: £0.7m) of unrecognised deferred tax assets related to tax losses of the Turkish subsidiaries. Whilst management's expectations in respect of the future performance of LesFurets.com and the Turkish subsidiaries remain strong, a more conservative approach has been applied in the assessment of probability where tax losses are forecast to be recovered.

Details of movement in deferred tax:

	Property, plant and equipment £m	Other temporary differences £m	Deferred tax asset £m
<b>At 1 July 2021</b>	<b>1.6</b>	<b>4.3</b>	<b>5.9</b>
Asset sold – discontinued operation	-	(2.4)	(2.4)
Recognised in income	(0.8)	0.3	(0.5)
Adjustment in respect of prior year	0.1	(0.9)	(0.8)
<b>At 30 June 2022</b>	<b>0.9</b>	<b>1.3</b>	<b>2.2</b>
Recognised in income	(0.2)	0.5	0.3
Adjustment in respect of prior year	0.3	1.6	1.9
Effect of changes in tax rates	0.3	0.7	1.0
<b>At 30 June 2023</b>	<b>1.3</b>	<b>4.1</b>	<b>5.4</b>

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****13. Other investments**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Interests in associates	<u>8.9</u>	<u>10.2</u>

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

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Carrying amount of interests in associates	8.9	10.2
Share of loss from continuing operations	12.8	6.5
Impairment of investments	<u>29.3</u>	<u>2.9</u>

**14. Inventories**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Finished goods	<u>0.4</u>	<u>0.3</u>

Finished goods relates to inventory held for customer reward schemes.

During the year, costs of £1.9m (2022: £2.3m) were recognised in operating expenses as goods were dispatched. £0.1m of finished goods, which had previously been fully impaired, were disposed of and at 30 June 2023 a provision of £0.5m (2022: £0.6m) is recognised net against the remaining inventory.

**15. Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Current</b>		
Trade receivables	84.1	71.2
Amounts due from related undertakings	5.5	26.1
Corporation tax receivable	3.2	4.6
Accrued income	63.0	59.4
Other debtors	5.3	9.4
Prepayments	15.9	13.6
	<u>177.0</u>	<u>184.3</u>

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****15. Trade and other receivables (continued)**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Non-current</b>		
Accrued income	6.8	16.9
Prepayments	0.1	-
Amounts due from related undertakings	-	0.3
	<b>6.9</b>	<b>17.2</b>

As at 30 June 2023, the Group held a bad debt provision of £5.4m (2022: £5.8m) in relation to impairment of trade receivables and £0.9m (2022: £0.6m) in relation to impairment of accrued income.

Movements in the provision for bad debts were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Value at start of the period</b>	<b>(5.8)</b>	<b>(4.4)</b>
Increase in provision	(0.1)	(5.8)
Utilisation	-	0.2
Amounts sold	-	4.2
Release of provision	0.5	-
<b>Value at end of the period</b>	<b>(5.4)</b>	<b>(5.8)</b>

Trade debtors include work in progress relating to legal services contracts of £32.1m (2022: £27.6m). 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 2023 £27.8m (2022: £23.8m) remained within trade debtors after £2.5m (2022: £2.9m) had been offset with trade creditors.



**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****16. Cash and cash equivalents**

	<b>2023</b> <b>£m</b>	<b>2022</b> <b>£m</b>
Cash and cash equivalents	<u>70.7</u>	<u>93.9</u>

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 £4.0m (2022: £1.0m) at the reporting date.

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

	<b>2023</b> <b>£m</b>	<b>2022</b> <b>£m</b>
AA-	25.2	45.1
A+	20.7	27.6
A	24.1	1.0
Below A or not rated	0.7	20.2
	<u>70.7</u>	<u>93.9</u>

**17. Borrowings**

	<b>2023</b> <b>£m</b>	<b>2022</b> <b>£m</b>
<b>Current</b>		
Bank loans	100.0	-
Loans payable to related parties	-	0.5
	<u>100.0</u>	<u>0.5</u>
<b>Non-current</b>		
Bank loans	<u>50.0</u>	<u>150.0</u>

Throughout the year ended 30 June 2023, the BGL Group had access to substantial committed debt facilities comprising an unsecured £175.0m (2022: £175.0m) revolving credit facility maturing June 2024, an unsecured £100.0m (2022: £100.0m) term loan maturing June 2024, and a £50.0m (2022: £50.0m) seven year fixed rate senior note with a bullet maturity date of April 2025. As at 30 June 2023, £150.0m (2022: £150.0m) was drawn under the facilities. These bank loans were denominated in Sterling and bore interest based on SONIA. The fixed rate senior note was fixed against 7 year UK Gilt.

Following the year end, the BGL Group completed a refinancing of all its debt facilities, to comprise an unsecured £150.0m revolving credit facility maturing September 2027, an unsecured £300.0m term loan maturing September 2027, and a £50.0m five year fixed rate senior note with a bullet maturity date of October 2028. These bank loans are denominated in Sterling and bear interest based on SONIA. The fixed rate senior note is fixed against a 5 year swap rate.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****17. Borrowings (continued)**

The facilities provided significant headroom at year-end and, alongside the new facilities and available cash, ensures the Group is in a strong position to support the liquidity requirements of the business for the foreseeable future.

The securitisation facility previously accessible by the BGL Group was transferred with the sale of BGL Insurance to a third party in April 2022. See note **Error! Reference source not found.** for further details.

**18. Trade and other payables**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Current</b>		
Trade payables	34.6	20.8
Other payables	13.0	10.3
Accruals	51.5	57.2
Deferred income	4.4	0.7
Lease liabilities	3.7	3.3
Current tax liabilities	0.8	0.8
	<b>108.0</b>	<b>93.1</b>
	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Non-current</b>		
Accruals and deferred income	2.5	3.6
Lease liabilities	19.6	19.0
	<b>22.1</b>	<b>22.6</b>

Trade creditors include £22.7m (2022: £18.8m) in respect of disbursements where there is a contractual obligation to pay the supplier regardless of whether the disbursement is recovered.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****19. Provisions for liabilities**

	<b>Clawback provisions</b>	<b>Onerous contracts</b>	<b>Dilapidations</b>	<b>Other provisions</b>	<b>Total £m</b>
<b>At 1 July 2022</b>	<b>9.4</b>	<b>3.1</b>	<b>1.7</b>	<b>2.0</b>	<b>16.2</b>
Increase in provision	7.3	-	0.9	-	8.2
Utilisation	(7.0)	(1.7)	-	-	(8.7)
Unwinding of discounting	0.4	-	-	-	0.4
Disposal of provision	-	-	(0.1)	(2.0)	(2.1)
Release of provision	-	(0.5)	-	-	(0.5)
<b>At 30 June 2023</b>	<b>10.1</b>	<b>0.9</b>	<b>2.5</b>	<b>-</b>	<b>13.5</b>
Current provisions	5.8	0.5	-	-	6.3
Non-current provisions	4.3	0.4	2.5	-	7.2
<b>At 30 June 2023</b>	<b>10.1</b>	<b>0.9</b>	<b>2.5</b>	<b>-</b>	<b>13.5</b>

*Clawback provision*

The Group provides for an estimate of the insurer or partner 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.

*Onerous contracts*

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

*Dilapidations*

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

*Other provisions*

In the prior year, the BGL recognised a provision which represented the Directors' best estimate of liabilities which may have arisen from a contract settled during the year, but where the counterparty may have disputed value of settlement. The provision was fully released in the current period.

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

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the consolidated financial statements (continued)**

#### **20. Financial instruments**

##### *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 ('ECLs') on financial assets measured at amortised cost using a lifetime expected loss allowance. Loss allowances for trade receivables and contract assets relating to ECLs of £0.4m (2022: £nil) are recognised against Trade and other receivables in the balance sheet at the year end.

##### *Short-term deposits*

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

##### *Liquidity risk*

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

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

The BGL Group has substantial available but undrawn committed debt facilities that continue to be fully accessible. Details of these facilities are provided in note 17.

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 contingent liabilities is given in note 29.

##### *Market risk*

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

##### *Foreign exchange risk*

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

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****20. Financial instruments (continued)***Foreign exchange risk (continued)*

The Group's shareholders' funds by currency were:

	<b>Sterling £m</b>	<b>Euro £m</b>	<b>Turkish Lira £m</b>	<b>Total £m</b>
Total equity 30 June 2023	42.4	(5.2)	2.0	39.2
Total equity 30 June 2022	92.8	(1.5)	0.3	91.6

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

	<b>10% increase in Sterling/ Euro rate</b>	<b>10% decrease in Sterling/ Euro rate</b>
Total equity at 30 June 2023	0.5	(0.6)
Total equity at 30 June 2022	0.1	(0.1)

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, as well as a periodic review of any requirement to purchase forward foreign exchange contracts to mitigate risk arising from contracts denoted in foreign currencies.

At 30 June 2023, the Group had commitments to purchase foreign currency totalling USD 9.0m (2022: USD 15.0m) via forward contracts. The last of these commitments matures in December 2024 and an asset of £0.5m (2022: £1.2m) is held on the balance sheet relating to the derivative which arises from the forward contracts.

*Interest rate risk*

The Group has both interest bearing assets and liabilities.

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

Sensitivity to a 100-basis point negative variance on the external weighted average interest rate for the Group for the financial year was an approximate £0.6m adverse (2022: £0.1m positive) 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.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****20. Financial instruments (continued)***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:

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Within one year	3.7	3.4
One to five years	14.5	12.3
More than five years	5.1	6.7
<b>Lease liabilities</b>	<b>23.3</b>	<b>22.4</b>

*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**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Allotted, called up and fully paid</b>		
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.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the consolidated financial statements (continued)**

#### **22. Share based payments**

No share options were outstanding or exercisable at the end of the period. Detail of share-based payment arrangements which existed at BGL Group during the period are provided below.

##### *BGL Group C and D shares*

The holders of C and D shares are entitled to a share in the equity value of BGL (Holdings) Limited, conditional on certain performance thresholds being met between 1 July 2017 and 30 June 2022. These performance thresholds were not met and at 30 June 2023 the Group's liability for the arrangements relating to the C and D shares in issue was £nil. In the prior year the shares were purchased by the Company, and the BGL Group has no ongoing obligations towards the Company.

##### *BGL Group E shares*

During the year, an Executive Director of the BGL Group participated in a share-based payment arrangement with the BGL (Holdings) Limited. The participant held the maximum possible grant of 76,294 E shares.

The E shares accrue an entitlement to alternative equity instruments at the time of an exit event, subject to certain hurdles being achieved, as set out in BGL (Holdings) Limited's Articles of Association as adopted on 20 June 2023, which modified the original terms of the arrangement. Vesting of the entitlement is conditional on the participants continued engagement, appointment or employment by the BGL Group. Upon the entitlement vesting, under certain circumstances, the participant may exchange the E shares for alternative equity instruments equal to the value of the entitlement accrued. As such, the arrangement has been recognised as an equity-settled scheme.

Valuations of BGL (Holdings) Limited, forecasts of long-term growth and an assessment of the other vesting conditions do not present a likely scenario where the minimum performance thresholds will be achieved for the arrangement as it stood at 30 June 2023. Therefore, no share-based payment charge has been recognised within operating expenses during the period or any associated liability on the balance sheet.

##### *BGL Group Management incentive plan*

During the period, executive Directors and certain employees of the BGL Group participated in a management incentive plan. No shares or options to acquire shares were granted to participants, however the arrangement gives rise to equity instruments which have been accounted for as cash-settled share-based payment arrangement.

Participants were entitled to receive cash bonuses upon exercise on the condition that the compound annual growth rate ("CAGR") of the market value of the Group's equity exceeds 5% from 30 June 2021 to 30 June 2026 (the "vesting period"). No bonus would vest if the minimum performance threshold was not reached. Entitlement to bonus payments was also conditional on the participants remaining employees of the Group throughout the vesting period.

All participants agreed to forfeit their entitlement under this management incentive plan on 17 July 2023. Therefore no share-based payment charge has been recognised within operating expenses during the period or any associated liability on the balance sheet.

##### *BGL Group G shares*

Subsequent to the year ended 30 June 2023, 6,450 G shares, being a new class of shares in the BGL (Holdings) Limited, were issued on 17 July 2023, with an aggregate subscription price of £0.1m, in connection with an executive long term incentive scheme. These shares are held by an external nominee on behalf of the beneficiaries of that scheme.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****23. Non-controlling interest**

	2023 £m	2022 £m
<b>Value at the start of the year</b>	<b>20.8</b>	<b>16.0</b>
Share of profit for the year	36.6	130.8
Dividends paid	(47.4)	(128.8)
Purchase of a minority shareholding in a subsidiary	(0.8)	3.0
Foreign currency translation	-	(0.2)
<b>Value at the end of the year</b>	<b>9.2</b>	<b>20.8</b>

**24. Dividends**

	2023 £m	2022 £m
<b>Paid during the year by BHL UK Holdings Limited</b>		
Equity dividends on ordinary shares:		
Interim dividend for 2022: £0.25	-	150.0
Interim dividend for 2022: £0.34	-	201.8
Interim dividend for 2023: £0.10	60.0	-
	<b>60.0</b>	<b>351.8</b>

**Paid during the year by BGL (Holdings) Limited***Equity dividends on ordinary shares:*

Interim dividend for 2022: £6.20	-	10.1
Interim dividend for 2022: £11.80	-	19.3
Exceptional dividend for 2022: £60.00	-	98.3
Exceptional dividend for 2023: £20.00	32.8	-
Exceptional dividend for 2023: £0.80	1.3	-
Interim dividend for 2023: £7.82	12.8	-

*Equity dividends on other shares:*

Interim dividend for 2022: £14.75	-	1.1
E share exceptional dividend for 2023: £4.92	0.4	-
E share interim dividend for 2023: £1.95	0.1	-

**Dividends paid**

<b>47.4</b>	<b>128.8</b>
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**Rights of BGL (Holdings) Limited share types**

During the period, A and E shares carried a secondary right to participate in a distribution of available profits after B shares, which carry the primary right. On 20 June 2023, the rights of E shares were varied so that they no longer carry any entitlement to the distribution of available profits. C and D shares carry no rights to participate in the distribution of available profits.



**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****25. Discontinued Operations****25(a) Description**

On 29 April 2022 the BGL group completed on sale of its BGL Insurance division which comprised of the company BISL Limited and all wholly owned subsidiaries of that company, being ACM ULR Limited, BFSL Limited and BGL Direct Life Limited. Control was assessed as lost at this date and consolidation stopped here. Control of a structured entity, BGL Receivables Financing Limited, which previously met the control criteria for consolidation under IFRS 10, was transferred at the same time as the sale of BISL Limited. The primary purpose of the structured entity was to purchase certain trade receivables subject to instalment collection arrangements for securitisation.

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

**25(b) Financial performance and cash flow information**

	<b>Note</b>	<b>2022 £m</b>
Revenue	3	168.2
Operating expenses		(147.8)
Restructuring costs	4	-
Impairment loss	4	-
<b>Operating profit</b>	<b>4</b>	<b>20.4</b>
Finance income	5	4.5
Finance costs	6	(2.3)
<b>Profit before taxation</b>		<b>22.6</b>
Tax expense	7	(4.4)
<b>Profit after taxation of discontinued operation</b>		<b>18.2</b>
Gain on sale of the subsidiary after income tax		318.4
<b>Profit from discontinued operation</b>		<b>336.6</b>
		<b>2022 £m</b>
Net cash flow from operating activities		39.2
Net cash outflow from investing activities		(31.1)
Net cash outflow from financing activities		5.0
<b>Net increase / (decrease) in cash generated by the subsidiary</b>		<b>13.1</b>

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****25. Discontinued Operations (continued)****25(c) Details of the sale of the subsidiary**

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

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

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

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

**26. Reserves****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 £0.1m (2022: £0.1m) is recognised by the Group.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the consolidated financial statements (continued)**

#### **26. Reserves (continued)**

##### **Merger reserve**

A merger reserve of £594.5m (2022: £594.5m) arises on consolidation because of the purchase of BGL Group Limited by the Company. It represents the difference between the fair value paid by the Company to BHL Holdings Limited for 90.5% of the shares in BGL Group Limited and the book value of BGL Group Limited.

##### **Other reserves**

Other reserves of £463.4m (2022: £476.9m) comprise the gains or losses on share transactions with minority interests of BGL (Holdings) Limited Minster Law Limited and BHL Turkey. During the current year, the difference between the fair value paid for shares in BHL Turkey Teknoloji Anonim Sirketi and the book value was £0.3m (loss). During the prior year, the difference between the fair value paid for C and D shares in BGL (Holdings) Limited and the book value at year end was £13.5m (loss).

#### **27. Pension commitments**

The pension cost represents contributions payable by the Group and amounted to £8.2m (2022: £12.6m) in the year.

At the reporting date, £0.8m (2022: £0.7m) was owed by the Group.

#### **28. Leases**

##### **Group as a lessee**

The Group has lease contracts for a number of office buildings. Leases of land and buildings generally have lease terms between 4 to 10 years, with an option to renew the lease after the expiry date. Lease expiry dates range from February 2027 to December 2031. One of the leases has an exercisable break clause in 2026. During the period, the Group entered into a new 6 year lease for an office building. The majority of the Group's leases are subject to rent reviews in accordance with the terms of the lease.

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

##### **Group as a lessor**

The Group previously entered into operating leases on a number of office buildings which ceased at the point BGL Insurance was disposed of in April 2022. Rental income recognised by the Group during the year is £nil (2022: £0.1m).

## BHL (UK) Holdings Limited

Year ended 30 June 2023

### Notes forming part of the consolidated financial statements (continued)

#### 29. Contingent liability

The BGL Group has access to substantial committed debt facilities comprising an unsecured £175.0m (2022: £175.0m) revolving credit facility maturing June 2024, an unsecured £100.0m (2022: £100.0m) term loan maturing June 2024, and a £50.0m (2022: £50.0m) seven year fixed rate senior note with a bullet maturity date of April 2025. Under the terms of these facilities, BGL (Holdings) Limited, BGL Group Limited and Compare the Market Limited provide a joint and several guarantee. At 30 June 2023, the drawn balance under these facilities, and therefore the maximum exposure to this contingent liability, was £150.0m (2022: £150.0m).

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

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

#### 30. Related party transactions

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

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

Compare the Market Pty Ltd	Common directors and shareholders
Reef Management Services Limited	Common shareholder
BHL Holdings Limited	Parent company
Enro Holdings Limited	Associated company
Thingco Limited	Investee
Cogent Services Group Limited	Associated company
CPPIB Banjo Canada Inc	Minority shareholder of subsidiary
CPPIB Equity Investments Inc	Fellow company of minority shareholder of subsidiary
BHL (SA) Holdings Limited	Fellow subsidiary of BHL Holdings Limited
MM Bailie	Minority shareholder and Chief Executive Officer of subsidiary
S Klinkert	Minority shareholder of subsidiary
Klinkert Investments Pty Limited	Minority shareholder of subsidiary

Balances outstanding at 30 June 2023 with other related parties, classed as either trade receivables or payables, are shown below.

	2023 £'000	2022 £'000
<b>Net related parties receivables / (payables)</b>		
Compare the Market Pty Ltd	-	0.4
BHL Holdings Limited	4.4	10.9
BHL (SA) Holdings Limited	1.9	2.1
Enro Holdings Limited	-	13.0
Thingco Limited	-	0.5
Cogent Services Group Limited	-	0.2
Loans from Turkey minority shareholders	-	(0.5)
<b>Net receivable</b>	<b>6.3</b>	<b>26.6</b>

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****30. Related party transactions (continued)**

Transactions entered into with other related parties for the year ending 30 June 2023 are as shown below.

**Royalty income**

Compare the Market Pty Limited

2.1	2.2
-----	-----

**Management charge receivable**

Reef Management Services Limited

0.1	-
-----	---

**Consideration for Director services**

CPPIB Equity Investments Inc

0.1	-
-----	---

**Interest receivable**

BHL Holdings Limited

0.5	0.2
-----	-----

Enro Holdings Limited

0.6	0.6
-----	-----

1.1	0.8
-----	-----

**Dividends paid**

BHL Holdings Limited

60.0	-
------	---

CPPIB Banjo Canada Inc

42.9	351.8
------	-------

Other shareholders

4.5	128.8
-----	-------

107.4	480.6
-------	-------

**Key management emoluments (including Directors)**

2023	2022
£m	£m

Short-term employee benefits

6.3	9.7
-----	-----

Post-employment benefits

0.1	-
-----	---

Compensation for loss of office and related costs

-	0.3
---	-----

6.4	10.0
-----	------

**Directors' emoluments**

2023	2022
£m	£m

Short-term employee benefits

1.8	0.7
-----	-----

**Highest paid Director**

2023	2022
£m	£m

Short-term employee benefits

1.2	0.7
-----	-----

Two (2022: two) of the BHL (UK) Holdings Limited Directors were remunerated by other group companies and their remuneration is included in the accounts of those companies. It is not possible to determine the proportion of remuneration which relates to the Company.

No (2022: no) Directors who served the Company during the year hold unrestricted shares of BGL (Holdings) Limited which carry voting and dividend rights. Included within other debtors is £3.0m owed by one Director relating to deferred consideration on the issue of restricted shares (2022: £3.0m).

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the consolidated financial statements (continued)****30. Related party transactions (continued)****Key management emoluments (including Directors) (continued)**

<b>Shareholding in BGL (Holdings) Limited</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
MM Bailie	0.8	0.8
S Klinkert	3,757.5	3,757.5
Klinkert Investments PTY Limited	5,010.0	5,010.0
	<u>8,768.3</u>	<u>8,768.3</u>

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

**31. Post balance sheet events**

Following the year end, the BGL Group completed a refinancing of all its debt facilities, to comprise an unsecured £150.0m revolving credit facility maturing September 2027, an unsecured £300.0m term loan maturing September 2027, and a £50.0m five year fixed rate senior note with a bullet maturity date of October 2028. These bank loans are denominated in Sterling and bear interest based on SONIA. The fixed rate senior note is fixed against a 5 year swap rate. See note 17 for details of the debt facilities during the year.

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

**32. Ultimate and immediate parent companies**

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

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

**BHL (UK) Holdings Limited**  
**Year ended 30 June 2023**  
**Company statement of financial position**

Company registration number 08604368

	<b>Note</b>	<b>2023 £m</b>	<b>2022 £m</b>
<b>Fixed assets</b>			
Investments in subsidiaries	2	846.0	846.4
Other investments		9.2	16.7
Receivables	3	16.4	8.2
<b>Current assets</b>			
Receivables	3	8.1	28.2
Cash and cash equivalents		0.5	0.8
<b>Creditors: amounts falling due within one year</b>			
Payables	4	0.2	7.9
Provisions		-	-
<b>Net current assets</b>		<b>8.4</b>	<b>21.1</b>
<b>Total assets less current liabilities</b>		<b>880.0</b>	<b>892.4</b>
<b>Capital and reserves</b>			
Ordinary share capital	5	600.0	600.0
Retained earnings		280.0	292.4
<b>Total equity</b>		<b>880.0</b>	<b>892.4</b>

The financial statements were approved by the Board of Directors on 16 November 2023 and signed on its behalf by:



**M Raisbeck**  
**Director**

The notes on pages 55 to 59 form part of these financial statements.

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Company statement of changes in equity**

	<b>Ordinary share capital £m</b>	<b>Retained earnings £m</b>	<b>Total equity £m</b>
<b>At 1 July 2021</b>	<b>600.0</b>	<b>385.4</b>	<b>985.4</b>
Profit for the period	-	258.8	258.8
Dividend paid	-	(351.8)	(351.8)
<b>At 30 June 2022</b>	<b>600.0</b>	<b>292.4</b>	<b>892.4</b>
Profit for the period	-	47.6	47.6
Dividend paid	-	(60.0)	(60.0)
<b>At 30 June 2023</b>	<b>600.0</b>	<b>280.0</b>	<b>880.0</b>

The notes on pages 55 to 59 form part of these financial statements.



## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **Notes forming part of the company financial statements**

#### **1. Accounting policies**

The Company's significant accounting policies relating to specific financial statement items are set out below. Accounting policies have been applied consistently to all periods presented in these financial statements.

The following notes are disclosed in the consolidated financial statements for BHL (UK) Holdings Limited: dividends (note 24) and contingent liabilities (note 29).

#### **Basis of preparation**

The Company, a private limited company 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 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 Auditor fee is not disclosed in these accounts as it is disclosed in note 4 to the consolidated financial statements for BHL (UK) Holdings Limited.

#### **Going concern**

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

At 30 June 2023, the Company has net current assets of £8.4m (2022: £21.1m). The Directors have reviewed the budget and cash flow forecasts of the Company for the period to 31 December 2024 and are confident that they show the Company will have sufficient resources to meet its liabilities as they fall due. Accordingly the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

## **BHL (UK) Holdings Limited**

**Year ended 30 June 2023**

### **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**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Value at start of the period</b>	<b>846.4</b>	<b>846.4</b>
Addition in year	0.4	-
Impairment in year	(0.8)	-
<b>Value at end of the period</b>	<b>846.0</b>	<b>846.4</b>

The following were the subsidiary undertakings during and at the end of the year:

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the company financial statements (continued)****2. Investment in subsidiaries (continued)**

Name	Proportion of ordinary share capital held		Nature of business
	2023	2022	
BGL Group Limited*	67.25%	66.24%	Servicing company
BGL (Holdings) Limited	67.25%	66.24%	Holding company
BHL Eurasia Limited	100%	100%	Holding company
Cogent Claims Limited	80.83%	-	Claims management
Coral Insurance Services Limited	100%	100%	Claims management
Compare the Market Limited*	67.25%	66.24%	Price comparison
Courtanet SAS* (incorporated in France)	67.25%	66.24%	Price comparison
Hesap Kurdu Sigorta Aracnik Hizmetleri A.S.**	95.29%	64.02%	Price comparison
Koalay Bilisim A.S.**	95.00%	95.00%	Holding company
Koalay Com Sigorta ve Reasurans Brokerligi A.S.**	95.29%	64.02%	Insurance broker
BHL Turkey Teknoloji Anonim Sirketi**	95.29%	64.02%	Holding company
Minster Group Limited	100%	100%	Dormant company
Minster Law Limited	97.5%	96.5%	Solicitors
Sidechapel Limited	66.67%	53.33%	Holding company

*Subsidiaries of BGL Group Limited dissolved during the year ended 30 June 2023*

Bakewell Property Development Limited	-	66.24%	Dissolved 27 June 2023
Budget Financial Services Limited		66.24%	Dissolved 27 June 2023
Budget Group Limited		66.24%	Dissolved 27 June 2023
Direct Insurance Systems Corporation Limited		66.24%	Dissolved 27 June 2023
Fusion Contact Centre Services Limited		66.24%	Dissolved 27 June 2023
G F Bennett (Holdings) Limited	-	66.24%	Dissolved 27 June 2023
IGOEKO Limited	-	66.24%	Dissolved 27 June 2023

\* Indirectly held through BGL (Holdings) Limited

\*\* Indirectly held through BHL Eurasia Limited

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.

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

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

Cogent Claims Limited is registered at Kingfisher House, Peel Avenue, Wakefield, England, WF2 7UA.

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

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

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the company financial statements (continued)****3. Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Current</b>		
Amounts due from related undertakings	8.1	28.1
Other debtors	-	0.1
	<b>8.1</b>	<b>28.2</b>
<b>Non-current</b>		
Amounts due from related undertakings	16.4	8.2

**4. Creditors**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
Accruals and deferred income	-	0.1
Other creditors	0.2	0.1
Amounts owed to related undertakings	-	7.7
	<b>0.2</b>	<b>7.9</b>

**5. Share capital**

	<b>2023</b>	<b>2022</b>
	<b>£m</b>	<b>£m</b>
<b>Allotted, called up and fully paid</b>		
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:

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

**BHL (UK) Holdings Limited****Year ended 30 June 2023****Notes forming part of the company financial statements (continued)****6. Related party transactions (continued)**

Balances outstanding at 30 June 2023 with other related parties, classed as trade receivables or payables, are shown below.

	2023 £m	2022 £m
<b>Net related parties receivables/ (payables)</b>		
BHL Holdings Limited	4.4	10.9
BHL (SA) Holdings Limited	1.9	2.1
Sidechapel Limited	0.8	0.4
BGL (Holdings) Limited	0.4	0.1
Enro Holdings Limited	-	13.0
Minster Law Limited	-	(7.7)
Thingco Limited	-	0.5
Cogent Services Group Limited	-	0.2
<b>Net receivable</b>	<b>7.5</b>	<b>19.5</b>

Transactions entered into with other related parties for the year ending 30 June 2023 are as shown below.

	2023 £m	2022 £m
<b>Management charge receivable</b>		
Reef Management Services Limited	0.1	-
Minster Law Limited	0.1	0.1
<b>Total management charge receivable</b>	<b>0.2</b>	<b>0.1</b>
<b>Interest receivable</b>		
BHL Holdings Limited	0.5	0.2
Enro Holdings Limited	0.6	0.6
<b>Total interest receivable</b>	<b>1.1</b>	<b>0.8</b>

**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.