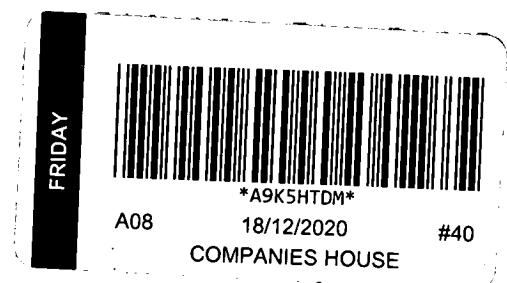


PROTECTION HELPLINE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2019

(Registered Number 09928334)



Contents

Directors' report	3
Statement of directors' responsibilities	5
Independent auditor's report to the members of Protection Helpline Limited	6
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Notes	11

Directors' Report

The Directors present their Directors' report and the audited financial statements for the year ended 31 December 2019.

INTRODUCTION AND OVERVIEW

Protection Helpline Limited is a private limited company incorporated in England & Wales, registered number 09928334, and is a wholly owned subsidiary of Connells Limited.

The Company made a profit before tax of £6,000 (2018: £7,000).

DIRECTORS

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

DC Livesey
RJ Twigg
NJ Spaul
DK Plumtree

DIVIDENDS

During the year no dividends were declared. The Directors do not recommend payment of a final dividend (2018: £nil).

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

GOING CONCERN

During the year ended 31st December 2019, the company's principal activity was to provide insurance based protection solutions to customers by telephone. However, during the year the Directors made the decision to stop writing new business in its current form. The entity has not traded during 2020 but is under consideration to start trading again.

The Directors have assessed the viability of the Company with respect to the Company's current resources and prospects, its risk appetite and the Company's principal risks and uncertainties. As a result, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Directors have reacted quickly to the Covid-19 pandemic. The Government announcement on 23 March 2020, locked down large parts of the UK. Our priority during this time has been the health, safety and well-being of our people and customers.

The Directors have performed extensive forecasting to ensure the future viability of the Company and have taken actions where necessary to ensure the Company remains in a strong position, and able to recover strongly once we return to a more normal environment.

Nevertheless, as detailed in the Statement of Comprehensive Income on page 8, while the Company did report a profit during the year, it has net liabilities at the reporting date. The parent undertaking, Connells Limited, has indicated its intention to continue to make available such funds as are needed by the company for a period of not less than one year from the date of approval of these financial statements enabling the company to meet its liabilities as and when they fall due.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' Report *(continued)*

AUDITOR

The Company appointed a new external auditor during the year, in line with its ultimate parent, Skipton Building Society. KPMG LLP therefore resigned as the Company's external auditor, and Ernst and Young LLP was formally appointed on 10 May 2019.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst and Young LLP will therefore continue in office.

The company has taken advantage of the small companies' exemptions in presenting this Directors' report.

By order of the board



RJ Twigg
Director

17 September 2020

Cumbria House
16-20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROTECTION HELPLINE LIMITED

Opinion

We have audited the financial statements of Protection Helpline Ltd for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of Matter Effects of COVID-19

We draw attention to Note 1a of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting consumer demand, financial markets, personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROTECTION HELPLINE LIMITED *(Continued)*

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

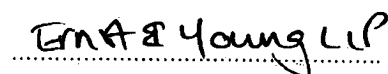
Auditor's responsibilities for the audit of the financial statements

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

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



Joanne Mason (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Audit
Luton
17 September 2020.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 2019 £000	Period ended 2018 £000
Revenue	1,3	-	7
Other Operating Income	2	6	-
Profit before tax		<u>6</u>	<u>7</u>
Tax charge	5	<u>(1)</u>	<u>(1)</u>
Profit for the year being total comprehensive income		<u><u>5</u></u>	<u><u>6</u></u>

There were no recognised income and expense items in the current year or preceding period other than those reflected in the above Statement of Comprehensive Income.

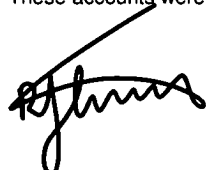
The notes on pages 11 to 17 form part of these financial statements.

Statement of Financial Position

AT 31 DECEMBER 2019

	Notes	£000	31 December 2019 £000	£000	31 December 2018 £000
Current assets					
Trade and other receivables	6	-	-	4	4
Total current assets			-		4
Total assets			-		4
Current liabilities					
Trade and other payables	7	36	36	36	36
Total current liabilities			36		36
Non-current liabilities					
Provisions	8	2	2	11	11
Total non-current liabilities			2		11
Total liabilities			38		47
Equity – attributable to equity holders of the Company					
Share capital	9	-	-	-	-
Accumulated losses	9	(38)	(38)	(43)	(43)
Total shareholder's deficit			(38)		(43)
Total equity and liabilities			-		4

These accounts were approved by the Board of Directors on 17 September 2020 and signed on its behalf by:



RJ Twigg
Director

Company registration number: 09928334

The notes on pages 11 to 17 form part of these Financial Statements.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £000	Accumulated Losses £000	Total Equity £000
Balance at 1 January 2019	-	(43)	(43)
Profit for the year	-	5	5
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	-	(38)	(38)
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2018	-	(49)	(49)
Profit for the year	-	6	6
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	-	(43)	(43)
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 17 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Protection Helpline Limited (the "Company") is a company incorporated, registered and domiciled in the UK. The following accounting policies have been applied consistently in these financial statements:

a. Basis of accounting

The Company's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and effective as at 31 December 2019, and those parts of the Companies Act 2006 applicable to Companies reporting under IFRS.

The Company adopted the following amendments to existing accounting standards during the year, none of which had a material impact on these financial statements:

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over income tax treatments*
- Plan amendment, curtailment or settlement (amendments to IAS 19)

There are no new standards at 31 December 2019 that have been endorsed by the EU but not yet effective.

Measurement convention

These financial statements are prepared on the historical cost basis.

Currency presentation

These financial statements are presented in pounds sterling and, except where otherwise indicated, have been rounded to the nearest one thousand pounds. The functional currency is pounds sterling.

Going concern

The Company's business activities are set out in the Directors' Report on page 5. The financial position of the Company and its liquidity position are shown on pages 8 to 10. In addition, the Directors' Report and notes to these financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

During the year ended 31st December 2019, the company's principal activity was to provide insurance based protection solutions to customers by telephone. However, during the year the Directors made the decision to stop writing new business in its current form. The entity has not traded during 2020 but is under consideration to start trading again.

The Directors have assessed the viability of the Company with respect to the Company's current resources and prospects, its risk appetite and the Company's principal risks and uncertainties. As a result, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Directors have reacted quickly to the Covid-19 pandemic. The Government announcement on 23 March 2020, locked down large parts of the UK. Our priority during this time has been the health, safety and well-being of our people and customers.

The Directors have performed extensive forecasting to ensure the future viability of the Company and have taken actions where necessary to ensure the Company remains in a strong position, and able to recover strongly once we return to a more normal environment.

Nevertheless, as detailed in the Statement of Comprehensive Income on page 8, while the Company did report a profit during the year, it has net liabilities at the reporting date. The parent undertaking, Connells Limited, has indicated its intention to continue to make available such funds as are needed by the company for a period of not less than one year from the date of approval of these financial statements enabling the company to meet its liabilities as and when they fall due.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

b. Revenue recognition.

Insurance commission income is recognised on a cash received basis with a provision for future clawback repayment in the event of early termination by the customer.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

1. Accounting policies (continued)

c. Trade and other receivables

Trade and other receivables are stated at their nominal value (discounted if material) less any impairment.

d. Trade and other payables

Trade and other payables are stated initially at their fair value and then subsequently carried at amortised cost.

e. Taxation

Income tax on the losses for the period comprises current tax and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except where items are recognised directly in equity, in which case the associated income tax charge or credit is recognised via equity.

Current tax is the expected tax payable on the taxable profit for the period, using tax rates enacted or substantially enacted at the period end date.

f. Cash and cash equivalents

The Company does not operate its own bank account. Consequently, all cash transactions are processed via another group company, and as a result, there are no cash flows within the Company.

The Company recognises an allowance for expected credit losses (ECLs). The Company takes a simplified approach and recognises a loss allowance based on lifetime ECLs at each reporting date. The Company uses a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. This is applied to third party and intercompany receivables and cash balances.

g. Provisions for liabilities and charges

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects market assessments of the time value of money and, if appropriate, the risks specific to the liability.

h. Critical accounting estimates, and judgements in applying accounting policies

The Company makes estimates and assumptions regarding the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

- Provisions – certain critical judgments have been made in applying the Company's accounting policies in relation to provisions for clawback of insurance commission. The provision for insurance commission clawback is estimated based upon anticipated cancellation rates of term insurance policies (note 8).

2. Expenses and auditor's remuneration

In 2019, Auditor's remuneration of £1,000 (2018: £2,000) was borne by another group company.

3. Revenue

All revenue in the Company is considered to originate from contracts with customers. The table below disaggregates the revenue from contracts with customers into the significant service lines. All revenues are derived by the Company in the UK.

2019	Products and services transferred at a point in time 2019 £000	Products and services transferred over time 2019 £000	Total 2019 £000
Income from sale of financial services products	-	-	-
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

3. Revenue (continued)

2018	Products and services transferred at a point in time 2018 £000	Products and services transferred over time 2018 £000	Total 2018 £000
Income from sale of financial services products	7	-	7
	<u>7</u>	<u>-</u>	<u>7</u>

4. Staff numbers and costs

The average monthly number of persons employed by the Company (including Directors) during the year was as follows:

	2019 No.	2018 No.
Directors	<u>4</u>	<u>4</u>

All staff costs are borne by other group undertakings (2018: £nil).

None of the directors are remunerated by the Company. The notional allocation of cost to the Company for their services was £9,877.

There are not considered to be further key management personnel other than the Directors of the Company noted above.

5. Tax expense

	Year ended 2019 £000	Period ended 2018 £000
a) Analysis of charge in the year at 19% (2018: 19%)		
Current tax charge		
Current tax at 19% (2018: 19%)	<u>1</u>	<u>1</u>
Total current tax	<u>1</u>	<u>1</u>

b) Factors affecting current tax expense in the year

The tax assessed in the Income Statement is equal to (2018: equal to) than the standard UK corporation tax rate because of the following factors:

	Year ended 2019 £000	Period ended 2018 £000
Profit before tax	<u>6</u>	<u>7</u>
Tax on profit at UK standard rate of 19% (2018: 19%)	1	1
Effects of:		
Effect of other tax rates / credits	<u>-</u>	<u>-</u>
Income tax charge	<u>1</u>	<u>1</u>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

6. Trade and other receivables

	31 Dec 2019 £000	31 Dec 2018 £000
Trade receivables	-	4
	<u>-</u>	<u>4</u>

The ageing of trade receivables (which all arose in the UK) at the year end was:

	2019 £000 Gross	2019 £000 Impairment	2018 £000 Gross	2018 £000 Impairment
Not overdue	-	-	-	-
Overdue 0 – 30 days	-	-	-	-
Overdue 31 – 120 days	-	-	-	-
Overdue 120 days plus	-	-	4	-
	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>

The Company does not require collateral in respect of trade and other receivables.

7. Trade and other payables

	31 Dec 2019 £000	31 Dec 2018 £000
Amounts owed to group undertakings	36	34
Accruals and deferred income	-	2
	<u>36</u>	<u>36</u>

8. Provisions

	Insurance commission clawback £000	Total £000
Opening balance at 1 January 2019	10	10
Provisions released during the year	(7)	(7)
Provisions utilised during the year	(1)	(1)
Balance at 31 December 2019	<u>2</u>	<u>2</u>
Opening balance at 1 January 2018	11	11
Provisions utilised during the year	(1)	(1)
Balance at 31 December 2018	<u>10</u>	<u>10</u>

All provisions are classed as non-current. The provision for insurance commission clawback is estimated based upon anticipated cancellation rates of term insurance policies.

9. Share capital

	31 Dec 2019 £000	31 Dec 2018 £000
Authorised, allotted, called up and fully paid 1 ordinary share of £1 each	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

9. Share capital

Management of capital

Capital is considered to be the retained earnings and ordinary share capital in issue.

	Year ended 2019 £000	Year ended 2018 £000
Capital		
Ordinary shares	-	-
Accumulated losses	(38)	(43)
	<u>(38)</u>	<u>(43)</u>

The Company is not subject to externally imposed capital requirements other than the minimum share capital required by the Companies Act, with which it complies.

The capital position is reported to the Board regularly.

10. Related party transactions

The Company has related party relationships within the Skipton Building Society as detailed below. All such transactions are priced on an arm's-length basis.

	2019			2018		
	Ultimate parent undertaking £000	Immediate parent undertaking £000	Other group company £000	Ultimate parent undertaking £000	Immediate parent undertaking £000	Other group company £000
a) Purchase of goods and services						
Administration charges	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
b) Outstanding balances						
Receivables from related parties	-	-	-	-	-	-
Payables to related parties	-	(8)	(28)	-	(7)	(27)
Total	<u>-</u>	<u>(8)</u>	<u>(28)</u>	<u>-</u>	<u>(7)</u>	<u>(27)</u>

There are no provisions in respect of goods and services to Related Parties at 31 December 2019 (2018: none).

All transactions are dealt with on normal credit terms.

11. Financial instruments

Financial risks

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity.

The principal financial risks to which the Company is exposed are liquidity risk, market risk and credit risk and these are monitored on a regular basis by management. Each of these is considered below.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

The Company's liquidity policy is to maintain sufficient liquid resources to cover imbalances and fluctuations in funding, to maintain solvency of the Company and to enable the Company to meet its financial obligations as they fall due. This is achieved through maintaining a prudent level of liquid assets and through rigorous management control of the growth of the business.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. Financial instruments *(continued)*

The following are contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount £000	Contractual cash flows £000	In not more than one month £000	In not more than 3 months £000	In more than 3 months but not less than 1 year £000	In more than one year but not more than 5 years £000
2019						
Amounts owing to group companies	36	36	36	-	-	-
Total	36	36	36	-	-	-
2018						
Amounts owing to group companies	34	34	34	-	-	-
Total	34	34	34	-	-	-

There are no differences between the fair values of financial assets and liabilities and their carrying amounts showing in the Statement of Financial Position.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

Interest rate risk

The Company has no interest bearing liabilities.

Currency risk

The Company is not exposed to any currency risk as all transactions are denominated in Sterling.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. For maximum credit exposure see note 6. Management carefully manages its exposure to credit risk.

As stated in note 6, trade and other receivables are current assets and are expected to convert to cash over the next twelve months.

There are no significant concentrations of credit risk within the Company. The Company is exposed to credit risk from sales. It is Company policy to assess the credit risk of major new customers before entering contracts. The majority of the major insurance companies are large financial institutions and as such the credit risk is not significant. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date. The following table presents a breakdown of the gross trade receivables between the main types of customer:

	Year ended 2019 £000	Year ended 2018 £000
Major UK Insurance companies	-	4
	-	4

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

11. Financial instruments *(continued)*

The Company uses an allowance matrix to measure the expected credit losses (ECLs) of trade receivables, which comprise a large number of small balances. Loss rates are based on actual credit loss experience over the previous year, and adjusted for the Company's view of current economic conditions over the expected lives of the receivables. However given the low levels of impairment loss experience, the ECL allowance is very small.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and level of dividends to ordinary shareholders. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

12. Post balance sheet events

The World Health Organisation (WHO) declared a pandemic as a result of the Covid-19 outbreak. The UK Government announcement on 23 March 2020, locking down large parts of the UK, effectively stopped the housing market for two months. However, as the Company was not trading during this time, it has been unaffected by the Covid-19 pandemic.

The Directors consider the Covid-19 pandemic to be a non-adjusting event, and it is not expected to have a material impact on the Company's turnover and results for the year ending 31 December 2020, given the Company has not traded in the year.

13. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Connells Limited. The ultimate parent undertaking is Skipton Building Society, which is registered in the United Kingdom. The largest group in which the results are consolidated is that headed by Skipton Building Society. The smallest group is that headed by Connells Limited and the consolidated accounts of this Company are available to the public and can be obtained from:

Connells Limited
Cumbria House
16 - 20 Hockliffe Street
Leighton Buzzard
Bedfordshire
LU7 1GN