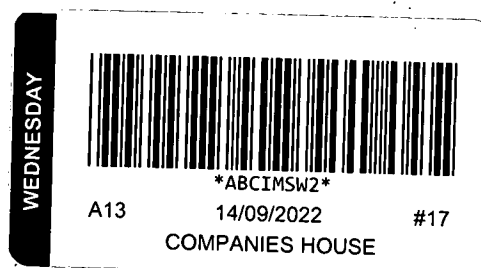


Somerset Bridge Shared Services Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Company Registration No. 12252319



Somerset Bridge Shared Services Limited
Report and audited financial statements
For the year ended 31 December 2021

Company information

Company registration number: 12252319

Registered office: Lysander House
Catbrain Lane
Cribbs Causeway
Bristol
BS10 7TQ

Directors: A Marshall
C Gilligan

Auditors: BDO LLP
Registered Auditors and Chartered Accountants
55 Baker Street
London
W1U 7EU

Contents

Page:

1	Directors' report
4	Strategic report
8	Independent auditor's report
11	Statement of comprehensive income
12	Statement of financial position
13	Statement of changes in equity
14	Statement of cash flow
15	Notes to the financial statements

Somerset Bridge Shared Services Limited
Directors' report
For the year ended 31 December 2021

The directors present their report and the audited financial statements for the period ended 31 December 2021.

Somerset Bridge Shared Services Limited ("the Company") is a limited company incorporated in England and Wales on 9 October 2019 (registered number: 12252319) and is a member of the Somerset Bridge Group Limited group ("the Group").

Principal activity

The Company's principal activity is to provide support services and shared service functions for its fellow Group companies and other related parties.

Business review

The profit for the period after taxation was £329,000 (2020: £126,000). No dividends have been paid for the period (2020: nil).

The Group continues to monitor the impacts and uncertainties arising out of the Covid-19 pandemic and the Company remains robust despite the current challenges. The Company's focus since March 2020 has been on protecting its staff, whilst maintaining efficient processes during a Disaster Recovery scenario. In terms of people, the Company quickly moved to home working where at all possible, including front line colleagues, guaranteeing colleagues their usual pay whilst working from home or on furlough.

Future outlook

The Company will continue to provide support services and shared service functions for the Group.

The Company has not been significantly impacted by the Covid-19 pandemic to date as it acts as cost centre, recharging all the expenses to the other group entities. The Company does not anticipate a sustained negative financial impact on its ability to meet its objectives, although this continues to be monitored closely.

Directors

The directors who served during the period and to the date of signing the accounts were:

A Marshall
C Gilligan
E Bilney (resigned 05.08.2021)

Principal risks and uncertainties facing the Company

The Company and Group uses financial instruments such as cash, loans, debtors and creditors in order to finance the Company's operations. The existence of these instruments exposes the Company to financial risks which are detailed below.

Liquidity risk and cash flow risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and profitably. The Group as a whole monitors cash flow using financial forecasting techniques to ensure that all liabilities are met when due.

Interest risk

The Company and Group monitor the banking facilities. Group monies are monitored to minimise interest charges and to ensure cash balances are used to offset overdrafts.

Credit risk

The principal credit risk for the Company arises from its trade debtors. In order to manage credit risk the directors have incorporated a range of credit control procedures to monitor debt levels and to ensure that any debts are collected as soon as reasonably possible.

Directors' indemnities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. This constitutes a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. The policy was in force during the 2021 financial year and remains in force for all current and past Directors of the Company.

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") (United Kingdom Accounting Standards 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 apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to the auditor

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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 auditors in connection with preparing their report and to establish that the Company's auditor is aware of that information.

Auditors

The auditors are BDO LLP, who are eligible for re-appointment.

This report was approved by the Board and signed on its behalf by:



A Marshall
Director

Date: 14/07/22

Somerset Bridge Shared Services Limited ("the Company") is a limited company incorporated in England and Wales on 9 October 2019 and is a member of the Somerset Bridge Group Limited group (the Group).

Principal activity

The Company's principal business activity is that of performing a recharge function for services for the Group and other related parties. The profit of the Company is generated from service charges added to costs and salary recharges to the Group and related parties.

Business review

The Company achieved a turnover of £12,245,000 (2020: £14,999,000).

The profit for the year after taxation was £329,000 (2020: £126,000). No dividends have been paid on 2021 performance (2020: £nil).

Other than profit after tax, there are no key performance indicators for the Company as it is a recharge company.

Financial risk management objectives and policies

The parent company of the Group, Somerset Bridge Group Ltd., uses financial instruments such as cash, loans, debtors and creditors in order to raise finance for the Company's operations. The existence of these instruments exposes the Company to financial risks which are detailed below.

Liquidity risk and cash flow risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and profitably. The Group as a whole monitors cash flow using sophisticated forecasting techniques to ensure that all liabilities are met when due.

Interest risk

The Group monitors its banking facilities and compliance with related covenants as required. Group monies are also monitored to minimise interest charges on overdrafts and to ensure cash balances are used to offset overdrafts.

Credit risk

The principal credit risk for the Company arises from its trade debtors and in relation to money lent across the Group. In order to manage credit risk the directors have incorporated a range of credit control procedures to monitor debt levels and to ensure that any debts are collected as soon as reasonably possible.

Future developments

Going forward the Company is looking to maintain the support services that is currently providing.

Covid 19 pandemic

During 2021 Covid-19 continued to impact on our customers and our people but the Group closely monitored the impacts and uncertainties arising out of the pandemic. The Group remained focused on its mission and objectives, targeting profitable and sustainable controlled growth. The Company's focus since the start of the pandemic has been on supporting the Group and protecting the staff, whilst maintaining efficient processes during a Disaster Recovery scenario. The Company maintained the remote working capability established in the previous year to keep strong levels of service for the Group. Throughout the year, we adapted the working pattern to reflect the government advice in place at that particular time. We have also provided extensive support for our people, focusing on wellbeing and mental health support, during the period of restrictions and in the subsequent return to office based activities. The company applied for government grants for the employees furloughed during 2021 and the total grant received for 2021 was £15k (2020: £355k).

Section 172(1) Statement

Somerset Bridge Shared Services Limited is a support services company which invests in its employees, works closely with its suppliers and partners, supports the communities in which it operates and strives to support the generation of sustainable profits for Group shareholders.

The Directors of the Company have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006. Section 172 considerations are embedded in decision making at Board and Board Committee level and throughout the Company and Group. Issues, factors and stakeholders which the Directors have considered when discharging their duty under section 172(1) are detailed throughout this Strategic Report. Our mission, objectives and values are set out below. The Directors have engaged and have had regard to our stakeholders and the effect of doing so on principal decisions taken by the Company during the financial year. A summary of stakeholder matters is laid out within this Strategic Report.

The Group draws on its five core values in all aspects of its strategy and operations. The Group recognises the value of its people and culture in achieving SBISL's the mission and purpose. The core values are:

Innovative – Approaching work with a creative mindset and a passion to do things differently;

Collaborative – Developing an environment of harmony and equality where best practices and ideas are shared;

Knowledgeable – Demonstrating expertise and curiosity in an environment that nurtures employee development;

Fair and Transparent – Building an honest, open and respectful environment where a consistent approach is

Efficient – Striving for success through a culture of continuous improvement.

Stakeholder matters

The Company's strategy, endorsed by the Board, aims to deliver long term sustainability for all of our stakeholders. In taking decisions, the Directors carefully consider the balance of interests of the stakeholders who might be affected and any impact on the environment and the Company's reputation. Examples of stakeholder matters to which the Directors have had regard and, where relevant, the effect of their considerations on principal decisions taken by the Board and the Company during 2021 are set out below.

Stakeholder matters (continued)

Employees: The Board encourages a culture that seeks to empower our people and embraces diversity, inclusion and wellbeing. The Directors believe in encouraging employees to become fully informed of the Company's activities and to be more closely involved in the business and provide ongoing training as necessary. We encourage talented people to join us and help them realise their potential by giving them great opportunities to develop personally, professionally and technically. The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company through presentations, consultations, forums and the use of the Company intranet.

Partners and Suppliers: The Company aims to maintain highest possible standards of integrity in business relationships and partnerships with suppliers. The Group relies on certain key strategic suppliers and a large number of other suppliers to conduct its business and performs ongoing due diligence into those suppliers, with developments and renewals of arrangements with those suppliers reviewed and approved at Board level where applicable.

Shareholders: The Company believes that engagement with its shareholders is critical to its success. This includes both its ultimate beneficial shareholder and immediate parent undertaking and sister companies within the Somerset Bridge Group. The board engages with shareholders and associated company Directors to communicate on strategy, performance and to receive feedback. Monthly Board reporting is provided to the parent company board of directors covering all key stakeholder matters which generates ongoing dialogue

Climate change: The Group is conscious of the risks and opportunities of climate change including the impact of the business on the environment and potential risks to the business from climate change which is receiving increased scrutiny from regulators and investors.

There is a transitional risk arising due to efforts to mitigate climate change which are driving a transition towards a lower-carbon economy, which creates risks and opportunities. This transition could increase operational costs to meet new climate regulations. Another important risk is reputation risk. As consumers and partners become more conscious about climate change they have an expectation for Companies related to corporate responsibility, these resulting in a cost increase to meet customers' expectations and keep the good reputation of our brands.

The Group aims to reduce our environmental footprint and encourage responsible behaviour. Various recycling initiatives have been implemented across our offices and travel reduction has been encouraged between the Group's locations by promoting video and telephone conferencing systems. Our office building is finished to a high specification having regard to the need for sustainability with a BREEAM Excellent rating and has roof mounted solar panels and energy efficient air conditioning units.

Governance framework

The stakeholder matters described above are managed by the Board's robust governance structure, overseen by the Board. The Board's risk management system separates risk management into several lines of defence incorporating the responsibilities of the Board, the Audit Committee, the Risk and Compliance Committee and the executive teams. The Board approves the high level system of governance, the risk appetite statements and group policies where appropriate. The core elements of this include the Matters Reserved to the Board and the Board Committees' Terms of reference. Group policies reflect minimum standards and requirements which are implemented throughout the Group.

This report was approved by the Board and signed on its behalf by:



A Marshall

Director

Date: 14/07/22

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Somerset Bridge Shared Services Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Somerset Bridge Shared Services Limited

Independent Auditor's report to the members of Somerset Bridge Shared Services Limited
For the period ended 31 December 2021

Other Companies Act 2006 reporting

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 has been prepared in accordance with applicable legal requirements.

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 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- reviewed significant audit risks areas (revenue recognition, management override of controls, impairment of investments and goodwill, and going concern) to address the risk of fraudulent manipulation. In particular, we have reviewed accounting estimates for any potential management bias to check the methods utilised are
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- review a sample of journal entries made throughout the year.

Somerset Bridge Shared Services Limited

Independent Auditor's report to the members of Somerset Bridge Shared Services Limited
For the period ended 31 December 2021

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Legal and regulatory frameworks determined most significant are:

- Companies Act of 2006
- FRS 102
- Financial Conduct Authority (FCA).

Non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We performed procedures including:

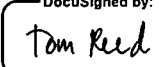
- obtaining an understanding of the legal and regulatory framework applicable to the Company's operations;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- inspecting correspondence with then FCA;
- enquiring of the Directors and other management of instances of non-compliance.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

640B8C5462F7445...

Thomas Reed (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

27 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Somerset Bridge Shared Services Limited
Statement of comprehensive income
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	3	12,245	14,999
Administrative expenses		(11,945)	(14,937)
Operating Profit/(loss)	4	300	63
Interest payable		(1)	(3)
Profit/(loss) on ordinary activities before tax		299	60
Tax on profit/(loss) on ordinary activities	7	30	66
Profit/(loss) for the financial year, being total comprehensive income		329	126

The notes on pages 15 to 20 are an integral part of these financial statements.

Somerset Bridge Shared Services Limited
Statement of financial position
For the year ended 31 December 2021

		2021	2020
	Note	£'000	£'000
Fixed assets			
Tangible assets	8	1,021	746
Current assets			
Debtors	9	48,123	42,859
Cash at bank		427	1,027
		<u>48,549</u>	<u>43,886</u>
Creditors			
Amounts falling due within one year	10	(49,115)	(44,506)
Net current assets/(liabilities)		<u>(566)</u>	<u>(620)</u>
Net assets		<u>455</u>	<u>126</u>
Capital and reserves			
Share capital	11	-	-
Profit and loss account		455	126
Shareholders' funds		<u>455</u>	<u>126</u>

The notes on pages 15 to 20 are an integral part of these financial statements.

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


A Marshall
Director

Date: 14/07/22

Company registration number: 12252319

Somerset Bridge Shared Services Limited
Statement of changes in equity
For the year ended 31 December 2021

	Share capital £'000	Profit & loss account £'000	Total equity £'000
As at 1 January 2021	-	126	126
Comprehensive income for the year			
Profit/(Loss) for the year		329	329
Total comprehensive income		329	329
As at 31 December 2021	-	455	455

	Share capital £'000	Profit & loss account £'000	Total equity £'000
As at 1 January 2020	-	-	-
Comprehensive income for the year			
Profit/(Loss) for the year		126	126
Total comprehensive income		126	126
As at 31 December 2020	-	126	126

The notes on pages 15 to 20 are an integral part of these financial statements.

Somerset Bridge Shared Services Limited
Statement of cash flows
For the year ended 31 December 2021

	2021	2020
	£'000	£'000
Cash flow from operating activities		
Profit before tax	299	60
Adjustments for:		
Depreciation and amortisation of fixed assets	471	453
Decrease/(increase) in debtors	(5,233)	(5,704)
Increase/(decrease) in creditors	4,609	6,451
Cash generated from / (used in) operating activities	145	1,261
Cash flows from investing activities		
Purchase of tangible fixed assets	(760)	(652)
Proceeds from sale of tangible fixed assets	15	-
Net cash from investing activities	(745)	(652)
Cash flows from financing activities		
Interest Paid	(1)	(3)
Net cash used in financing activities	(1)	(3)
Net increase/(decrease) in cash and cash equivalents	(600)	605
Cash and cash equivalents at the beginning of the year	1,027	422
Cash and cash equivalents at the end of the year	427	1,027

The notes on pages 15 to 20 are an integral part of these financial statements.

1. General information

Somerset Bridge Shared Services Limited ("the Company") is a limited company incorporated in England and Wales under the Companies Act (Registration no. 12252319). The address of the registered office is Lysander House Catbrain Lane, Cribbs Causeway, Bristol, BS10 7TQ.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of the Financial Reporting Standard 102 ("FRS 102 1A"), the Financial Reporting Standard applicable to smaller entities in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

2.2 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future as it continues to trade as a shared service function with costs being recharged out to other operating entities within the Group. Where relevant, costs are recharged at an appropriate mark up and so the Company expects to report a profit annually. Accordingly, the going concern basis is used in preparing the financial statements.

The Directors have considered the consequences of COVID-19 and other events and conditions, and have determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern.

2.3 Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies; the directors do not consider there to be significant level of uncertainty in any estimate used in preparing these accounts.

There are no estimates and judgements that have a significant risk of causing material misstatement of the reported amounts of assets and liabilities or revenues and expenses.

2.4 Income recognition

Turnover comprises revenue recognised by the Company in respect of goods and services the cost of which is incurred by the Company and recharged or rechargeable, exclusive of Value Added Tax ("VAT") and trade discounts.

2.5 Tangible assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line basis at rates

- Fixtures, fittings and office equipment:	5 years
- Motor vehicles	3 years
- Computer hardware	3 years
- Computer software	3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income statement.

2.6 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities.

Financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction; therefore the transaction is measured at the present value of the future receipts discounted at at market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets that are measured at cost and amortised cost are assessed for objective evidence of impairment. If evidence is found, an impairment loss is recognised in the income

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount the Company would receive for the asset if it were to be sold at the reporting date.

Financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction; therefore the liability is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expires.

Financial asset and liabilities are offset and the net amount reported in the Statement of financial position where there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Taxation

Current tax which is payable or receivable on taxable profits or losses is recognised as an expense or credit in the period in which the profits or losses arise. The current income tax charge is calculated on the basis of the tax rates enacted or substantially enacted at the reporting date.

2.8 Equity

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3. Turnover

Turnover comprises recharge income arising in the United Kingdom and Gibraltar.

4. Operating Profit/(Loss)

Operating Profit/(Loss) is stated after charging the following

	2021 £'000	2020 £'000
Depreciation of tangible assets	471	454
Operating lease rentals	-	43
Audit fees	15	15
	<hr/>	<hr/>

6. Employees

The average number of employees during the period was 90 (2020: 112 employees) however the company bears no employment costs as these costs (c.£8m) are recharged to the relevant company. Salaries for other related parties are also paid through the Company and the payroll costs are recharged to the relevant Group company.

7. Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax at 19% (PY: 19%)	-	-
Deferred tax		
- Origination and reversal of timing differences	(30)	(66)
Deferred tax (credit)/charge	(30)	(66)
Tax (credit)/charge	(30)	(66)

The tax charge /(credit) on the profit/(loss) for the year is lower (2020: lower) than would arise using the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below.

	2021 £'000	2020 £'000
Factors affecting the tax credit for the year:		
Profit/(Loss) before tax	299	60
Profit/(Loss) before tax multiplied by the UK corporation tax rate	57	11
Effects of:		
- Other tax adjustments, reliefs and transfers	-	(78)
- Unexplained difference	-	1
- Group relief surrendered/(claimed)	(121)	-
- Remeasurement of deferred tax for changes in tax rates	(23)	-
	(87)	(66)

Somerset Bridge Shared Services Limited
Notes to the audited financial statements
For the year ended 31 December 2021

8. Tangible fixed assets

	Fixtures, Fittings and Office Equipment £'000	Motor Vehicles £'000	Computer Hardware £'000	Computer Software £'000	Total £'000
Cost					
At 1 January 2021	123	9	431	605	1,168
Additions	1	-	59	700	760
Disposals	-	-	(25)	(5)	(30)
At 31 December 2021	124	9	465	1,300	1,898
Accumulated Depreciation					
At 1 January 2021	52	9	157	203	421
Charge for the year	45	-	133	293	471
Disposals	-	-	(11)	(5)	(16)
At 31 December 2021	97	9	279	491	876
Net book value					
At 31 December 2020	70	-	274	402	746
At 31 December 2021	27	-	186	810	1,021

9. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts owed from related parties (see note 13)	47,819	42,697
Trade debtors	203	92
Other debtors	4	4
Deferred tax	97	66
	48,123	42,859

Amounts owed by related parties are unsecured, interest free and repayable on demand.

10. Creditors:

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts owed to related parties (see note 13)	47,216	42,242
Trade creditors	964	840
Social security and other taxes	429	751
Other creditors	506	673
	49,115	44,506

Amounts owed to related parties are unsecured, interest free and repayable on demand.

11. Share capital

	2021 £'000	2020 £'000
Allotted, called up and unpaid		
100 ordinary shares of £1 each	-	-

Somerset Bridge Shared Services Limited
Notes to the audited financial statements (continued)
For the year ended 31 December 2021

12. Financial instruments

	2021 £'000	2020 £'000
Financial assets		
Financial assets measured at amortised cost	48,551	43,886
Financial liabilities		
Liabilities measured at amortised cost	49,115	44,506

13. Transactions with Group Companies

	2021 Income £'000	2021 Expense £'000	2020 Income £'000	2020 Expense £'000
Somerset Bridge Group Limited	-	(614)	-	-
Somerset Bridge Limited	10,403	(26,557)	7,614	(23,062)
Somerset Bridge Insurance Services Limited	1,255	(47,724)	1,227	(46,139)
	11,658	(74,894)	8,841	(69,201)
	2021 Income £'000	2021 Expense £'000	2020 Income £'000	2020 Expense £'000
Transactions with related undertakings				
Southern Rock Insurance Company Limited	-	(4,969)	-	(3,094)
Southern Rock Holdings Limited	-	(32)	-	-
	-	(5,001)	-	(3,094)

The income and expense amounts shown above include payments made by the Company on behalf of group and related undertakings, in which respect the income is not included the Company's Turnover as the underlying expense is not incurred by the Company.

	2021 Receivable £'000	2021 Payable £'000	2021 Net £'000	2020 Net £'000
Year end balances arising from transactions with Group companies				
Somerset Bridge Group Limited	42,190	-	42,190	36,737
Somerset Bridge Limited	-	(24,608)	(24,608)	(23,847)
Somerset Bridge Insurance Services Limited	-	(22,608)	(22,608)	(18,395)
	42,190	(47,216)	(5,026)	(5,505)

Related party transactions (continued)

	2021	2021	2021	2020
	Receivable	Payable	Net	Net
	£'000	£'000	£'000	£'000
Year end balances arising from transactions with related undertakings				
Southern Rock Insurance Company Limited	630	-	630	138
Southern Rock Holdings Limited	4,998	-	4,998	4,966
	<u>5,628</u>	<u>-</u>	<u>5,628</u>	<u>5,104</u>

14. Ultimate parent undertaking and controlling party

The immediate parent undertaking for which group accounts have been prepared is Somerset Bridge Group Limited ("SBGL"). The registered address of SBGL is Lysander House, Catbrain Lane, Cribbs Causeway, Bristol, UK and the company number is 11737836.

The ultimate controlling party of SBGL is Arch Capital Group Limited by virtue of its majority shareholding. The registered address of Arch Capital Group Limited is Waterloo House, 100 Pitts Bay Road, Pembroke HM 08, Bermuda.