

Company number 03231094

BISL Limited
Annual Report and Financial Statements
Year Ended 30 June 2021



BISL Limited

Year ended 30 June 2021

Annual report and financial statements

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Directors

SD Keating
K Chung
DA Finch
R Hoskins
PD Jackson
IR Leech
DJ Platt
G Shaked
P Thompson

Secretary and registered office

JC Brown
Pegasus House
Bakewell Road
Orton Southgate
Peterborough
PE2 6YS

Auditor

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

BISL Limited

Year ended 30 June 2021

Strategic report

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

Results and dividends

The annual results of BISL Limited, ("the Company") are set out on page 14 and show a profit before taxation of £14,321,000 (2020: £4,004,000). The directors are satisfied with the performance for the year and are confident of future prospects.

During the year, the Company has paid dividends on ordinary shares of £nil (2020: £8,460,000).

Trading review and future developments

The Company's principal activity is the management of the Insurance Distribution and Outsourcing division ("IDO") which includes Motor & Home and Life insurance operations. The IDO division operates through the Company and its subsidiaries. The Company is authorised and regulated by the Financial Conduct Authority ("FCA"). From 1 July 2021, the IDO division was renamed to "BGL Insurance".

The Company shares resources with fellow subsidiaries of BGL (Holdings) Limited ("the BGL Group"). Personnel and infrastructure services are provided by BGL Group Limited to the Company, which raises a management charge in respect of all services provided.

The BGL Group commenced a restructuring programme during the year. From 1 June 2021, personnel services were provided by the Company, following the transfer of employees relating to the IDO division to the Company. From 1 July 2021, certain management services provided by BGL Group Limited to the Company, were provided by BISL Limited.

During the second half of the year, the Company commenced a restructuring programme relating to the restructuring of central IDO functions and closure of the Wakefield office, migrating the Wakefield teams to a hub in Wakefield and the Sunderland Office. The restructuring programmes are expected to be completed in the year ending 30 June 2022.

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

The Company will continue to leverage investment in marketing, pricing, data and digital capabilities to enhance and broaden product and service offering, increasing both customer numbers and loyalty.

Key performance indicators

Management's key performance indicators are:

Key performance indicators

	2021 £000s	2020 £000s	Movement £000s
Revenue	208,468	218,814	(10,346)
Operating profit / (loss)	2,813	(19,346)	22,159
Profit before taxation	14,321	4,004	10,317

	2021	2020
Intermediary customer policies under management	2,885,000	2,889,000

The Company's balance sheet position remains strong with significant positive operating cash flows. The directors believe that the Company is able to withstand the operational and economic disruption of reasonable downside scenarios.

BISL Limited

Year ended 30 June 2021

Strategic report

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

Principal risks and uncertainties

The Company has adopted the BGL Group's risk management framework. The framework seeks to identify and limit potential adverse effects on the financial performance of the Company and achievement of its objectives.

The BGL (Holdings) Limited Board of Directors ("the BGL Board") has established a group risk appetite, which is monitored through a set of key risk indicators and thresholds which have been appropriately calibrated for the Company. During the year these indicators were monitored on a quarterly basis and all risks considered to be outside of appetite were accompanied by appropriate action plans which were reviewed, approved and tracked by the Company Board and the Audit & Risk Committee with escalation to the BGL Board where appropriate.

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

The risks set out below are monitored using the BGL Group's risk management framework, which has been tailored for the Company, and through established levels of management and governance review, by the Company Board and Company Executive meetings.

Covid-19

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

Operational risk

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

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

In addition, the Company assesses and manages execution risks of significant projects, including organisational change initiatives, through adopting a consistent project methodology which incorporates risk management activities. Significant risks arising from change activity are monitored by the Company Board and Company Executive.

People risk

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

BISL Limited

Year ended 30 June 2021

Strategic report

Principal risks and uncertainties (continued)

Technology risk

The Company has in place processes to manage the design, availability, capacity, performance, infrastructure failure, integrity and security of its technology assets to support the current operations of the Company and future change requirements. The Company, along with the rest of the financial services industry, recognises cyber risk, such as the use of hacking techniques, social engineering or other malicious activities with the intent to cause damage or steal data for financial or competitive gain as a growing threat. The Company already has in place a comprehensive framework of controls to actively manage this risk which it regularly reviews and adapts as this threat evolves.

Conduct and Regulatory risk

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

Regulatory risk is the risk that the Company or its subsidiaries will breach the requirements of a regulator or competition authority. BISL Limited is authorised and regulated by the Financial Conduct Authority ("FCA").

In addition, the Company is required to comply with the rules and principles established by other market regulators and competition authorities. This risk is managed through an effective control framework and the operation of the governance structures.

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

The insurance intermediary sector has been subject to an increasing level of scrutiny from regulatory authorities in recent years. The most significant of these are the remedies arising from the FCA General Insurance Pricing Practices Market Study which will ban the practice of 'price-walking' in retail motor and home insurance. The Company is currently preparing to implement the new rules, the bulk of which, come into effect on 1 January 2022.

Conflicts of interest risk

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

Strategic risk

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

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

Reputational risk

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

BISL Limited

Year ended 30 June 2021

Strategic report

Principal risks and uncertainties (continued)

Exiting the European Union

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

Litigation risk

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

Financial risk

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risks, liquidity and changes in interest rates.

The Company has in place a risk management framework as described above, to mitigate these risks where appropriate.

Section 172 (1) statement

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

The Board of BISL Limited (the "Board") is clear that good governance and robust decision making is essential to ensure the continued long-term success of the Company. In conjunction with the BGL Group, the Board achieve this by giving due regard to the interests of a broad range of stakeholders, including shareholders, employees, suppliers, customers, regulators and others. Whilst there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, some stakeholder engagement activities take place at a BGL Group level, particularly when matters are of Group wide significance. Decisions that are made at a BGL Group level are adopted by the Company Board where appropriate.

Up to 1 June 2021, the Company did not directly employ any staff and the services of individuals were obtained from BGL Group Limited, the management services company of the BGL Group. From 1 June 2021, employees relating to IDO were transferred to BISL Limited. The services of individuals were obtained from the Company. There are regular meetings and online opportunities for employees with the aim of disseminating financial and non-financial information on matters of concern and of interest to them as employees. These meetings also give the employees the opportunity to ask questions and make their views known so that the Board can take this dialogue into consideration when making decisions which are likely to affect their interests.

Regular employee satisfaction and feedback surveys are conducted. The Board receives the results of these surveys, which it considers to be a good indicator of employees' confidence in the Company's strategic direction. The Board is also regularly provided with updates on other measures of employee engagement and initiatives undertaken to improve employee relations.

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

BISL Limited

Year ended 30 June 2021

Strategic report

Section 172 (1) statement (continued)

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

The Company has adopted the BGL Group's 'Speak Up' policy, also known as whistleblowing, to ensure that all employees feel confident to raise any concerns about conduct which may be perceived to be unethical, unlawful and/or damaging to the Company, our people and our customers. The Company offers internal and external channels where workplace concerns may be raised confidentially.

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

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

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

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

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

The Board is dedicated to supporting communities in the UK and further afield. The Board promotes funding of locally based charities, volunteering and events at our sites through a dedicated Group-wide corporate social responsibility ("CSR") programme. Match funding and payroll giving are used to encourage employees to raise and donate funds in the aid of good causes.

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

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

The BGL Group publishes a slavery and human trafficking statement for each financial year as required by the Modern Slavery Act 2015. This statement outlines the steps the BGL Group and the Company have taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business.

BISL Limited

Year ended 30 June 2021

Strategic report

Section 172 (1) statement (continued)

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

On behalf of the board:

A handwritten signature in black ink, appearing to read 'DJ Platt', with a stylized flourish at the end.

DJ Platt
Director
7 October 2021

BISL Limited

Year ended 30 June 2021

Report of the directors

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

Results, dividends and future developments

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the Company is disclosed on the balance sheet on page 16.

The directors have reviewed the budget and cash flow forecasts of the IDO division, which includes results for the Company, for the period to 7 October 2022 and are confident that they show the Company will have sufficient resources to meet their liabilities as they fall due. This assessment is based on management's analysis of liquidity stress testing and sensitivity analysis which considers a number of downside scenarios.

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors of the Company during the year and to the date of signature were:

SD Keating
MM Bailie (appointed 1 September 2020, resigned 1 July 2021)
K Chung (appointed 1 July 2021)
DA Finch
R Hoskins (appointed 1 July 2021)
PD Jackson (appointed 1 July 2021)
IR Leech (appointed 1 July 2021)
DJ Platt
MR Regan (resigned 1 July 2021)
G Shaked
P Thompson

Changes to the corporate governance arrangements since the year end

Changes to the BGL Group's operating model were implemented to devolve central Group activity into the operating divisions. To align the Group's corporate governance structure with the changes to the Group's operating model, a restructuring of the BGL Board was carried out with effect from 1 July 2021. As part of this restructuring, a number of the independent Non-Executive Directors and Shareholder Non-Executive Directors previously on the BGL Board joined the Board of BISL Limited (the "Board"). The overall goal of the restructuring is to strengthen and empower the Board and simplify the governance of the BGL Group's regulated entities, with governance driven from the divisional level, and decisions taken closest to the Company's customers. The Audit, Risk and Remuneration Committees have been established by the Board. The role of the BGL Board is to act as the holding company portfolio manager and will be complimentary to the role of the Board. The BGL Board will continue to be responsible for setting the overall Group strategy, with oversight of all subsidiaries within the Group via regular and timely management information on all key aspects of the Company including, risks and opportunities, the financial performance of the Company, strategy, regulatory and strategy and operational matters and market conditions.

BISL Limited

Year ended 30 June 2021

Report of the directors

Disclosure of information to auditor

Each of the persons who are directors 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 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 appointed as the auditor for the year ended 30 June 2021.

Streamlined energy and carbon reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 require large companies to provide streamlined energy and carbon reporting (SECR) in their Financial Statements.

The Company is a qualifying subsidiary of BGL (Holdings) Limited and has taken the exemption, under Paragraph 20A, part 7A of Schedule 7 of the legislation to not to disclose this information in the Company Financial Statements. The relevant disclosures are presented within the Group's report of the directors.

Events since the reporting date

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

On behalf of the board:



DJ Platt
Director
7 October 2021

BISL Limited

Year ended 30 June 2021

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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 (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 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 and prudent; and
- 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 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 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.

BISL Limited

Year ended 30 June 2021

Independent auditor's report to the members of BISL Limited

Opinion

We have audited the financial statements of BISL Limited (the 'company') for the year ended 30 June 2021 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 25, 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 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 company's affairs as at 30 June 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.

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 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.

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 the period to 7 October 2022.

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

Other information

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

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

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

We have nothing to report in this regard.

BISL Limited

Year ended 30 June 2021

Independent auditor's report to the members of BISL Limited

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 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 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 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.

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.

BISL Limited

Year ended 30 June 2021

Independent auditor's report to the members of BISL Limited

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

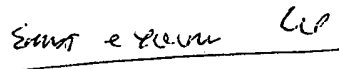
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to the UK Companies Act 2006 and UK tax legislation, and the financial reporting framework (UK GAAP).
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed minutes of the Board of directors; and gained an understanding of the company's approach to governance, demonstrated by the Board's approval of the governance framework.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company has established to address risks identified by the entity, or that otherwise seek to prevent, detect or deter fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and senior management of their awareness of any non-compliance of laws and regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, and inquiring about the company's methods of enforcing and monitoring compliance with such policies. Further, we performed audit procedures which included testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and unusual transactions.

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

Use of our report

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



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

Date: 12 October 2021

BISL Limited**Year ended 30 June 2021****Profit and loss account**

	Note	2021 £000s	2020 £000s
Revenue	3	208,468	218,814
Operating expenses		(203,450)	(228,160)
Restructuring costs	4	(2,205)	-
Impairment of investment in subsidiary	13	-	(10,000)
Operating profit/(loss)	4	2,813	(19,346)
Investment income	5	-	10,000
Finance income	6	12,075	14,159
Finance costs	7	(567)	(809)
Profit before taxation		14,321	4,004
Tax expense	8	(2,810)	(734)
Profit for the financial year		11,511	3,270

All amounts relate to continuing activities.

There are no other items of comprehensive income other than those included above in the profit and loss account, accordingly profit for the financial year is also total comprehensive income for the year.

The notes on pages 17 to 34 form part of these financial statements.

BISL Limited**Year ended 30 June 2021****Statement of changes in equity**

	Note	Share capital £000s	Retained earnings £000s	Total equity £000s
At 1 July 2019		18,000	183,896	201,896
Profit for the financial year		-	3,270	3,270
Dividends paid	20	-	(8,460)	(8,460)
At 30 June 2020		18,000	178,706	196,706
Profit for the financial year		-	11,511	11,511
At 30 June 2021		18,000	190,217	208,217

The notes on pages 17 to 34 form part of these financial statements.

BISL Limited**Year ended 30 June 2021****Balance sheet**

Company Number 03231094

	Note	2021 £000s	2020 £000s
ASSETS			
Non-current assets			
Intangible assets	10	28,894	28,620
Property, plant and equipment	11	1,042	430
Deferred tax asset	12	199	160
Investment in subsidiaries	13	10,000	10,000
Trade and other receivables	14	228,668	197,391
		268,803	236,601
Current assets			
Trade and other receivables	14	443,764	489,534
Cash and cash equivalents	16	11,274	20,227
		455,038	509,761
Total assets		723,841	746,362
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	17	445,679	480,253
Non-current liabilities			
Provisions for liabilities	18	945	403
Trade and other payables	17	69,000	69,000
Total liabilities		515,624	549,656
Equity			
Share capital	19	18,000	18,000
Retained earnings		190,217	178,706
Total equity		208,217	196,706
Total equity and liabilities		723,841	746,362

The financial statements were approved by the directors on 7 October 2021 and signed by:



DJ Platt
Director

The notes on pages 17 to 34 form part of these financial statements

BISL Limited

Year ended 30 June 2021

Notes forming part of the financial statements

1. Accounting policies

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

The accounting policies of the Company are set at a group level by BGL (Holdings) Limited ("the BGL Group") and adopted by the Board of the Company.

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

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

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries of BGL Group;
- 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.

BGL (Holdings) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of BGL (Holdings) Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and, as they include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following:

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements.

The financial statements are stated in sterling, which is the Company's functional and presentation currency. Unless otherwise noted, the amounts shown in these financial statements are rounded to the nearest £1,000.

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.

Going concern

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

The directors have reviewed the budget and cash flow forecasts of the IDO division, which includes results for the Company, for the period to 7 October 2022 and are confident that they show the Company will have sufficient resources to meet its liabilities as they fall due. This assessment is based on

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Year ended 30 June 2021

Notes forming part of the financial statements

management's analysis of liquidity stress testing and sensitivity analysis which considers a number of downside scenarios.

Going concern (continued)

As at 30 June 2021, the Company has net assets of £208,217,000 (2020: £196,706,000), and net current assets of £9,359,000 (2020: £29,508,000).

Accordingly, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Insurance assets and liabilities

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

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 Company 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.

Revenue from contracts with customers

Revenue consists substantially of gross commissions and fees on insurance 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 Company has sufficient evidence of their recovery.

Revenue recognition is generally at the point an insurance product is sold. Mid-term adjustment and cancellation fee revenue is recognised at the point the adjustment or cancellation is performed.

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

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

Income from the financial assets at fair value through profit and loss representing trail commission income including any change in the assets' value are recognised as part of revenue as earned and entitlement can be reliably measured. Where material, trail commission receivable in greater than one year is discounted to present value using an effective interest rate methodology.

Investment income

Investment income consists of dividends received from the Company's subsidiaries. Investment income is recognised in the accounting period in which the dividends are declared and approved by the directors of the subsidiaries.

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Notes forming part of the financial statements

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 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.

Investments in subsidiaries

Investments in subsidiaries are shown at cost less impairment. The carrying value of investments in subsidiaries is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets

Software development

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

Costs that are directly attributable to the production of identifiable software products controlled by the Company, 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.

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

Affinity relationships

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

The Company initially measures the amounts paid at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses where appropriate. Amortisation is recognised on a systematic basis over the periods during which the related economic benefits arise.

Impairment

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

BISL Limited

Year ended 30 June 2021

Notes forming part of the financial statements

Property, plant and equipment

Property, plant and equipment are included in the balance sheet 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:

Computer equipment	10-25% per annum
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Depreciation is not provided for on assets under construction, which are stated at cost.

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequently to initial recognition they are measured at amortised cost using the effective interest method, less any impairment for losses.

Doubtful receivables

Loss allowances for expected credit losses ('ECLs') are recognised on financial assets measured at amortised cost. Loss allowances for trade receivables and other receivables are measured at an amount equal to lifetime ECLs.

The credit risk of financial instruments is assessed by comparing the risk of a default occurring on the financial instrument as at reporting date with the risk of default at the date of initial recognition. To assess whether there is an indication of a significant increase of credit risk since initial recognition the Company considers all reasonable and supportable information which is available without undue cost or effort.

The Company assumes that the credit risk on instalment receivables has increased significantly if it is more than 45 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Deferred acquisition costs

The Company recognises an asset in respect to insurance policy acquisition costs in anticipation that a certain proportion of the policies will renew annually. The asset is amortised over the period in which policies are expected to renew to a maximum period of 5 years.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank 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.

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

Trade and other payables

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

Provisions for liabilities

Provisions are recognised when the Company 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.

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Year ended 30 June 2021

Notes forming part of the financial statements

Provisions for liabilities (continued)

Provision for insurer clawback of commission

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

Restructuring provision

The provision relates to restructuring activities within the Company, relating to restructuring of central IDO functions; closure of the Wakefield office and migration of the team to Sunderland Office. The restructuring plans were drawn up and announced in 2021 when the provision was recognised in the financial statements. The restructuring is expected to be completed by 2022.

Dividends

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

Pension commitments

The Company 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 profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2. Significant judgements and estimation uncertainty

The preparation of the Company's 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 Company's accounting policies, management has made the following judgements.

Revenue – Instalment income

Instalment fees are allocated between the fair value of providing credit and commission at the point of arrangement. The total value of instalment income deferred at the balance sheet date is £11,193,000 (2020: £12,612,000). The key assumptions made by management is the estimate of fair value of income to allocate to the financing arrangement. In making this estimate, management considers all reasonably available information such as market conditions, entity specific factors and information about the customer or class of customer.

Revenue – Life commission income

The Company calculated the value of Life commission income based on the expected long term value of the Life policy. The Company receives up front new business commission at a point in time and the key assumptions made by management in determining the fair value of this income are policy duration and discount rate. The accrued commission income held on the balance sheet at the year end was £2,550,000 (2020: £1,247,000).

Trail commissions

The Company has recognised revenue on the sale of certain products which earn trail commissions based on the expected fair value of the total consideration receivable in relation to the Company's performance obligations. The ultimate fair value of the consideration may differ from the amounts included in the profit and loss account to date which may result in a gain or loss recognised in future periods. The value of the related asset in the balance sheet is £2,881,000 (2020: £3,935,000) and is included within other assets at fair value.

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Year ended 30 June 2021

Notes forming part of the financial statements

2. Significant judgements and estimation uncertainty (continued)

Deferred acquisition costs

The Company recognises an asset in respect to insurance policy acquisition costs in anticipation that a certain proportion of the policies will renew annually. The total value of these deferred acquisition costs at the balance sheet date is £22,587,000 (2020: £19,973,000). The key assumptions made by management in assessing the deferred acquisition cost asset is the future proportion of policies that will renew which may differ from actual results, and could therefore lead to a different future value. Uncertainty around the way in which the market will respond to the remedies arising from the FCA General Insurance Pricing Practices Market Study which come into effect on 1 January 2022 could increase the difference between management's estimate of the future proportion of policies that will renew and actual results.

Impairment of intangible assets

The Company has recognised intangible assets as a result of both transactions with affinity partners and as a result of software development costs incurred. The total value of these intangible assets at the balance sheet date is £28,894,000 (2020: £28,620,000). 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 intangible assets which may differ from actual results and could lead to an impairment.

Recoverability of receivables

The Company has indemnified its subsidiary BFSL Limited, from which it earns income for arranging Consumer Credit Agreements ("CCA's") with its customers, in respect to the recoverability of the amounts payable under those CCA's. The estimated outstanding value of that indemnity which has been deducted from the income received from BFSL Limited at the period end was £4,219,000 (2020: £5,218,000). The key assumption made by management is expected recoverability of receivables.

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 assumptions made by management in the determination of the value of this provision is the expected future lapse rates and the discount rate used. The provision held on the balance sheet at the year end was £220,000 (2020: £403,000).

3. Revenue from contracts with customers

(i) Disaggregation of revenue

Revenue is wholly attributable to the principal activity of the Company and arises primarily within the United Kingdom.

	2021 £000s	2020 £000s
Brokerage and fee income	<u>208,468</u>	<u>218,814</u>

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

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

The following table shows the contract assets balance:

	2021 £000s	2020 £000s
Value at start of period	14,635	16,966
Revenue recognised	11,150	11,799
Transferred to receivables	(12,242)	(14,130)
Value at the end of the period	13,543	14,635

Contract assets consist of £10,170,000 accrued income (2020: £2,165,000) and £3,373,000 of certain other debtor balances (2020: £12,470,000). The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on 30 June 2021. The contract assets are transferred to receivables when the rights become unconditional, meaning only the passage of time is required before payment of consideration is due.

The following table shows the contract liabilities balance:

	2021 £000s	2020 £000s
Value at start of period	13,863	12,665
Recognised in revenue	(13,778)	(12,408)
Contract liabilities recognised	11,998	13,606
Value at the end of the period	12,083	13,863

Contract liabilities consist entirely of deferred income. The amount of revenue recognised in 2021 from performance obligations satisfied (or partially satisfied) in previous periods is £nil (2020: £nil).

(iii) Assets recognised from costs to obtain a contract

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

	2021 £000s	2020 £000s
Value at start of period	19,973	16,997
Asset recognised from costs incurred	32,126	29,214
Amortisation	(29,512)	(26,238)
Value at the end of the period	22,587	19,973

At 30 June 2021 £22,587,000 (2020: £19,973,000) of these assets relate to deferred acquisition costs. The above costs are held within prepayments on the balance sheet.

BISL Limited**Year ended 30 June 2021****Notes forming part of the financial statements****4. Operating profit / (loss)**

Operating profit / (loss) is stated after charging the following:

	2021 £000s	2020 £000s
Restructuring costs	2,205	-
Impairment of trade and other receivables	4,186	7,463
Impairment of intangible assets	637	-
Amortisation of intangible assets	9,134	8,306
Depreciation on property, plant and equipment	364	728
Auditor's fees - fees for the audit of the Company	101	101

Restructuring costs of £2,205,000 relate to restructuring activities of central IDO functions and the closure of the Wakefield office and migration of the team to Sunderland Office. These costs primarily comprise of redundancy costs.

Auditor fees are recharged from BGL Group Limited and form part of the management charges.

5. Investment income

	2021 £000s	2020 £000s
Dividends received from subsidiaries	-	<u>10,000</u>

6. Finance income

	2021 £000s	2020 £000s
Interest receivable from group undertakings	12,070	14,023
Interest on bank deposits	5	136
	<u>12,075</u>	<u>14,159</u>

7. Finance costs

	2021 £000s	2020 £000s
Interest and charges payable on bank borrowings	<u>567</u>	<u>809</u>

BISL Limited**Year ended 30 June 2021****Notes forming part of the financial statements****8. Tax expense**

	2021 £000s	2020 £000s
Current tax		
UK corporation tax charge	2,843	869
Adjustment in respect of prior years	6	(44)
	2,849	825
Deferred tax (see note 12)		
Credit to the profit and loss account	(39)	(85)
Adjustments in respect of prior years	-	(6)
	(39)	(91)
Total tax expense	2,810	734

The weighted average rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2020: 19%). 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:

	2021 £000s	2020 £000s
Profit for the financial year	11,511	3,270
Total tax expense	2,810	734
Profit before taxation	14,321	4,004
Tax at the standard corporate tax rate of 19% (2020: 19%)	2,721	761
Effects of:		
Adjustment in respect of prior periods	6	(49)
Income not taxable	-	(1,900)
Expenses not deductible for tax purposes	83	1,922
Total tax expense	2,810	734

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

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

BISL Limited

Year ended 30 June 2021

Notes forming part of the financial statements

9. Employees

The Company did not directly employ any staff in the prior year. Up to 1 June 2021, the services of individuals were obtained in exchange for payments made to BGL Group Limited, the management services company of the BGL Group. On 1 June 2021, a number of employees were transferred to the Company from BGL Group Limited.

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

	2021	2020
	Number	Number
Call centre colleagues	85	-
Management, business development and support services	54	-
	139	-

Employee numbers reflect that the employees were only employed by the Company from 1 June 2021.

The aggregate remuneration comprised:

	2021	2020
	£000s	£000s
Wages and salaries	5,207	-
Social security costs	336	-
Pension costs	393	-
	5,936	-

BISL Limited**Year ended 30 June 2021****Notes forming part of the financial statements****10. Intangible assets**

	Affinity relationships	Software development	Software development in progress	Total
	£000s	£000s	£000s	£000s
Cost				
At 30 June 2019	34,744	31,488	1,228	67,460
Additions	250	-	10,024	10,274
Transfers	-	5,854	(5,854)	-
Disposals	-	(11)	(139)	(150)
At 30 June 2020	34,994	37,331	5,259	77,584
Additions	2,910	-	7,135	10,045
Transfers	-	4,468	(4,468)	-
Disposals	(34,994)	(724)	-	(35,718)
Impairment	(346)	-	(291)	(637)
At 30 June 2021	2,564	41,075	7,635	51,274
Accumulated amortisation				
At 30 June 2019	31,257	9,412	-	40,669
Charge for the year	2,407	5,899	-	8,306
Disposals	-	(11)	-	(11)
At 30 June 2020	33,664	15,300	-	48,964
Charge for the year	1,627	7,507	-	9,134
Disposals	(34,994)	(724)	-	(35,718)
At 30 June 2021	297	22,083	-	22,380
Net book value				
At 30 June 2021	2,267	18,992	7,635	28,894
At 30 June 2020	1,330	22,031	5,259	28,620

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

All additions to software development relate to internally developed software.

Affinity partner balances have been fully amortised in the year and treated as disposals in line with the original contract period. The majority of the contracts with affinity partners have been renegotiated in the year and relationships are ongoing.

BISL Limited**Year ended 30 June 2021****Notes forming part of the financial statements****11. Property, plant and equipment**

	Computer equipment £000s
Cost	
At 30 June 2019	2,217
Additions	37
Disposals	(44)
At 30 June 2020	2,210
Additions	976
Disposals	(3)
At 30 June 2021	3,183
 Accumulated depreciation	
At 30 June 2019	1,096
Charge for the year	728
Disposals	(44)
At 30 June 2020	1,780
Charge for the year	364
Disposals	(3)
At 30 June 2021	2,141
 Net book value	
At 30 June 2021	1,042
At 30 June 2020	430

There are no capital commitments (2020: £nil) for the Company at the reporting date.

BISL Limited**Year ended 30 June 2021****Notes forming part of the financial statements****12. Deferred tax asset**

	2021 £000s	2020 £000s
Property, plant and equipment	152	160
Other temporary differences	47	-
Deferred tax asset	199	160
Deferred tax asset at the start of the year	160	69
Adjustment in respect of prior years	-	6
Deferred tax charge for the year	39	85
Deferred tax asset at the end of the year	199	160

Details of movement in deferred tax:

	Deferred tax asset £000s
At 30 June 2019	69
Recognised in income	85
Adjustment in respect of prior year	6
At 30 June 2020	160
Recognised in income	39
At 30 June 2021	199

13. Investments in subsidiaries

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

Name	Proportion of ordinary share capital held		Nature of business
	2021	2020	
ACM ULR Limited	100%	100%	Claims management
BFSL Limited	100%	100%	Consumer credit services
BGL Direct Life Limited	100%	100%	Insurance intermediary

The total value attributable to investments in these subsidiaries at 1 July 2019, 30 June 2020 and 30 June 2021 is £10,000,000.

On 14 October 2019, the Company made an additional investment of £10,000,000 in BGL Direct Life Limited, through the purchase of shares. This investment was recorded immediately in the profit and loss account as it was not deemed to add to the investment value of the subsidiary.

BISL Limited**Year ended 30 June 2021****Notes forming part of the financial statements****14. Trade and other receivables**

	2021	2020
	£000s	£000s
Current		
Trade receivables	218	1,272
Amounts due from group undertakings	367,276	387,673
Accrued income	38,718	34,830
Prepayments	13,853	41,570
Corporation tax receivable	-	1,846
Other receivables	23,699	22,343
	443,764	489,534

	2021	2020
	£000s	£000s
Non-current		
Amounts due from group undertakings	187,000	187,000
Accrued income	1,797	-
Prepayments	39,871	9,881
Other receivables	-	510
	228,668	197,391

£2,881,000 (2020: £3,935,000) included within current other receivables relates to the fair value of trail commission, see note 15.

Trade receivables include a total credit loss provision of £nil (2020: £nil).

15. Other assets

	2021	2020
	£000s	£000s
Other assets at fair value	2,881	3,935

Other assets at fair value through profit or loss of £2,881,000 (2020: £3,935,000) represents the fair value of total trail commission receivable.

The fair value assessment was undertaken by taking into account the total contractual commission entitlement per policy sold and applying lapse rates based on historical observed metrics. A further discount factor of 5% was then applied to take account of the time value of money. The following table sets out a reconciliation of opening and closing balances for these assets.

BISL Limited**Year ended 30 June 2021****Notes forming part of the financial statements****15. Other assets (continued)**

	2021 £000s	2020 £000s
Value at start of year	3,935	3,730
Purchases	58	71
Change in lapses	(489)	369
Settlements	(623)	(235)
Value at end of year	2,881	3,935

The net credit to revenue in the current year was £431,000 (2020: £440,000). The directors are of the opinion that the carrying value of the financial instruments held approximate to the fair value.

Risks of the Company are managed at a group level by the UK parent company, BGL (Holdings) Limited.

16. Cash and cash equivalents

	2021 £000s	2020 £000s
Restricted cash	11,000	11,000
Cash and cash equivalents	274	9,227
	11,274	20,227

Cash of £nil (2020: £nil) is restricted under the arrangement with the securitisation structured entity, BGL Receivables Financing (1) Limited. Cash of £11,000,000 (2020: £11,000,000) has been notionally 'ring-fenced' for regulatory purposes.

17. Trade and other payables

	2021 £000s	2020 £000s
Current		
Trade payables	396,379	415,064
Amounts due to group undertakings	-	32,399
Accruals and deferred income	33,115	29,685
Other payables	15,657	3,105
Corporation tax payable	528	-
	445,679	480,253
Non-current		
Amounts due to group undertakings	69,000	69,000

BISL Limited**Year ended 30 June 2021****Notes forming part of the financial statements****17. Trade and other payables (continued)**

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

At 30 June 2021 £nil (2020: £40,000,000) of upfront cash is reported within trade payables and will be settled on a net basis with the affinity partner. The liquidity requirements of the Company do not rely on this arrangement.

18. Provisions for liabilities

	Clawback provision £000s	Restructuring provision £000s	Total £000s
At 1 July 2020	403	-	403
Increase in provision	(67)	2,205	2,138
Payments	(117)	(1,480)	(1,597)
Unwinding of discounting	1	-	1
At 30 June 2021	220	725	945
Current provisions	213	725	938
Non-current provisions	7	-	7
At 30 June 2021	220	725	945

The Company makes provision for an estimation of the insurer or broker 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.

A provision has been recognised relating to restructuring activities within the Company, relating to restructuring of central IDO functions and the closure of the Wakefield office and migration of the team to Sunderland Office. The restructuring plans were drawn up and announced in the second half of the current financial year and a provision was recognised in the financial statements. The restructuring is expected to be completed in the year ending 30 June 2022.

19. Share capital

	Allotted, called up and fully paid	
	2021 £000s	2020 £000s
Ordinary shares of £1 each	18,000	18,000

The Company has one class of ordinary shares all of which carry equal voting and dividend rights.

BISL Limited

Year ended 30 June 2021

Notes forming part of the financial statements

20. Dividends

	2021 £000s	2020 £000s
<i>Paid during the year:</i>		
Equity dividends on ordinary shares:		
Interim dividend for 2020 (£0.47 per share)	-	8,460

21. Pension Commitments

The Company offers defined contribution pension schemes to its employees. The pension cost represents pensions payable by the Company to the fund and amounted to £393,000 (2020: £nil) in the year. At the reporting date £393,000 (2020: £nil) was owed by the Company.

22. Contingent liabilities

The BGL Group has access to substantial committed debt facilities, BGL (Holdings) Limited and BGL Group Limited can access a £175,000,000 (2020: £300,000,000) revolving credit facility and the £100,000,000 (2020: £nil) term loan. A £50,000,000 (2020: £50,000,000) senior note is outstanding in the name of BGL (Holdings) Limited. Under the terms of these facilities BGL (Holdings) Limited, BGL Group Limited, BISL Limited, BFSL Limited, ACM ULR Limited and Compare The Market Limited, provide a joint and several guarantee. At 30 June 2021 the drawn balance under these facilities, and therefore maximum exposure to this contingent liability, was £150,000,000 (2020: £79,000,000).

The Company has joint and several liability under the group VAT registration and joint liability under the group payment arrangement in relation to corporation tax.

The Company is 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 loss can be reasonably estimated.

In November 2020, the Competition and Markets Authority ('CMA') announced its decision that the historic use of wide most favoured nation ('MFN') clauses through price comparison website ComparetheMarket broke competition law. This decision is addressed to four entities within the BGL Group, one of which is BISL Limited. The CMA has imposed a financial penalty of £17.9m for the infringement and a provision for this amount is recognised on the balance sheet of a fellow group company. The BGL Group does not agree with the CMA's analysis of the home insurance market and fundamentally disagrees with the CMA's findings. The BGL Group has therefore appealed the CMA's decision to the Competition Appeal Tribunal. In the event that the financial penalty becomes payable, it will be borne by a fellow group company which has indemnified BISL Limited against any financial loss in this matter.

BISL Limited

Year ended 30 June 2021

Notes forming part of the financial statements

23. 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.

Key management emoluments and directors' interests

Up to 1 June 2021, the Directors and key management personnel were employed by BGL Group Limited. From 1 June 2021, some of the Directors and key management personnel were employed by the Company. The proportion of the remuneration which relates to the Directors of the Company in the current year is shown below. These comprise emoluments whilst employed by BGL Group Limited or the Company.

Key management emoluments (including directors)	2021 £000s	2020 £000s
Short-term employee benefits	1,323	1,026
Directors' emoluments	2021 £000s	2020 £000s
Short-term employee benefits	1,323	1,026
Highest paid director	2021 £000s	2020 £000s
Short-term employee benefits	676	566

24. Events after the reporting date

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

25. Ultimate and immediate parent company

The immediate parent company is BGL Group Limited which is incorporated in the United Kingdom.

The Company's ultimate parent undertaking and ultimate controlling party is BHL Holdings Limited.

The largest group in which the results of the Company are consolidated is that headed by BHL (UK) Holdings Limited. The smallest group in which they are consolidated is that headed by the BGL (Holdings) Limited.

The consolidated financial statements of BHL (UK) Holdings Limited can be obtained from BHL (UK) Holdings Limited, Bath House, 16 Bath Row, Stamford, PE9 2QU. The consolidated financial statements of BGL (Holdings) Limited can be obtained from BGL (Holdings) Limited, Pegasus House, Bakewell Road, Orton Southgate, Peterborough, PE2 6YS.