Allstate

Northern Ireland

Allstate Northern Ireland Limited
Annual report and financial statements
for the year ended 31 December 2020

Registered number: NI34636

Allstate Northern Ireland Limited

Contents

Allstate Northern Ireland Limited

Directors and other information

Directors
Suren Gupta
John Healy
Eric Huls
Roger Kent
Courtney Welton
Carla Zuniga

Independent Auditor
Deloitte (NI) Limited
Lincoln Building
27 – 45 Great Victoria Street
Belfast
BT2 7ASL

Bankers
Citibank, N.A.
Citigroup Centre,
Canary Wharf
London
E14 5LB

Solicitors
Pinsent Masons
1 Lanyon Place
Belfast
BT1 1LS

Registered Office
10 Mays Meadow
Belfast
BT1 3PH

Allstate Northern Ireland Limited

Strategic report

The directors, in preparing the Strategic Report, have complied with s414c of the Companies Act 2006.

Principal activities

The company's principal activity is to deliver information technology and business process solutions for its ultimate parent company in the United States, The Allstate Corporation, and its subsidiaries.

Business review and future prospects

Profitability

Excluding foreign currency gains/losses relating to the revaluation of US dollar balances, the company generated a profit before tax of £10,608,916 (2019 – £11,652,907). This is the controllable operating profit of the company. Sales increased to £128.4 million (2019 - £125.5 million).

The profit for the year after taxation, amounted to £6,759,821 (2019 – profit of £8,317,867).

Prospects

The 2020/21 global coronavirus pandemic is a major disruptive event for all businesses. Due to the extensive use of technology, the company has been able to deal with this disruption successfully and there has been no impact on the ability of the company to trade.

Allstate was actively planning for a possible coronavirus crisis in the first quarter of 2020 and ensuring that the capability was in place to deal with largescale remote working. The global workforce moved to home-based working on 16 March 2020. This transition was smooth and there was no loss or interruption of service. Internal policies, processes and procedures have been updated as required to deal with the changing circumstances and there was a high degree of collaboration across key business areas and geographical locations.

The company did not need to avail of the UK Government assistance packages such as the Coronavirus Business Interruption Loan Scheme or the Coronavirus Job Retention Scheme, as the company was able to trade fully.

We expect the company to remain profitable in 2021, although margins will be tighter than in 2020. This is primarily due to the pressure from a strengthening British Pound to US Dollar exchange rate. The Pound has strengthened as Brexit uncertainty has reduced following end of the transition period and pandemic uncertainty has reduced due to the successful UK vaccination programme. Cash levels remain healthy.

Allstate Northern Ireland Limited

Strategic report (continued)

Prospects (continued)

The company expects to see growth in some business areas and reductions in others in 2021, while overall headcount should remain stable. There is a cost advantage to doing business in Northern Ireland, the workforce is skilled and experienced, and our technological capability is high. These are key factors in the ability of the company to help deliver Allstate's Transformative Growth strategy.

There have been no other significant events since the balance sheet date.

Principal risks and uncertainties

The Board operates the company's financial risk management objectives and policies. The principal financial risk faced by the company is foreign exchange which is mitigated by an internal exchange rate risk mitigation program within the Group.

The United Kingdom has now left the European Union and the transition period is complete. As the company does not trade in Europe, the risks and uncertainties are primarily related to exchange rate volatility and access to talent: 1) Brexit has resulted in exchange rate volatility which is monitored by management as part of their oversight of the exchange rate risk. Trading activities within a financial year are not impacted by this volatility, due to the exchange rate risk mitigation programs; 2) the company does not expect Brexit to impact the stability of the current workforce but may create issues around access to talent in the future. This is an uncertainty faced by all UK companies.

The global pandemic has created uncertainties for all businesses. In the short term it has not impacted the ability of the company to do business. The ramifications of its impact in the medium to long term could affect the company in the future and is being monitored by management.

Engaging with stakeholders - s172 statement
In accordance with s172 of the Companies Act 2006, the directors of the company act in ways that they consider, in good faith, to be most likely to promote the success of the company for the benefits of its members as a whole. In doing so, the directors have regard, amongst other matters, to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and other key stakeholders,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

Operational decisions are made with stakeholders in mind, in a structured set of monthly meetings which include the senior leadership of the company. Key topics and decisions from these operational meetings are then brought to the Board Meetings which occur three to four times per year. The company's values and Code of Ethics empower employees to make the best decisions in the interest of the company and its stakeholders.

Allstate business partners and shareholders
The company provides services to business partners in other Allstate group companies. Engagement with our business partners is critical to the success of the company and to the successful delivery of products and services. Engagement is primarily through the managers who are responsible for individual work streams and with senior leadership. Our shareholders are fellow Allstate group companies, and the goals of the company therefore align with our shareholder's goals.

Employees
As a service business, our people are fundamental and key to our success. We engage with employees via engagement surveys, forums, events, meetings, internal communities, our intranet, Allstate TV, Town Halls, video blogs and other multi-media channels. Key areas of focus include health and well-being, development opportunities, compensation and benefits. We encourage employees to own their own careers and provide training opportunities via multiple platforms.

Suppliers
The company builds strong relationships with key suppliers to develop mutually beneficial partnerships. The local procurement team is integrated with global procurement and seeks to implement high standards in supplier determination, onboarding, ongoing engagement and renewal. Our Supplier Payment Practices reports show healthy payment turnaround times. Our suppliers are an important part of the long-term success of the company.

Allstate Northern Ireland Limited

Strategic report (continued)

Engaging with stakeholders - s172 statement (continued)

Local communities
The company engages with the communities in which we operate to build trust and provide support. A series of strategic groups are in place to encourage local engagement. These include the Charities Committee, the Government and Business Network Engagement group and the Schools and University Engagement group. They work with local bodies to ensure the company can contribute to local dialogue and support the communities in which we live and work.

Government and regulators
The company actively engages with local Councils, the Northern Ireland Assembly and national government, to ensure we can contribute to local and national issues, such as Brexit or the response to Covid-19. We take part directly, representing the company specifically and indirectly, through local industry bodies and forums. The Risk and Compliance team inform relevant personnel of new laws or regulations and ensure the right groups are aware and informed. We engage frequently with external consultants who specialise in areas of regulatory change and participate in training sessions as required. The Board is updated on legal and regulatory developments and takes these into account when considering future actions.

Further information on our engagement with stakeholders can be found in the Statement of Corporate Governance Arrangements in the Directors' report.

29/6/21

John Healy
Director

10 Mays Meadow, Belfast, BT1 3PH

29 June 2021

Allstate Northern Ireland Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2020.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 4 and 5 and form part of this report by cross-reference.

Going concern

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The company has sufficient financial resources for normal operations. There has been no significant impact from COVID-19.

In the event of an extreme downturn in the US dollar to sterling exchange rate, the company can avail of a parent company loan facility of up to $30m.

The financial statements include the company's objectives, policies and processes for managing its financial risks, details of its exchange rate risk mitigation and exposure to liquidity risk.

After making enquires, the directors have a reasonable expectation that the company will have adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses an internal exchange rate risk mitigation program to manage these exposures.

Credit risk

The company's principal financial assets are bank balances, cash, and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables with group companies. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Directors' report (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses its cash reserves.

Further details regarding liquidity risk can be found in the accounting policies note in the financial statements.

Financial instruments

The company's principal financial instruments comprise cash, short term deposits, and intercompany loans. The company has various other financial instruments such as trade debtors and trade creditors that arise directly from operations. The company does not trade in financial instruments.

Dividends

The directors do not recommend a final dividend, and having paid a £2.5 million interim dividend, this makes a total of £7.5 million for the year (2019 - £nil). No interim dividend has been paid in 2021.

Research and development

During 2020 the company continued investing in research and development projects and innovation while developing technology products. The company also enhanced its capabilities in emerging technologies such as artificial intelligence and machine learning.

Directors

The directors have no beneficial interest in the shares of the company. The directors' interests in the shares of the parent undertaking, The Allstate Corporation, and its subsidiaries, are dealt with in the accounts of that company, which is incorporated outside Northern Ireland.

The company has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

The directors, who served throughout the year were as follows: Suren Gupta, John Healy, Eric Huls, Roger Kent, Courtney Welton and Carla Zuniga.

Directors' report (continued)

Employee engagement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, company newsletters and intranet posts, email communications and quarterly senior management presentations. These presentations aim to make employees aware of financial and economic factors affecting the company's performance. Where possible, decisions affecting employee interests are made in consultation with employee committees or manager groups.

The company welcomes job applications regardless of race, creed, sex, ethnic origin, age or disability. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of an employee becoming disabled, the company supports the continuation of employment and is committed to arranging appropriate training and rehabilitation for skill redevelopment. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The company is committed to the training of staff in operational skills and to providing opportunities for personal development. The company has policies in place to promote a healthy work life balance for all staff. Employee engagement is also discussed in the Strategic Report "Engaging with stakeholders".

Business Relationships

The company's business relationships with suppliers, customers and others is discussed in the Strategic Report, "Engaging with stakeholders".

Statement of corporate governance arrangements

The company's Board of Directors (the "Board") is committed to sound corporate governance policies and practices. At Allstate, we want our customers to understand our governance structure; and therefore, we have highlighted key information below.

For the year ending 31 December 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, the company is required to state which corporate governance code, if any, it applied in the financial year and how it was applied. If the company departed from such a code, it must report the respects in which it did so, and its reasons for so departing. For the year ending 31 December 2020, the company has applied principles of corporate governance contained in the Wates Corporate Governance Principles for large private companies (the "Principles"), published by the Financial Reporting Council ("FRC") in December 2018 and available on the FRC's website.

We set out below how the Principles have been applied over the past year. The information in this statement will be reviewed annually.

Allstate Northern Ireland Limited

Directors' report (continued)

Statement of corporate governance arrangements (continued)

Principle 1 – Purpose and Leadership

The company's principal activity is to deliver information technology and business process solutions for its ultimate parent company in the United States, The Allstate Corporation, and its subsidiaries.

The focus of the Board in 2020 has been the implementation of the company's Operating Strategy, supported by our corporate goals and underpinned by Allstate's values. The company's Operating Strategy and corporate goals ensure that the company's business model provides long-term sustainable value to The Allstate Corporation. As the company's shareholders are fellow Allstate group companies, the goals of the company align with our shareholder's goals. Shareholders are represented on the Board.

The company issued a number of employee surveys throughout the year to gauge employee engagement levels and enable employee feedback to the senior leadership team and the Board. This employee engagement work links directly to our corporate goals. These results are added to operational data such as attrition, absence levels, and exit interview content and forms part of the material examined by the Board at each of its meetings.

In 2020, the results of employee surveys revealed that employees wanted closer insight and connection to the company's overall strategy. Accordingly, this was a focus area in 2020 and will continue to be and going forward, with the production of the company's 2020 – 2023 strategic plan providing a framework for all employees to have visibility into the company's strategy.

Employee consultation is addressed in the Directors' report – see section on "Employee Engagement". Information about relationships with other stakeholders such as business partners, suppliers, community and government can be found in the Strategic Report on pages 4 – 7, in the section "Engaging with stakeholders - s172 statement".

Allstate's Global Code of Business Conduct summarises core values and principles that guide our business conduct and includes a Code of Ethics. Allstate's Code of Ethics applies to all board members, employees and officers of The Allstate Corporation and its subsidiaries. The company is committed to operating its business with honesty, integrity, and the highest level of ethical conduct. Upon hire and annually thereafter, all board members, employees and officers of the company must provide a documented acknowledgement that they have read and understood the Code of Ethics. Consistent with our Code of Ethics, all directors must avoid conflicts of interest and act in the best interest of the company. Annually, directors must complete a detailed questionnaire about their individual circumstances.

The company follows the global Allstate "Speak Up!" program which encourages employees to report any illegal or unethical conduct, regulatory compliance matters, or Human Resource ("HR") concerns through a number of methods including a reporting hotline. The company takes part in the quarterly Allstate Reputation survey which measures employee perception of reputational strength across a framework of seven key areas.

The company has a risk and compliance team which is augmented by the risk and compliance and internal audit functions of its ultimate parent company.

Allstate Northern Ireland Limited

Directors' report (continued)

Statement of corporate governance arrangements (continued)

Principle 2 – Board Composition

The Board is currently comprised of six members – the Chair of the Board and Managing Director positions are held by different Board members, and the remaining Board members are individuals chosen from the Allstate group of companies. The Board considers its size and composition appropriate for the size and nature of the company.

In 2019, Eric Huls joined the Board bringing experience in data analytics as well as business acumen, vision and strategic thinking. Mr. Huls' experience complements the strategic direction of the company, moving into data analytics, artificial intelligence and machine learning.

The diversity of the Board is positive in terms of gender with two women and four men, and this is aligned with the company's commitment to diversity and inclusion. Nominees are selected based on their diverse skills and experiences with an intention that each is well-versed in certain core competencies including strategic oversight, corporate governance and leadership. This diversity of experience and expertise facilitates robust and thoughtful decision-making by the Board.

Board members bring specific competencies based on their areas of expertise and roles within the Allstate Corporation. Ongoing professional development occurs within those business roles. In addition, specific training is provided for the Board in relation to Board duties and understanding of the UK Corporate Governance framework and environment. At a minimum, evaluation of board effectiveness and composition occurs when individuals rotate from the Board and new members are sought. This may occur more frequently as circumstances require.

Principle 3 – Directors' Responsibilities

The primary responsibility of the Board is to oversee the affairs of the company and to provide counsel and direction to the executive leadership of the company and monitor company performance. Its responsibilities include, but are not limited to, oversight of the company's strategy, business performance and compensation programs. The Board also regularly reviews the company's significant risk exposures and how those exposures are managed and mitigated.

The Board meets a minimum of three times each year. Notice of a meeting, which includes the agenda and advance review materials, is sent to the Board within a prescribed period prior to the meeting. The Managing Director reviews the content prior to the board meeting to ensure quality and integrity levels. Standing agenda items include review of all key aspects of the company's business including financial performance, operational matters, stakeholder engagement feedback, risks and opportunities and regulatory matters. Attendance record is maintained for each meeting. The company is subject to annual external audit and triennial internal audits to ensure that systems and controls are operating effectively. Results or findings are reported to the Board. Allstate legal representatives, the internal compliance team and external legal counsel engage with the company on legal processes for the Board meetings. This ensures the governance processes are fit for purpose and comply with laws and regulations.

The Board does not have any sub-committees, and it delegates operational leadership to the Managing Director and his leadership team which includes representatives from HR, Finance and senior leadership.

Statement of corporate governance arrangements (continued)

Principle 4 - Opportunity and Risk
The Board seeks out opportunity whilst mitigating risk. Principal risks and uncertainties including in relation to financial risk management are addressed in the Strategic and Directors' reports on pages 4 to 7 and pages 8 to 10 of the company's annual report (and are denoted as principal risks below).

In addition, the Managing Director considers further risks as part of the day to day management of the business, reporting to the Board as part of the materials provided for each board meeting in the form of the ANI Risk Register:
- Cash flow (Principal risk);
- Credit (Principal risk);
- Liquidity (Principal risk);
- Appointing and retaining talent;
- Systems, data protection and cybersecurity; and
- Covid-19.

Senior leadership assess the content of the Board materials in advance and the board papers include the status of significant risks and opportunities, Senior leaders bring awareness of opportunities for innovation and value-creation in their specific business areas to the management meetings, which flow to the Board based on relevance and significance.

The company's group uses a principle-based approach to enterprise risk and resource management focusing on measurement, transparency and dialogue. This measures, monitors and reports on the major categories of enterprise risk across the group, including insurance, financial, investment, operational (including reputational) and strategic. These risk-return principles define how the company and the Board operates and guides decision-making around risk and return. These principles state that our priority is to protect solvency, comply with laws, maintain a supportive political and regulatory environment, act with integrity, and protect information assets and technology. Building upon this foundation, we strive to build strategic value and optimise risk and return.

Principle 5 - Remuneration
The company's compensation strategy is delegated by the Board to the Human Resource and Finance departments who use external benchmarking programs to assist with this work. It is designed to recognise and reward contribution to successful achievement of the wider group's goals and objectives. The executive compensation program delivers pay in accordance with corporate, business unit and individual performance. The key components of our compensation philosophy are consistency, competitiveness, performance and transparency. An Annual Compensation Report is issued to all employees setting out information regarding the strategy.

Principle 6 - Stakeholder Relationships & Engagement
The Board understands that good governance and effective communication are essential on a day-to-day basis to deliver our purpose, and to protect the company's brand, reputation and relationships with our various stakeholders including employees, suppliers and the local communities in which we work.

Senior leadership communicates to the company's employees through Town Hall meetings, presentations, internal emails, newsletters, social media channels and intranet posts. Regular employee engagement and pulse surveys are conducted to highlight areas of improvement.

Allstate Northern Ireland Limited

Directors' report (continued)

Statement of corporate governance arrangements (continued)

Principle 6 - Stakeholder Relationships & Engagement (continued)
The Board considers the results of all employee engagement surveys to be a good indicator of the company's strategic direction, optimism in the future and career opportunities; they also facilitate Board discussion of future strategy and proposals for change.

Our success is driven by invested engagement from our leaders and our workforce, fostering Inclusive Diversity, one of Allstate's core values. Actively seeking out and leveraging the collective mixture of individual differences and similarities improves business outcomes for our workforce, the marketplace and our communities. The company's inclusive diversity program has successfully integrated diversity into the organisational culture. It is an ongoing, integrated corporate initiative that enhances the company's ability to attract, motivate and retain a diverse pool of high performing employees. Employee Resource Groups are an intrinsic part of the company's approach to inclusion and diversity. The company is certified to Silver level by the Diversity Charter Mark NI, an important external validation of the company's policies and performance in diversity and inclusion. The company has a number of other stakeholder engagements in the areas of business networks, government, schools and universities and communities, environment and charities. To demonstrate our commitment to operate in a sustainable manner and minimise our environmental impact we are certified at Silver level on the Northern Ireland Environmental Benchmarking Survey.

Allstate NI also holds the CORE Standard for Responsible Business, accredited at Silver Level, and through this we play our role in continuing to raise standards and inspire other organisations about what can be achieved in the name of responsible business.

The company follows the Allstate group auditing process, using the same external auditors as The Allstate Corporation and Allstate Insurance Company, currently Deloitte. The Board, the senior leadership team and the external auditors are committed to a positive working relationship that enhances the effective and efficient execution of the audit process.

Streamlined Energy and Carbon Reporting

The company is committed to operating in an environmentally responsible manner. This is reflected in the company strategy and corporate goals. The company recognises the ways in which business operations impact on the environment and seeks to measure and minimise those impacts. The company achieved Silver in the 2020 NI Environmental Benchmarking Survey, which is an external recognition of the company's environmental management and performance. The company has also completed the UK regulatory requirements for energy reporting, by submitting ESOS Phase II in 2019.

For the year ending 31 December 2020, under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the company is required to report energy use and equivalent greenhouse gas ("GHG") emissions from activities for which it is responsible.

Streamlined Energy and Carbon Reporting (continued)

The Covid-19 pandemic has impacted business operations with employees moving from office-based working to home-based working from 16 March 2020, and for the remainder of the year. This had a subsequent effect on lowering emissions by enabling the company to introduce energy efficiencies, including powering down equipment not in use and reducing heating, ventilation and air conditioning operating hours throughout our buildings. This led to a significant reduction in GHG emissions of 24%, compared to the previous year.

There is an expectation that when employees return to the office, emissions may increase again. The company has an ambitious target to reduce emissions by 30% by 2030 (from a 2018 baseline) and a new hybrid working model along with some real estate consolidation will help meet this target.

Statement of Methodologies

Data reported is for Scope 1 and 2 GHG emissions. This covers emissions resulting from company activities involving the combustion of oil and gas to heat office buildings, combustion of fuel for company vehicles, and the purchase of electricity to power office buildings.

The company has followed the UK Government's Guidance on how to measure and report greenhouse gas emissions. Emissions were calculated by collating total consumption values in kilowatt hours (kWh) from invoices and receipts, then using the Government's GHG emission factors to calculate associated GHG emissions in Tonnes of Carbon Dioxide Equivalent. Annually updated emission factors are available on the Gov.UK website.

As a service business, the intensity metric of tonnes of carbon dioxide equivalent per employee, "tCO2e", is most appropriate.

Greenhouse Gas Emissions for period 1 Jan 2020 – 31 Dec 2020

	2020
Emissions from combustion of gas and oil (tCO2e)	545.4
Emissions from electricity purchased for own use (tCO2e)	429.6
Emissions from company vehicles and transport (tCO2e)	22.8
Total GHG emissions (tCO2e)	**997.8**
UK Energy consumption used to calculate emissions (kWh)	4,780,339
Intensity ratio - Emissions per employee (tCO2e)	0.434

Allstate Northern Ireland Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

An elective resolution is in place to dispense with the requirement to appoint auditors annually. Therefore, Deloitte (NI) Limited are deemed to continue as auditors until further notice.

Approved by the Board and signed on its behalf by:

John Healy 29/6/21

John Healy
Director
10 Mays Meadow, Belfast, BT1 3PH
29 June 2021

Allstate Northern Ireland Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 (United Kingdom Accounting Standards and applicable law including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- 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.

Independent auditor's report to the members of Allstate Northern Ireland Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Allstate Northern Ireland Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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 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 Financial Reporting Council's (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.

Independent auditor's report to the members of Allstate Northern Ireland Limited

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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- financing facilities including nature of facilities;
- assumptions used in the forecasts;
- sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management; and
- current year-end performance and year-end position.

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 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 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.

Independent auditor's report to the members of Allstate Northern Ireland Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. The auditor includes an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report to the members of Allstate Northern Ireland Limited (continued)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If the auditor concludes that the use of the going concern basis of accounting is appropriate and no material uncertainties have been identified, the auditor reports these conclusions in the auditor's report. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

- There is a presumed significant risk that the revenue recognised in the year could be misstated in respect of the unbilled revenue that is accrued at year end. We have recalculated the unbilled revenue accrual and ensured it has been calculated and reviewed appropriately.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent auditor's report to the members of Allstate Northern Ireland Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include UK legislation relating to employment, privacy and ethics, health & safety including Covid regulations, workplace conditions, environmental regulations and insurance.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Independent auditor's report to the members of Allstate Northern Ireland Limited (continued)

Report on other legal and regulatory requirements

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 the directors' report have 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Ian Kelsall (Senior statutory auditor)

For and on behalf of Deloitte (NI) Limited

Belfast, UK

23 September 2021

Allstate Northern Ireland Limited

Profit and loss account

For the year ended 31 December 2020

	Note	2020 £	2019 £
Sales		128,430,802	125,518,548
Total turnover		128,430,802	125,518,548
Cost of sales		(106,331,455)	(101,739,738)
Gross profit		22,099,347	23,778,810
Administrative expenses		(11,556,005)	(12,137,816)
Foreign currency loss		(1,858,480)	(936,655)
Operating profit		8,684,862	10,704,339
Net finance income/(expense)	3	69,941	23,672
Loss on disposal of fixed asset		(4,367)	(11,759)
Profit	4	8,750,436	10,716,252
Tax on profit	7	(1,990,615)	(2,398,385)
Profit for the financial year		6,759,821	8,317,867

All recognised gains and losses in the current and prior year have been reflected in the Profit and Loss Account and arise solely from continuing operations. Accordingly a Statement of Comprehensive Income is not presented.

Allstate Northern Ireland Limited

Balance sheet
At 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	9	38,996,679	40,571,219
Current assets			
Debtors	10	15,228,383	12,877,410
Cash at bank and in hand		21,963,898	23,493,119
		37,192,281	36,370,529
Creditors: Amounts falling due within one year	11	(15,644,739)	(16,229,319)
Net current assets		21,547,542	20,141,210
Total assets less current liabilities		60,544,221	60,712,429
Creditors: Amounts falling due after more than one year			
Deferred tax	12	(1,520,680)	(1,241,009)
Provisions for liabilities	13	(1,964,180)	(1,925,600)
Net assets		57,059,361	57,545,820
Capital and reserves			
Called-up share capital	14	16,077,502	16,077,502
Capital contribution	14	862,052	608,332
Profit and loss account	14	40,119,807	40,859,986
Shareholders' funds		57,059,361	57,545,820

The financial statements of Allstate Northern Ireland Limited (registered number NI34636) were approved by the board of directors and authorised for issue on 29 June and signed on its behalf by:

John Healy

Director

Allstate Northern Ireland Limited

Statement of changes in equity
At 31 December 2020

	Called-up share capital	Capital contribution	Profit & loss account	Total
	£	£	£	£
At 1 January 2019	16,077,502	419,229	32,542,119	49,038,850
Profit for the financial year	-	-	8,317,867	8,317,867
Total comprehensive income	-	-	8,317,867	8,317,867
Credit to equity for equity settled share-based payment	-	189,103	-	189,103
At 31 December 2019	16,077,502	608,332	40,859,986	57,545,820
Profit for the financial year	-	-	6,759,821	6,759,821
Total comprehensive income	-	-	6,759,821	6,759,821
Credit to equity for equity settled share-based payment	-	253,720	-	253,720
Dividends	-	-	(7,500,000)	(7,500,000)
At 31 December 2020	16,077,502	862,052	40,119,807	57,059,361

Allstate Northern Ireland Limited

Notes to the financial statements
For the year ended 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a. General information and basis of accounting

Allstate Northern Ireland Limited is a company incorporated in the United Kingdom under the Companies Act and registered in Northern Ireland. The address of the registered office is given on page 3. The nature of the company's operations and its principal activities are set out in the strategic report on page 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Allstate Northern Ireland Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Allstate Northern Ireland Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The company has sufficient financial resources for normal operations. There has been no significant impact from COVID-19.

In the event of an extreme downturn in the US dollar to sterling exchange rate, the company can avail of a parent company loan facility of up to $30m.

The financial statements include the company's objectives, policies and processes for managing its financial risks, details of its exchange rate risk mitigation and exposure to liquidity risk.

After making enquires, the directors have a reasonable expectation that the company will have adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

c. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold Improvements	10 years
Buildings	40 years
Computer Equipment	4 years
Furniture and Equipment	10 years
Voice Equipment	5 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised. Depreciation of these assets commences when the assets are ready for their intended use.

1. Accounting policies (continued)

d. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the related contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet these conditions are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Allstate Northern Ireland Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

d. Financial instruments (continued)

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

e. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

1. Accounting policies (continued)

f. Provisions for liabilities

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

g. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

h. Turnover

Turnover represents amounts receivable from The Allstate Corporation and its subsidiaries, net of trade discounts, VAT and other sales-related taxes. Turnover includes realised gains and losses which arise from the internal exchange rate risk mitigation program, on sales denominated in foreign currencies.

1. Accounting policies (continued)

i. Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

j. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

k. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

l. Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

m. Share-based payments

The company grants to its employees, rights to equity instruments of The Allstate Corporation, its parent company. Equity-settled shared-based payment transactions are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant, which is then expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the financial statements
For the year ended 31 December 2020

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

There are no critical judgements, apart from those involving estimations, that the directors have made in the process of applying the company's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

There are no key assumptions concerning the future, or any other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Net finance income/(expense)

	2020 £	2019 £
Other interest receivable and similar income	69,941	285,045
Intercompany interest payable	-	(261,373)
	69,941	23,672

4. Profit before taxation:

Profit before taxation is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets (note 8)	2,534,206	2,524,125
Research and development credit	(1,280,610)	(856,757)
Government grants	(183,611)	(218,835)
Operating lease rentals	599,749	682,512
Foreign exchange loss	1,858,480	936,655
Loss on disposal of fixed assets	4,367	11,759

4. Profit before taxation: (continued)

The analysis of the auditor's remuneration is as follows:

	2020 £	2019 £
Fees payable to the company's auditor for the audit of the company's annual accounts	37,500	35,750

5. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2020 Number	2019 Number
Operations	2,230	2,232
Administration	68	70
	2,298	2,302

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	85,106,901	80,595,186
Social security costs	9,586,224	9,149,991
Other pension costs (see note 15)	5,166,168	4,885,585
	99,859,293	94,630,762

6. Directors' remuneration and transactions

	2020 £	2019 £
Directors' remuneration		
Emoluments	317,837	347,014
Company contributions to money purchase pension schemes	28,425	31,914
	346,262	378,928

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	1	1
Had awards receivable in the form of shares under a long-term incentive scheme	1	1

Remuneration of the highest paid director

Emoluments	317,837	347,014
Company contributions to money purchase pension schemes	28,425	31,914
	346,262	378,928

The highest paid director did not exercise any share options in the year. The highest paid director had awards receivable in the form of shares under a long-term incentive share scheme in the year.

The figures above represent aggregate emoluments of local directors. Other group companies remunerate the non-local directors and it is not possible to apportion an element of their salaries for services provided to Allstate Northern Ireland Limited.

Directors' advances, credits and guarantees

There were no transactions with directors during the year.

Allstate Northern Ireland Limited

Notes to the financial statements
For the year ended 31 December 2020

7. Tax on profit

The tax charge comprises:

	2020 £	2019 £
Current tax on profit		
UK corporation tax at 19% (2019: 19%)	478,423	-
Adjustments in respect of prior years	-	(677,133)
Total current tax	478,423	(677,133)
Group relief		
Group relief payable	1,183,006	1,680,186
Group relief under provided in prior years	49,515	526,906
Total group relief	1,232,521	2,207,092
Deferred tax		
Origination and reversal of timing differences	133,670	460,196
Adjustments in respect of previous periods	146,001	408,230
Total deferred tax (see note 11)	279,671	868,426
Total tax charge on profit	1,990,615	2,398,385

The company earns its profits entirely in the UK. The standard rate of tax applied to reported profits is 19% on profits earned to 31 December 2020.

On 3 March 2021 HM Treasury proposed an increased UK Corporation tax rate of 25% to be effective from 1 April 2023. This was substantively enacted in May 2021. The 2020 deferred tax balances are calculated based on the prior enacted rate of 19%.

7. Tax on profit (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2020 £	2019 £
Profit before tax	8,750,436	10,716,252
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2019: 19%)	1,662,583	2,036,088
Effects of:		
- Expenses not deductible for tax purposes	5,827	7,495
- Non-qualifying depreciation	189,956	191,885
- Research and development tax credits	(49,516)	(24,687)
- Share-based compensation	(13,751)	(16,259)
- Deferred tax debit/(credit) at enacted rate	146,001	(54,140)
- Adjustments in respect of prior periods	49,515	258,003
Total tax charge for period	1,990,615	2,398,385

8. Dividend on equity shares

Amounts recognised as distributions to equity holders in the year:

	2020 £	2019 £
Ordinary Shares: Interim dividends for the year ended 31 December 2020 of 46.6p (2019 - nil) per ordinary share	1,166,226	-
Redeemable Ordinary Shares: Interim dividend for the year ended 31 December 2020 of 46.6p (2019 - £nil) per ordinary share	6,333,774	-
	7,500,000	-

Interim dividends were paid in June and December 2020. No final dividend is proposed.

Allstate Northern Ireland Limited

Notes to the financial statements
For the year ended 31 December 2020

9. Tangible fixed assets

	Buildings £	Leasehold improvements £	Computer equipment £	Furniture & equipment £	Voice Equipment £	Total £
Cost						
At 1 January 2020	34,666,039	2,753,312	4,665,204	4,427,158	369,616	46,881,329
Additions	-	35,554	897,550	30,930	-	964,034
Disposals	-	-	(365,532)	-	(15,890)	(381,422)
At 31 December 2020	34,666,039	2,788,866	5,197,222	4,458,088	353,726	47,463,941
Depreciation						
At 1 January 2020	1,520,329	812,228	2,723,443	944,858	309,252	6,310,110
Charge for the year	829,151	267,647	981,681	434,741	20,986	2,534,206
Disposals	-	-	(365,190)	-	(11,864)	(377,054)
At 31 December 2020	2,349,480	1,079,875	3,339,934	1,379,599	318,374	8,467,262
Net book value						
At 31 December 2020	32,316,559	1,708,991	1,857,288	3,078,489	35,352	38,996,679
At 31 December 2019	33,145,710	1,941,084	1,941,761	3,482,300	60,364	40,571,219

Cumulative finance costs of £239,846 (2019 - £239,846) have been capitalised in the cost of tangible fixed assets.

There were no finance costs capitalised in the cost of tangible fixed assets in the year (2019 - nil).

Allstate Northern Ireland Limited

Notes to the financial statements
For the year ended 31 December 2020

10. Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	6,334,069	6,240,982
Amounts owed by Group undertakings	1,745,778	626,091
VAT	618,396	799,559
Corporation tax	3,041,396	2,239,211
Other debtors	1,721,224	957,279
Prepayments and accrued income	1,767,520	2,014,288
	15,228,383	12,877,410

11. Creditors – amounts falling due within one year

	2020 £	2019 £
Trade creditors	871,313	1,264,103
Amounts owed to Group undertakings	32,969	1,190,029
Group relief owed to Group undertakings	2,912,706	1,680,186
Other taxation and social security	2,151,104	2,007,630
Other creditors	326,833	412,140
Retentions	5,000	442,978
Accruals and deferred income	8,491,133	8,449,163
Defined contribution pension scheme accrual	853,681	783,090
	15,644,739	16,229,319

Allstate Northern Ireland Limited

Notes to the financial statements
For the year ended 31 December 2020

12. Deferred taxation

The potential (liability) for all tax deferred and the amount provided for at 19% (2020 – 19%) is as follows:

	2020 £	2019 £
Accelerated capital allowances	(1,917,564)	(1,534,949)
Other timing differences	396,884	293,940
At 31 December - (liability)	(1,520,680)	(1,241,009)

	2020 £	2019 £
At 1 January - (liability)	(1,241,009)	(372,583)
Deferred tax (debit) in profit and loss	(133,670)	(460,196)
Adjustments in respect of previous periods	(146,001)	(408,230)
At 31 December - (liability)	(1,520,680)	(1,241,009)

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

13. Provisions for liabilities

	2020 £	2019 £
At 1 January	(1,925,600)	(1,910,000)
Increase in provision	(38,580)	(15,600)
At 31 December	(1,964,180)	(1,925,600)

Provisions relate to the company's estimate of its liabilities in respect of dilapidations on the expiry of property leases held and in respect of legal claims and associated fees.

Notes to the financial statements

For the year ended 31 December 2020

14. Called-up share capital and reserves

	2020 £	2019 £
Allotted, called-up and fully-paid		
2,500,000 ordinary shares £1 each	2,500,000	2,500,000
13,577,502 redeemable ordinary shares of £1 each	13,577,502	13,577,502

The company may redeem the Redeemable Ordinary shares for cash, in whole or in part, at any time, provided a five-day notice period is given to the registered holders. There is no premium payable on redemption and no redeemable share may be redeemed unless it is fully paid up.

In all other respects, the Redeemable Ordinary shares have the same rights as the Ordinary Shares, including equal ranking for dividend.

The company's other reserves are as follows:

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Capital contributions arise in connection with the share-based payment plans of the parent company, The Allstate Corporation. The amount of the reserve represents the deduction in arriving at net equity for the consideration paid for the Allcorp shares purchased which had not vested unconditionally in employees at the reporting date.

15. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and Buildings 2020 £	Land and Buildings 2019 £
- within one year	538,817	632,911
- between one and five years	311,275	724,692
- after five years	901,700	1,072,100
	1,796,792	2,429,703

16. Employee benefits

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2020 was £5,166,168 (2019 - £4,485,585) and the closing pension accrual was £853,681 (2019 - £783,090).

17. Capital commitments

There are no capital commitments at 31 December 2020.

Notes to the financial statements
For the year ended 31 December 2020

18. Share-based payments

The company grants rights to its employees for equity instruments of The Allstate Corporation, its parent company. The required disclosures are therefore included in its consolidated financial statements. The company measures its share-based payment expense as a proportion of the expense recognised for the entire share-based payment scheme based on the number of employees participating in the scheme.

19. Contingent liabilities

The revenue grants received could become repayable in accordance with the letters of offer if the average headcount falls below certain levels during the stated control periods.

A letter of credit is in place in relation to a grant scheme entered into by the company under which £884,500 of cash is restricted as collateral for this agreement. The restriction is for five years from the date of last grant payment under the letter of offer. Based on payments made to date, the cash restriction will be in force until May 2021.

20. Related party transactions

The company, a wholly owned subsidiary of The Allstate Corporation, has elected to avail of the disclosure exemption available to subsidiary undertakings in accordance with the terms of FRS102.33.1A.

21. Parent undertaking and controlling party

During the year, the company's immediate parent undertaking, and the smallest consolidating Group to which the company belonged, was Allstate Global Holdings Limited. The ultimate parent undertaking and the largest consolidating Group to which the company belongs, is The Allstate Corporation, a company registered in the United States of America. Copies of the Group accounts are available from 2775 Sanders Road, Northbrook, Illinois 60062.

22. Subsequent events

The global pandemic has created uncertainties for all businesses. In the short term it has not impacted the ability of the company to do business. The ramifications of its impact in the medium to long term could affect the company in the future and will be monitored by management.

There have been no other significant events since the balance sheet date.