

Ageas Retail Limited

Annual Report For the year ended 31 December 2022

Company Registration Number: 1324965

Ageas Retail Limited

Company registration number: 1324965

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Ageas Retail Limited

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Directors and Advisers

Directors

Gregor Ball	(resigned 31 March 2023)
Antonio Cano	
Bart De Smet	
Hans De Cuyper	
Jeremy Haynes	
Richard Jackson	
Malcolm McCaig	
Anthony Middle	
Nerissa Nadu	(appointed 31 March 2023)
Alison Platt	(appointed 1 June 2022)
Jonathan Price	
Tara Waite	
Mark Winlow	(resigned 30 September 2022)

Secretary

Claire Marsh

Head Office and Registered Address

Ageas House
Hampshire Corporate Park
Templars Way
Eastleigh
Hampshire
SO53 3YA

Independent Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

HSBC
62-76 Park Street
London
SE1 9DZ

Registered Number

1324965
Registered in England and Wales

Ageas Retail Limited

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Strategic Report

Business review

Principle Activities

Ageas Retail Limited ('the Company') is a broker of mainly home, motor and travel insurance and operates a variety of brands, including Ageas Direct and RIAS insurance agency. The directors anticipate that the business model of the Company will remain unchanged for the foreseeable future. The Company is a 100% owned subsidiary of Ageas (UK) Limited, a company registered in England and Wales.

Performance during the year

Total revenue for 2022 was £73.3m (2021: £76.4m). The Company made a profit after tax of £5.4m in the year (2021: £12.4m). The decreased profitability in the year was due to increased administrative expenses incurred in the year.

Key Performance Indicators

The Board considers that the key indicators that will communicate the financial performance and strength of the Company are:

- Revenue
- Profit before tax
- Expense ratio

	2022 £'000	2021 £'000	Change
Revenue	73,269	76,436	(4%)

Revenue is a key indicator to the underlying performance of the Company and its ability to generate insurance business in line with the desired strategic direction.

	2022 £'000	2021 £'000	Change
Profit before tax	6,647	13,971	(52%)

The Company aims to deliver profits through the delivery of superior customer service to its policyholders and intermediaries in line with the strategic aims of the Company.

	2022	2021	Change
Expense ratio	87.5%	79.5%	8%

The expense ratio is a measure of the Company's overall efficiency. It is calculated as total expenses (cost of sales and administrative expenses) expressed as a percentage of total revenue.

Year end position

Shareholders' equity

Shareholders' equity has decreased by £7.0m to £32.4m (2021: increase of £5.7m) due to Profit after tax in the year of £5.4m (2021: £12.4m) offset by a dividend paid of £12.4m (2021: £6.7m.)

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Strategic Report (continued)

Key Performance Indicators (continued)

Assets

Total assets have decreased by £16.6m to £136.4m (2021: increased by £5.5m). The main drivers of this are a decrease in trade and other receivables of £11.2m, a decrease of £0.7m in deferred tax assets due to a reduction in provisions, and a £2.7m decrease in cash and cash equivalents. Furthering these are a decrease in property, plant and equipment of £1.7m due to depreciation charges in the year and a decrease of £0.2m in intangible assets due to amortisation charges.

Liabilities

Total liabilities have decreased by £9.6m in the year to £104.0m (2021: decreased by £0.2m) driven by a £1.0m decrease in other financial liabilities on repayment of lease liabilities, a £7.8m decrease in trade payables and a £0.7m decrease in current tax liabilities.

Section 172(1) statement

The Ageas UK directors have always been aware of and attentive to all of their duties and responsibilities, including those as set out under section 172 of the Companies Act 2006, when setting and embedding Ageas UK's culture and values in line with its purpose to 'Understand People + Simplify Insurance'. The Ageas UK Boards (including the Board of Ageas Retail Limited) recognise that the long-term success of the Company is only possible through engagement with, and having regard to, the interests of key stakeholders, which for Ageas UK includes customers, employees, shareholders, suppliers, the community, environment, and regulators. The Ageas UK Boards' role is to perpetuate the long term, sustainable success of the Ageas UK business; providing strategic leadership within a framework of prudent and effective controls, setting the strategy, ensuring the direction and performance of the business is aligned to Ageas Group objectives, and that obligations to all stakeholders are understood and met. A range of mechanisms have been established to support directors in the discharge of their duties, and for each matter which comes before the Boards, stakeholders who may be affected and their interests are carefully considered as part of the decision-making process. Further detail has been incorporated within the Stakeholder Engagement statements set out in the Report of the Directors on pages 4-8.

Strategic aims and objectives

During 2022 the Ageas UK Executive continued to execute the three year strategy set by the Ageas UK Boards in 2021. Regular updates as to the progress of the strategy are reported to and considered by the Ageas UK Boards quarterly. The strategic purpose of the Company is aligned to that of the Ageas UK Group, which is to Understand People + Simplify Insurance.

Principal risks and uncertainties

The Company's principal risks and uncertainties and the way in which these are managed are detailed in note 3 to the financial statements.

This report was approved by the Board of Directors on 5 May 2023 and signed on its behalf by:



Jonathan Price

Chief Financial Officer

Signed on: 2 June 2023

Ageas Retail Limited

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Directors' Report

The directors submit their report, together with the audited financial statements for the year ended 31 December 2022.

Results

The results of the Company are contained in the financial statements on pages 10 to 37. The 2022 profit after tax was £5.4m for the year (2021: profit of £12.4m).

A dividend of £12.4m was paid during the year (2021: £6.7m).

Business review

The business review, including the future developments of the Company, is set out in the Strategic Report on pages 2 and 3.

Directors

The Members of the Board are shown on page 1. All directors served throughout the year and to the date of this report except as highlighted on page 1.

Employees

The average number of persons seconded to the Company during the year was 243 (2021: 370). The full-time equivalent number of employees adjusted for part time staff was 213 (2021: 330). Their annual aggregate remuneration was £8.2m (2021: £9.2m). An analysis is shown in note 22.

Stakeholder Engagement Statements

Ageas UK Shareholder, Ageas SA/NV

Given ageas SA/NV's 100% ownership of the Company, the promotion of the long-term success of Ageas UK, including the development of a clear UK purpose and strategy, is fully aligned to and supportive of ageas SA/NV's strategy, Impact 24. During 2022 ageas SA/NV was represented on the Ageas UK Boards by Ageas Group Executive and Non-Executive Directors.

Customers, Brokers and Partners and Suppliers

Customers are at the heart of how Ageas UK's business is conducted, supported by its purpose which is set by the Boards and articulated within the Ageas UK strategy. Customer interests continued to be a key consideration in a wide range of activities overseen by the Ageas UK Boards during 2022, with particular areas of focus being the actions taken to support customers who may have been adversely impacted by the cost of living crisis, together with progress made to support customers manage their digital online services.

Ageas UK maintained the Institute of Customer Service 'Service Mark' Accreditation in 2022 having continued to uphold customer satisfaction scores above the all sector average. To support oversight, quarterly customer experience reports have been provided to the Ageas UK Boards, and Board Members attended spotlight sessions focussing on the customer, which provided insight into the Customer Service Strategy, the development of the Digital Customer Journey, Claims Supply Chain Management, and the FCA's new Consumer Duty. As part of the customer experience improvement programme, Ageas UK continued to engage directly with customers to gain a detailed understanding of what works well and where improvements can be implemented. During 2022 the digital transformation programme led to the creation of greater online service offerings for customers, supporting customers to manage their insurance policies as they choose. The work undertaken was recognised by the Insurance Times Claims and Excellence Awards, with Ageas winning Claims Team of the Year - Digital Transformation.

Directors' Report (continued)

Customers, Brokers and Partners and Suppliers (continued)

Several initiatives were implemented in 2022 to improve the Ageas UK Customer experience and to ensure customers continue to receive fair outcomes. Actions taken to support customers impacted by the cost of living crisis included the roll out of the Ageas Care programme, which provided for updated training to customer service teams and the introduction of a broad range of flexible financial options to support customers impacted by the cost of living crisis. The Ageas UK Board has also been provided with regular updates regarding the implementation of the FCA's new Consumer Duty, which sets a higher level of consumer protection in retail financial markets for firms to adhere to and during 2022 a project team was established, the Ageas UK Boards considered and approved the Consumer Duty implementation plan and an Independent Non-Executive Director appointed Consumer Duty champion.

Ageas UK's relationships with brokers and intermediaries are fundamental to its distribution because the majority of its business is conducted through this channel, for this reason a focus of the Ageas UK strategy is to grow personal lines business via brokers. During 2022 several new arrangements were successfully established in support of the strategy; a new Home product was launched on the Amazon Insurance Store and the Ageas UK Boards approved a strategic underwriting arrangement with Geo Underwriting Ltd, extending the partnership with the Ardonagh Group to combine our insurance expertise. A major step forward in the strategy of growing the personal lines business was the sale of the Commercial line of business to AXA Insurance UK PLC (AXA), approved by the Ageas UK Boards in early 2022. To support Broker engagement and to understand their experiences working with Ageas, a feedback tool 'your Platform' is provided and the high level results received shared with the Ageas UK Boards.

Ageas UK uses a wide variety of suppliers. Like most large businesses it engages with suppliers to support the provision of core business activities (e.g. IT), the supply of commodities, maintenance service contracts or facilities management services, such as catering and cleaning providers. As an insurer it also engages with suppliers of goods and repair services when customers' property has been lost or damaged, and medical and assistance services when customers have suffered accident or injury. During the year the Ageas UK Boards agreed the investment and appointment of EIS, a core and digital platform provider, to support the delivery of a digital business transformation programme, which when completed will provide Ageas UK with the infrastructure in support of the Company's digital ambition. Ageas UK is committed to high standards of business conduct and has policies and procedures in place to define the way in which Ageas wants to do business and the standards of conduct required. During 2022 Ageas has worked closely with suppliers to ensure providers of repairs and other services were able to continue to do so. Where Ageas appoints a third party to undertake any business activities, Ageas expects they are carried out in line with Ageas' standards and risk appetite.

Employee engagement

Attracting, developing, retaining and engaging our people is central to our success as a business, enabling Ageas UK to achieve its strategy by building 'Podium People'. Throughout 2022 the Ageas UK Boards have overseen a number of activities that have sought to: develop a strong people culture, driving engagement, commitment and strong leadership; create a positive working environment in which people have the tools and resources to give their best; grow and attract strong technical skills and capabilities; and improve efficiency and effectiveness, reducing costs where possible.

Ageas UK as a signatory of the Association of British Insurers (ABI) Making Flexible Work Charter, formalised flexible working at Ageas UK with the roll out of Smart Working, providing employees flexibility over their location of work, trialling fully remote working practices within certain areas of the business. The Ageas UK Boards were kept apprised of the implementation of the Smart Working along with feedback from employees via "Peakon" the digital employee engagement tool which enabled the business to monitor employee sentiment on a real time basis and respond accordingly. Employee engagement scores remained positive throughout 2022, with Ageas certified as a Top Employer by the Top Employers Institute.

The cost of living crisis and highly competitive labour market have been key areas of focus for the Ageas UK Boards during 2022 and the Ageas UK Boards agreed to a package of financial support measures to help employees during these challenging times. To ensure that Ageas was able to retain and attract great people, and following feedback received via Peakon, during 2022 a review of reward arrangements across the business was undertaken, with updates on progress and the proposed actions routinely shared with the Ageas UK Boards. The health and wellbeing of our people remained a key priority throughout 2022, with the cost of living crisis impacting all staff, in addition to the financial support provided, several campaigns were promoted throughout the year with a focus on financial, physical and mental wellbeing.

Directors' Report (continued)

Employee engagement (continued)

To reinforce the strong People culture Ageas UK provides our people with timely and regular communications issued via the digital tool "Workplace"; The learning and development platform "People Hub" continued to be enhanced to support remote working and ongoing learning. Employees have also been kept up to date regarding business as usual matters such as strategy and performance through a variety of virtual and in person events including formal leadership events, employee briefings and the Employee Forum. The Employee Forum has continued to perform a vital role supporting the engagement of employees, it convenes quarterly, is supported by the Ageas UK CEO and HR Director, facilitating the escalation and cascade of key messages, from and to the Executive team and the Ageas UK Boards, such as providing input into the approach to the reward review. As agreed by the Ageas UK Boards, the Chair of the Remuneration Committee, an INED, is invited to attend the Employee Forum and meets the Chair of the Forum, without the Executive present, in order to enhance the engagement between the Employee Forum and the Ageas UK Boards.

To support the delivery of the strategy organisational restructuring has continued throughout 2022 and the Ageas UK Boards approved a proposal to proceed with redundancy consultations impacting employees across a number of functions. The Employee Forum supported the consultation and communication process and Ageas UK provided support for those employees leaving the business including career transition support via a third party. As part of the sale of the Commercial lines business to AXA, Ageas UK secured the continued employment for affected employees with c.100 of our people transferring to AXA as part of the arrangement.

Ageas UK has established and promotes a culture where employees have the confidence and ability to raise their concerns. The Ageas UK Board approved a Speak Up policy and process provides clear principles and guidance on the action to take in the event of bullying, harassment or victimisation or in the event of a financial crime such as Internal Fraud, Money Laundering or if Data Theft was identified. Ageas Directors and managers have a responsibility to ensure that mechanisms are in place to encourage such concerns to be raised and any wrongdoing dealt with. The Chair of the Audit Committee has responsibility for the maintenance of the independence, autonomy and effectiveness of Ageas UK whistleblowing policies and procedures; he reported to the Ageas UK Boards and Audit Committee in 2022 stating his view that the systems and controls in place were satisfactory.

Diversity and inclusion

The Company is committed to a culture which is inclusive and supports diversity, helping Ageas achieve the combined purpose to understand people and simplify insurance. Recruitment, promotion, career development, selection for training and all other aspects of people management are regularly reviewed and monitored to ensure they are free from discrimination, including all protected characteristics as set out in the Equality Act 2010. The Ageas UK Boards have set the policies and standards within which the Company will operate, and the Boards' approach to diversity and inclusion is monitored regularly.

An Inclusion Steering Group known as 'Momentum', chaired by the Ageas UK CEO has been established, comprised of senior representatives from each area of the business who are held accountable for progress against the diversity targets. During 2022 the inclusion plan was refreshed with the aim of: reducing the gender pay gap target; increasing the representation of women at senior levels target; improving overall ethnic minority representation and understanding of their experiences as applicants and employees; and to increase the inclusion of applications and employees with disabilities with the aim of achieving Disability Confident Leader status by the end of 2023. Further work was undertaken to ensure products, services, procurement and marketing reflect Ageas UK's commitment to diversity and inclusion, and during 2022 Ageas became a member of iCan, the insurance industry's cultural awareness network. The gender pay gap report is provided to the Ageas UK Boards annually, together with progress against agreed targets. Since 2021 Ageas UK has published data on ethnicity, disability and LGBTQIA+ pay gaps, as well as the gender pay gap. The work to deliver the Company's gender targets, includes the Women in Insurance Programme (WIN) and following the programme's success in the UK, during 2022 Ageas UK led a pilot of the global version of the programme across the broader Ageas Group. In 2022 the WIN programme won the Insurance Times 2022 Diversity and Inclusion Excellence Award for its demonstrable impact on the careers of Ageas women.

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Directors' Report (continued)

Diversity and inclusion (continued)

Ageas UK policies and standards are aligned to legislation relating to discrimination in employment, including the employment of people with disabilities. Further improvements to the provision for applicants and colleagues with disability had led to Ageas UK achieving Disability Confident Level 2 status. During 2022 Ageas UK has focussed on raising awareness of autism and has partnered with GAIN, an organisation working across the insurance industry to raise awareness. Employees with disabilities are treated fairly and can compete on equal terms for career progression, an applicant with a disability who meets the minimum criteria is guaranteed an interview. Ageas UK is committed to continuing the employment of, and for arranging training for, employees who have become disabled while employed by Ageas.

Community and Environment

In terms of the wider society, we are proudly taking an industry lead in key initiatives that have an important environmental and economic impact such as the "green parts" initiative to make the repair of vehicles more sustainable. This award-winning initiative reduced plastic and metal waste, giving a second life to car parts that would have otherwise been scrapped, whilst alleviating supply chain challenges. In 2022 the initiative was recognised by the Times Claims Excellence Awards, Claims Service Solution of the Year.

Ageas UK supports a "Charity of the Year" as nominated by the employees, which for 2022 was Air Ambulance UK and this partnership has been extended until the end of 2023. Ageas UK also supported those who may have been affected by the war in Ukraine both financially, by matching employee donations made to the British Red Cross Ukrainian Crisis appeal; and also, in alignment with the Association of British Insurers campaign, by extending insurance policy coverage for those customers who were helping those affected by the crisis. Our people are also supported to help the community, with paid absence available for staff choosing to volunteer. In 2022 the Ageas UK refreshed its Volunteering policy and set a target of achieving 200 volunteer days across the business.

The Board has allocated responsibility for managing Climate Change financial risks to its Chief Underwriting Officer. In recognition that Ageas UK supports Environmental Societal and Governance (ESG) priorities an ESG Strategy was approved by the Ageas UK Boards which seeks to ensure ESG considerations are integral to the way that we work, including, ESG learning for employees, the development of sustainable products, ensuring sustainable investments and supporting a reduction in greenhouse gas emissions. The ESG Strategy and supporting targets, also aims to support a transition to a low carbon economy and Ageas UK's carbon neutral ambitions, with regular updates on progress provided by the Chief Underwriting to the Boards throughout the year. During 2022 to support the ESG strategy a Board approved Sustainability Report was published on the Company's website and a Board focus session on ESG held.

Following the implementation of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018 (the Regulations), which resulted in additional disclosures for quoted companies and new disclosures for all large unquoted companies and large LLPs, the Company is required to disclose its energy and carbon emissions in the year. The following table shows the Company's energy use and associated greenhouse gas emissions:

	2022	2021
Energy consumption used to calculate emissions – kWh	385,000	834,000
Total gross emissions in metric tonnes of Carbon Dioxide Equivalent ('tCO ₂ e')	104.2	146.1
Intensity matrix	0.43	0.40

The energy consumption and associated greenhouse gas emissions reported for 2021 have been restated due to a revised methodology following the release of the Ageas UK Sustainability Report.

UK energy use covers the Company's consumption of electricity and gas across all office sites, together with energy consumed through reimbursed company mileage and pool cars. Total emissions have been calculated using the latest applicable UK Government emission conversion factors for greenhouse gas reporting.

All emissions are from the UK.

The Company is required to calculate and disclose an intensity matrix. The intensity matrix has been calculated as the tCO₂e per employee.

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Directors' Report (continued)

Regulatory

The Company and the Ageas UK Boards maintain an open and constructive dialogue with the PRA and FCA alongside the provision of required reports, for example in relation to Solvency II and through regular supervisory meetings. Throughout 2022 we maintained regular contact with the PRA and FCA, including in relation to the submission of the first pricing attestation provided to the FCA by the Chief Underwriting Officer following the implementation of the Fair Pricing Practices, our response to the cost of living crisis, and as part of the 2023 reinsurance placement.

Donations

No charitable donations (2021: £nil) were made during the year.

Disclosure of information to auditor

Each of the persons who are directors at the date of approval of this report confirm that, so far as each director is aware, there is no relevant audit information of which the Company's auditor are unaware; and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

Independent Auditors

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

This report was approved by the Board of Directors on 5 May 2023 and signed on behalf of the board by:



Jonathan Price
Chief Financial Officer
Signed on: 2 June 2023

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Statement of Directors' Responsibilities in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

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

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Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	73,269	76,436
Cost of sales	5	(26,393)	(29,243)
Gross profit		<u>46,876</u>	<u>47,193</u>
Administrative expenses	5	(37,697)	(31,509)
Operating profit		<u>9,179</u>	<u>15,684</u>
Finance income	6	127	-
Finance costs	7	(2,659)	(1,713)
Profit before tax		<u>6,647</u>	<u>13,971</u>
Income tax	8	(1,231)	(1,586)
Profit for the year		<u>5,416</u>	<u>12,385</u>
Other comprehensive income		-	-
Total comprehensive income		<u>5,416</u>	<u>12,385</u>

The notes to the financial statements on pages 14 to 37 form an integral part of these financial statements.

Ageas Retail Limited

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Statement of financial position

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Investments	9	10	10
Property, plant and equipment	10	9,216	10,879
Intangible assets	11	185	412
Deferred tax asset	12	4,184	4,934
Current tax asset	18	11	-
Trade and other receivables	13	92,880	104,090
Cash and cash equivalents	14	29,874	32,628
Total assets		136,360	152,953
Shareholders' equity			
Share capital	15	24,050	24,050
Retained earnings	15	8,361	15,345
Total shareholders' equity		32,411	39,395
Liabilities			
Financial liabilities			
- Loans and borrowings	16	70,000	70,000
- Other financial liabilities	17	7,632	8,679
Current tax liability	18	-	715
Trade and other payables	21	26,317	34,164
Total liabilities		103,949	113,558
Total equity and liabilities		136,360	152,953

The statement of financial position is presented in order of liquidity.

The notes to the financial statements on pages 14 to 37 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 5 May 2023 and were signed on its behalf by:



Jonathan Price
Chief Financial Officer
Signed on 2 June 2023

Ageas Retail Limited

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Statement of changes in equity

For the year ended 31 December 2022

	Share capital £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2021	24,050	9,660	33,710
Profit for the year	-	12,385	12,385
Total comprehensive income	<u>-</u>	<u>12,385</u>	<u>12,385</u>
Dividend paid	-	(6,700)	(6,700)
Balance as at 31 December 2021	<u>24,050</u>	<u>15,345</u>	<u>39,395</u>
Profit for the year	-	5,416	5,416
Total comprehensive income	<u>-</u>	<u>5,416</u>	<u>5,416</u>
Dividend paid	-	(12,400)	(12,400)
Balance as at 31 December 2022	<u>24,050</u>	<u>8,361</u>	<u>32,411</u>

The notes to the financial statements on pages 14 to 37 form an integral part of these financial statements.

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Statement of cash flows

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit before tax		6,647	13,971
<i>Adjustments for:</i>			
Finance income	6	(127)	-
Finance costs	7	2,659	1,713
Depreciation of property, plant and equipment	10	2,157	2,170
Amortisation of intangible assets	11	227	345
Loss on disposal of property, plant and equipment	10	16	2,163
Increase/(decrease) in provisions	19	-	(1,049)
Operating profit before working capital changes		<u>11,580</u>	<u>19,313</u>
Decrease/(increase) in trade and other receivables	13	11,210	(6,569)
(Decrease) in other financial liabilities	17	240	(1,055)
(Decrease)/increase in trade and other payables	21	<u>(7,847)</u>	<u>6,375</u>
Cash flows generated from operations		<u>15,182</u>	<u>18,064</u>
Interest received	6	127	-
Interest paid	7	(2,659)	(1,713)
Income tax paid		<u>(1,207)</u>	<u>(1,445)</u>
Net cash flows generated from operating activities		<u><u>11,444</u></u>	<u><u>14,906</u></u>
Cash flows (used in)/from investing activities			
Purchase of property, plant and equipment	10	<u>(511)</u>	<u>(254)</u>
Net cash (used in)/investing activities		<u><u>(511)</u></u>	<u><u>(254)</u></u>
Cash flows generated from financing activities			
Dividends paid	15	(12,400)	(6,700)
Lease liabilities repaid		(1,287)	(2,158)
Loan repaid	16	-	(5,000)
Net cash generated from financing activities		<u><u>(13,687)</u></u>	<u><u>(13,858)</u></u>
Net increase in cash and cash equivalents		<u>(2,754)</u>	<u>794</u>
Cash and cash equivalents at 1 January		<u>32,628</u>	<u>31,834</u>
Cash and cash equivalents at 31 December	14	<u><u>29,874</u></u>	<u><u>32,628</u></u>

The notes to the financial statements on pages 14 to 37 form an integral part of these financial statements.

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Notes to the financial statements

1 Accounting policies

Ageas Retail Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The address of its registered office is Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire, SO53 3YA.

(a) Statement of compliance

The financial statements were approved for issue by the Board of Directors on 5 May 2023.

The financial statements have been prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006.

In accordance with IFRS 8: Operating Segments, the Company is not required to present segmental information as the equity of the Company is not publicly traded.

(b) Basis of preparation

The financial statements as prepared are separate financial statements and the exemption from consolidation, in accordance with the CA 2006 s400, has been used. Consolidated financial statements including the results of the Company are prepared by the ultimate holding company; ageas SA/NV, a company incorporated in Belgium, and copies can be obtained from the Company Secretary, Ageas (UK) Limited, Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire, SO53 3YA.

The financial performance and position of the Company, its cash flows, liquidity position and borrowings are set out in the primary statements on pages 10 to 13, and in the subsequent notes on pages 13 to 37. Further analysis of the objectives and policies for mitigating risk can be found within note 3.

Having considered the position of the Company as above, the approved budget for the next 12 months from the approval date of these financial statements and reviewing the potential risks to the Company, the directors have concluded the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

The Company presents its statement of financial position in order of liquidity in accordance with IAS 1: Presentation of Financial Statements. For each asset and liability line item in the statement of financial position that details amounts expected to be recovered or settled within twelve months, or more than twelve months after the statement of financial position date, a classification at the statement of financial position date is included within the notes. The disclosures in the notes for these classifications are distinguished as follows:

- amounts expected to be settled in less than one year are referred to as current; and
- amounts expected to be settled in more than one year are referred to as non-current.

The principal accounting policies adopted are listed below. These policies have been consistently applied to all years presented, unless otherwise stated.

(i) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(ii) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in thousands of Pounds Sterling, which is the Company's presentation currency.

Notes to the financial statements

1 Accounting policies (continued)

(b) Basis of preparation (continued)

(iii) Use of estimates and judgements

The preparation of financial statements in conformity with international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These form the basis of judgements concerning carrying values of assets and liabilities that are not readily apparent from other sources. 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements made by the directors in the application of international accounting standards that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the following year, are discussed in note 2.

(iv) New accounting standards

All new standards and interpretations released by the International Accounting Standards Board ('IASB') have been considered. The following new and amended standards that came into effect in the year have been adopted by the Company during the year as appropriate:

- IAS 37 amendments: Cost of fulfilling a contract
- Annual improvements to IFRS standards 2018-2020
- IAS 16 amendments: Proceeds before intended use
- IFRS 3 amendments: Reference to the Conceptual Framework

In addition, the following is a list of standards that are in issue but are not effective in 2022, together with the effective date of application to the Company. All standards have been endorsed by the UK Endorsement Board:

- IAS 1 amendments: Presentation of Financial Statements: Disclosure of Accounting Policies – January 2023.
- IFRS 17: Insurance contracts – January 2023.
- IFRS 17: amendments – Initial application of IFRS 17 and IFRS 9 – comparative information – January 2023.
- IAS 8: amendments: Definition of accounting estimate – January 2023.
- IAS 12: amendments – Deferred tax related to assets and liabilities arising from a single transaction – January 2023.
- IAS 1: amendments – Classification of liabilities as current and non-current – January 2024.
- IFRS 16 amendments – Lease liability in a sale and leaseback – January 2024.
- IAS 1 amendments – Non – current liabilities with covenants – January 2024.

The standards effective from 2023 and 2024 have been reviewed and are not expected to have a material impact on the Company.

(c) Revenue

The Company's revenue is primarily derived from the provision of insurance broking services which is undertaken within the United Kingdom. Revenue represents the Company's brokerage commission earned on insurance premiums written, instalment income from allowing customers to pay monthly, and other income. Commission is recognised in full on the sales/renewal of the insurance policy, irrespective of the timing of monies being received from the customer for this policy. This reflects the date on which the related performance obligation has been met.

Instalment income is recognised over the period of time over which the customer loan is advanced for policies on monthly direct debit, i.e. as the performance obligation is satisfied. Instalment income represents interest charges for customers paying by instalment in the accounting period.

Ageas Retail Limited

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Notes to the financial statements

1 Accounting policies (continued)

(c) Revenue (continued)

The Company has utilised the practical expedient under IFRS 15: Revenue from Contracts with Customers that the Company need not adjust the promised amount of consideration for the effects of a significant financing component as the Company expects, at contract inception, that the period between when the Company transfers the promised service to the customer and when the customer pays for that service will be one year or less.

Other income represents share of profits from the Company's investment in Ageas Law LLP and income from the sale of renewal rights. Other income is recognised in full upon the fulfilment of the relevant performance obligation which in the case of the sale of the renewal rights was linked to the number of renewals as each month passes.

Expected credit losses have been recognised at an appropriate level to reflect future default events for policies in force at the year end.

(d) Recognition and measurement of expenses

(i) Finance costs

Finance costs comprise interest payable on borrowings, which are expensed as incurred in the statement of profit or loss and other comprehensive income in the period to which they relate. No finance costs are capitalised.

(ii) Other operating/administration expenses

Other operating and administration expenses are expensed as incurred in the statement of profit or loss and other comprehensive income in the period to which they relate.

(e) Income tax

Income tax in the statement of profit or loss and other comprehensive income for the year comprises current and deferred tax, and is recognised except to the extent that it relates to items recognised directly in equity, in which case the related income tax is also recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of assets or liabilities that affects neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is only recognised to the extent that it is probable that future profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not discounted.

Ageas Retail Limited

Company registration number: 1324965

Notes to the financial statements

1 Accounting policies (continued)

(f) Investments

Investments are classified as non-current investments and are recorded in the statement of financial position at cost less any accumulated impairment. The carrying values of investments is reviewed at each reporting date. If an indication of impairment exists then the impairment policy (accounting policy (i)) becomes applicable.

(g) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation (see below) and impairment losses (see accounting policy (i)). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

(ii) Leased assets

Leases under which the Company is a lessee are recognised as a right-of-use asset and measured at the amount equal to the present value of the minimum lease payments, adjusted by the amount of any prepaid or accrued lease payments relating to that lease, plus any dilapidation provision required. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by any impairment and adjusted for certain remeasurements of the lease liability. Low value and short-term leases are not recognised in the Company's statement of financial position as payments made under such leases are recorded in the statement of profit or loss in the year in which they are incurred.

(iii) Depreciation

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives of assets are as follows:

Buildings	Fifty years
Office equipment	Five years
Right-of-use assets	Over the period of the related lease

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the statement of profit or loss.

(h) Intangible assets

An intangible asset is defined as an identifiable non-monetary asset without physical substance. Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses (see accounting policy (i)). Cost is defined as its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Ageas Retail Limited

Company registration number: 1324965

Notes to the financial statements

1 Accounting policies (continued)

(h) Intangible assets (continued)

An internally-generated intangible asset is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Amortisation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each intangible asset.

The estimated useful lives are as follows:

Computer software	Five years
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(i) Impairment

(i) Financial assets

The Company measures loss allowances on either of the following bases:

- 12-month expected credit losses ('ECLs'): these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Company determines that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available.

The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if:

- the financial asset has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Notes to the financial statements

1 Accounting policies (continued)

(i) Impairment (continued)

(ii) Non-financial assets

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating assets exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Financial instruments

Financial assets include cash and short term deposits, trade, insurance and other receivables, including amounts due from group undertakings. Financial assets are recognised in the statement of financial position on the date the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Company's financial assets are subsequently measured at amortised cost. Any interest income from these financial assets is included in the statement of profit or loss as finance income, using the effective interest rate method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss, and presents in other gains or losses.

The fair value changes on financial assets measured at fair value through profit or loss ('FVTPL') are presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income ('OCI'); and
- The remaining amount of change in the fair value is presented in the statement of profit or loss.

The Company has not designated any financial liabilities as FVTPL.

Financial liabilities include payables to group undertakings, interest-bearing loans and borrowings, lease liabilities and other payables. Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. Interest-bearing loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Interest-bearing loans and borrowing are subsequently measured at amortised cost. Any difference between the proceeds, net of transaction costs, and the redemption amount is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Interest-bearing loans and borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss as other income or finance costs.

Management has determined that the carrying amounts of the Company's financial assets and financial liabilities reasonably approximates their fair values because they are mostly short term in nature or are repriced frequently.

Ageas Retail Limited

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Notes to the financial statements

1 Accounting policies (continued)

(k) Provisions

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

2 Use of estimates and judgements

The preparation of financial statements in conformity with international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These form the basis of judgements concerning carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the financial statements

3 Risk management

Objectives and policies for mitigating business risk

The Company's primary business is the provision of insurance marketing and broking services. As such it is exposed to a number of risks arising from its dealings with customers and suppliers as well as from its own internal operations. The Company has various procedures in place to manage these exposures. These include an overall risk management framework, a statement on the Company's risk appetite, and a set of clearly defined risk policies. The Company also maintains a comprehensive risk register which identifies the individual risks faced in each area of the business and the controls in place to mitigate these. The Company has identified the following risk areas: insurance, regulation, market, credit, liquidity, operational, pension, climate and capital management.

The Ageas UK Board Risk Committee established by the Boards of the Company, Ageas (UK) Limited, Ageas Insurance Limited and Ageas Services (UK) Limited meets regularly to review both the risk policies and the risk register, to ensure they are up-to-date, reflect the risks currently facing the business, and that corresponding control issues and risk mitigation actions are being addressed in a timely manner. The findings of the Board Risk Committee are reported to the Boards.

(a) Credit risk

The Company is exposed to credit risk arising from the financial assets of the Company, which comprise cash and cash equivalents and other receivables (including related party balances). The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit risk is monitored by management to mitigate risk and the credit quality of customers is viewed and assessed by monthly reviews of the levels of default, and an expected credit loss is calculated based on possible default events for the policies in force.

The Company's liability to insurers is cancelled if a customer does not pay as the customer is given notice that the insurance policy will be cancelled on default of payment, therefore reducing the Company's credit risk exposure.

Trade and other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

The loss allowance is calculated separately for each brand. For each aging bracket of the debt, a percentage is applied to arrive at the total loss allowance. These percentages are calculated based on the prior years' experience of debt that was written off and amounts retrieved through debt recovery agents. These percentages are adjusted for known future events.

On that basis, the loss allowance as at 31 December 2022 and 31 December 2021 was determined as follows for trade receivables:

	Instalments £'000	Overdue instalments £'000	Cancellation £'000	Trade £'000	Total £'000
As at 31 December 2021	470	703	157	25	1,355
Increase in loss allowance	-	-	-	-	-
Allowance utilised in the year	(74)	(619)	(68)	-	(761)
Allowance released in the year	-	-	-	-	-
As at 31 December 2022	396	84	89	25	594

For further details on the impairment policy for financial assets and non-financial assets, see accounting policy (i) in note 1. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Ageas Retail Limited

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Notes to the financial statements

3 Risk management (continued)

(a) Credit risk (continued)

Amounts due from customers – period overdue:

	Note	2022 £'000	2022	2021 £'000	2021
Within terms		83,437	98.8%	93,648	98.6%
Up to 1 month overdue		885	1.0%	715	0.8%
Between 1 and 3 months overdue		103	0.2%	110	0.1%
Between 3 and 6 months overdue		19	0.0%	65	0.1%
Between 6 and 12 months overdue		33	0.0%	406	0.4%
Total	13	<u>84,477</u>	<u>100.0%</u>	<u>94,944</u>	<u>100.0%</u>

(b) Liquidity risk

The Company has limited exposure to liquidity risk. The main sources of obligations arise from insurance monies payable to insurers, return premiums, general suppliers and salaries. All these items can be forecast within a small tolerance and are not subject to large variances. The Company manages its liquidity risk by holding cash surpluses in its bank accounts such that its financial assets can be realised at short notice in the event that this is necessary. The Company may also make use of borrowing facilities if required.

Financial liabilities - Maturity profile

	Notes	2022 £'000	2022	2021 £'000	2021
Within 1 year		27,396	26.4%	35,452	31.4%
Between 1 and 5 years		74,657	71.8%	76,439	67.7%
Later than 5 years		1,896	1.8%	953	0.8%
Total	16, 17, 21	<u>103,949</u>	<u>100.0%</u>	<u>112,843</u>	<u>100.0%</u>

Notes to the financial statements

3 Risk management (continued)

(c) Operational risk

Operational risk arises from inadequate or failed internal processes, people and systems, or from external events. It is diverse in nature and permeates all business activities but remains a distinct form of risk. Operational risk includes for example, information technology, people, strategy, business continuity, regulatory, legal and financial crime.

The Company has carried out a detailed review of its operational processes and activities and, based on this, it has identified the areas of key risk to the business. These include the areas of Marketing, Operations, IT, Finance and HR. Separate risk policies have been formulated for each of these areas and, where appropriate, standard procedures have been carefully documented. As well as risk identification, the approach also incorporates risk measurement, risk monitoring, risk reporting and risk management. In evaluating the risks faced by the business significant focus is placed on the controls in place and how well they are operating. Regular reviews of both the risks faced, and the controls, are carried out by the Board Risk Committee.

(d) Capital management

(i) Definitions of capital management (and supporting terms)

Capital management is the collection of processes and activities undertaken to ensure that sufficient capital is maintained to ensure the organisation's ability to meet its liabilities and ultimately ensure its survival, particularly in case of losses arising from adverse events.

Capital management includes the assessment of capital required to support the Company's plans and objectives, the structure of its shareholders' funds, arrangements to secure capital, and the on-going monitoring of capital against business requirements, as well as the assessments required by the Financial Conduct Authority ('FCA').

(ii) Aims of capital management policy

The Company has established standards for the efficient management of capital, to meet the needs of the business and return on capital requirements of shareholders. This includes the capital required to support the risk appetite identified in the Company's Risk Policies together with a margin for safety, in full compliance with the requirements of the FCA. The FCA requires the Company to hold capital of the higher of £5,000 or 2.5% of annual income. Shareholders' equity, which is the capital under management, is far in excess of this requirement.

Ageas Retail Limited

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Notes to the financial statements

3 Risk management (continued)

(e) Capital management (continued)

(iii) Approach to capital management

The Company provides input into the Ageas UK Business Plan which is reviewed and revised each year and then formally approved by the Board.

A factor in the formulation of the Business Plan is the assessment of the capital required to support the business objectives (i.e. growth and profit targets) and the appropriateness of the supporting capital structure.

Overall capital requirements and structure are assessed taking account of the following:

- Capital required to support the planned growth in the business;
- The expected dividend; and
- FCA capital requirements.

(e) Sensitivity to key business drivers

Effective interest rates increase by 1.0%

The Company will be exposed to the impact of interest rate changes on its financial assets and liabilities. If interest rates were to increase, there would be an increase in the finance costs in relation to the financing facility. The impact of this can be seen in the table below.

	2022 £'000	2021 £'000
Decrease in profit before tax	(776)	(969)
Decrease in net assets	(629)	(785)

Expenses increase by 10.0%

If administrative expenses were to increase by 10.0% there would be an impact on profit from the additional costs. The impact of this can be seen in the table below.

	2022 £'000	2021 £'000
Decrease in profit before tax	(3,770)	(3,151)
Decrease in net assets	(3,053)	(2,552)

The impact of the changes in key business drivers is each assumed to be a discrete change. All other factors will be unchanged.

Some of these changes cannot be guaranteed to have a linear effect and as a range of other factors will impact the results they cannot be guaranteed to predict the result detailed. In addition, the risk management that the Company operates will ensure that corrective action is implemented to mitigate or reverse the changes.

Ageas Retail Limited

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Notes to the financial statements

4 Revenue

	2022 £'000	2021 £'000
Commissions and fees	50,775	53,666
Instalment income	19,573	18,865
Other	2,921	3,905
Total	73,269	76,436

5 Operating expenses

Operating expenses comprise cost of sales and administrative expenses.

	2022 £'000	2021 £'000
Advertising	11,515	13,634
Depreciation:		
- Right-of-use buildings	1,108	1,146
- Leasehold buildings		
- Office equipment	673	1,023
- IT equipment	376	-
Amortisation:		
- Computer software	227	346
Impairment of property, plant and equipment		
Personnel expenses:		
- Amounts in relation to seconded employees:		
Wages and salaries	7,022	8,012
Compulsory social security contributions	635	697
Contributions to pension plans	538	500
- Residual personnel recharges from a fellow group subsidiary:		
Wages and salaries	12,306	12,659
Compulsory social security contributions	1,491	1,464
Contributions to pension plans	615	598
Other costs	27,584	20,673
Total operating expense	64,090	60,752

Operating expenses are analysed as:

Cost of sales	26,393	29,243
Administrative costs	37,697	31,509
	64,090	60,752

The personnel expenses are recharged by Ageas Insurance Limited and disclosed as related party transactions with fellow subsidiaries in note 23. Those relating to seconded staff have been separated, and are disclosed in note 22. These individuals' contracts of service are held by Ageas Insurance Limited.

Ageas Retail Limited

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Notes to the financial statements

5 Operating expenses (continued)

Auditors' remuneration

	2022 £'000	2021 £'000
Fees payable to the Company's auditors for the audit of the Company's Annual report	<u>89</u>	<u>87</u>

The auditors' remuneration was borne by a fellow group undertaking, Ageas Insurance Limited.

6 Finance income

	2022 £'000	2021 £'000
Bank and other interest receivable	<u>127</u>	<u>-</u>

7 Finance costs

	2022 £'000	2021 £'000
Interest expense relating to lease liabilities	240	272
Interest expense from fellow group subsidiary	<u>2,419</u>	<u>1,441</u>
Total	<u>2,659</u>	<u>1,713</u>

8 Income tax

(a) Amounts recognised in profit or loss

	Note	2022 £'000	2021 £'000
Current tax expense			
UK corporation tax on profits for the year		(740)	(1,983)
Prior year over provision in respect of current tax		<u>259</u>	<u>8</u>
		<u>(481)</u>	<u>(1,975)</u>
Deferred tax (expense)/credit			
Origination and reversal of temporary differences		(530)	(674)
Effect of variable tax rates		(9)	983
Prior year (under)/over provision in respect of deferred tax		<u>(211)</u>	<u>80</u>
	12	<u>(750)</u>	<u>389</u>
Total income tax expense		<u>(1,231)</u>	<u>(1,586)</u>

Ageas Retail Limited

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Notes to the financial statements

8 Income tax (continued)

(b) Reconciliation of effective tax rate

The tax assessed on the year is lower (2021: lower) than the standard rate of corporation tax in the United Kingdom of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before tax	6,647	13,971
Standard rate of corporation tax in year	19.00%	19.00%
Expected tax charge based on the standard rate of corporation tax in the UK	(1,263)	(2,654)
Expenses not deductible for tax purposes	(7)	(3)
Effect of variable tax rates	(9)	983
	(1,279)	(1,674)
Prior year over provision in respect of current tax	259	8
Prior year (under)/over provision in respect of deferred tax	(211)	80
	(1,231)	(1,586)

9 Investments

	2022 £'000	2021 £'000
Quote Searcher Limited	10	10

Investment	Country of registration	Type of holding	% owned	Nature of business
Ageas Law LLP	England	Partnership	50.0	Partnership
Quote Searcher Limited	England	Ordinary shares	9.9	Intermediary

The registered address of Quote Searcher Limited is 8 Waldegrave Road, Teddington, Middlesex, TW11 8GT.

The Company has a holding in Ageas Law LLP of £1 (2021: £1). Ageas Law LLP is a limited liability partnership registered in England and Wales and whose registered address is Belmont House, Churchill Way, Cardiff, South Glamorgan, CF10 2HE.

Ageas Retail Limited

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Notes to the financial statements

10 Property, plant and equipment

	Right of use	Own use	
	Land and buildings £'000	Office equipment £'000	Total £'000
Cost			
Balance at 1 January 2021	11,778	5,004	16,782
Acquisitions	-	254	254
Disposals	(138)	(21)	(159)
Work in progress	-	16	16
Balance as at 31 December 2021	11,640	5,253	16,893
Acquisitions	-	511	511
Disposals	-	(17)	(17)
Balance as at 31 December 2022	11,640	5,747	17,387
Accumulated depreciation and impairment losses			
Balance as at 1 January 2021	2,317	1,666	3,983
Depreciation charge for the year	1,146	1,023	2,169
Disposals	(138)	-	(138)
Provisions for impairment	-	-	-
Balance as at 31 December 2021	3,325	2,689	6,014
Depreciation charge for the year	1,108	1,049	2,157
Balance as at 31 December 2022	4,433	3,738	8,171
Carrying amounts			
Balance as at 31 December 2021	8,315	2,564	10,879
Balance as at 31 December 2022	7,207	2,009	9,216

Ageas Retail Limited

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Notes to the financial statements

11 Intangible assets

	Computer software £'000
Cost	
Balance as at 1 January 2021	1,818
Disposals	(19)
Balance as at 31 December 2021	1,799
Balance as at 31 December 2022	1,799
Accumulated amortisation and impairment losses	
Balance as at 1 January 2021	1,060
Amortisation charge for the year	346
Disposals	(19)
Balance as at 31 December 2021	1,387
Amortisation charge for the year	227
Disposals	-
Balance as at 31 December 2022	1,614
Carrying amounts	
Balance as at 31 December 2021	412
Balance as at 31 December 2022	185

The intangible assets recognised by the Company are purchased items of software with a remaining useful life up to 4 years.

12 Deferred tax asset

(a) Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	2022 £'000	2021 £'000
Fixed assets	4,184	4,753
Other temporary differences	-	181
Deferred tax asset	4,184	4,934

An increase in the main UK corporation tax rate from 19% to 25% from 1 April 2023 was announced in the Budget on 3 March 2021. This change was substantively enacted on 24 May 2021; accordingly the deferred tax asset recognised as at 31 December 2022 has been calculated using substantively enacted tax rates.

The balance is all non-current (2021: all non-current).

There is no unrecognised deferred tax (2021: £nil).

Ageas Retail Limited

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Notes to the financial statements

12 Deferred tax asset (continued)

(b) Movement in temporary differences during the year

	1 Jan 2022 £'000	Recognised in profit or loss £'000	31 Dec 2022 £'000
Fixed assets	4,753	(569)	4,184
Other temporary differences	181	(181)	-
Tax assets	<u>4,934</u>	<u>(750)</u>	<u>4,184</u>

	1 Jan 2021 £'000	Recognised in profit or loss £'000	31 Dec 2021 £'000
Fixed assets	4,545	208	4,753
Other temporary differences	-	181	181
Tax assets	<u>4,545</u>	<u>389</u>	<u>4,934</u>

13 Trade and other receivables

	2022 £'000	2021 £'000
Due from customers	84,477	94,944
Other receivables and prepayments	2,741	3,511
Other accrued income	773	702
Due from group undertakings	4,889	4,933
Total trade and other receivables	<u>92,880</u>	<u>104,090</u>

Trade and other receivables are stated at their cost less any impairment losses. All amounts are deemed current (2021: current).

14 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank	<u>29,874</u>	<u>32,628</u>

Cash and cash equivalents comprise cash balances and call deposits.

The effective interest rate at 31 December 2022 on short term bank deposits was 0.25% (2021: 0.14%), with an average maturity of one day.

Ageas Retail Limited

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Notes to the financial statements

15 Capital and reserves

(a) Share capital

	Ordinary shares	
	2022	2021
	£'000	£'000
In issue at 1 January and 31 December	<u>24,050</u>	<u>24,050</u>

At 31 December 2022, the authorised and issued share capital is 24,050,000 ordinary shares (2021: 24,050,000), which have a par value of £1 per ordinary share.

The Company declared and paid a dividend of £12.4m during the year (2021: £6.7m), representing 52 pence per ordinary share (2021: 28 pence per share).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends payable on ordinary shares are recognised when they are declared.

(b) Dividends

A dividend of £12.4m has been paid in the year (2021: £6.7m).

(c) Retained earnings

Retained earnings represents the accumulated comprehensive income for the current and prior financial years.

Ageas Retail Limited

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Notes to the financial statements

16 Loans and borrowings

	2022 £'000	2021 £'000
Due to fellow group subsidiary	<u>70,000</u>	<u>70,000</u>

The loan with Ageas Insurance Limited has a maximum capacity of £100.0m, including a covenant to maintain at all times sufficient capital to comply with the rules of the Financial Conduct Authority. On 20 March 2023 the company amended and restated its loan with Ageas Insurance Limited to extend the maturity date to 7 September 2025. The loan incurs interest at 1.75% above the Bank of England base rate. There is also non-utilisation charge at 0.56% per annum of the undrawn portion of the maximum capacity.

17 Other financial liabilities

	2022 £'000	2021 £'000
Lease	<u>7,632</u>	<u>8,679</u>

Future lease payments are due as follows:

	Minimum lease payments £'000 2022	Interest £'000 2022	Present value £'000 2022	Present value £'000 2021
Current liabilities				
No later than one year	1,287	(208)	1,079	1,047
Non-current liabilities				
Between one and five years	5,151	(494)	4,657	4,519
Later than five years	<u>1,934</u>	<u>(36)</u>	<u>1,896</u>	<u>3,113</u>
	<u>8,372</u>	<u>(738)</u>	<u>7,632</u>	<u>8,679</u>

During the year, £0.2m (2021: £0.3m) was recognised as interest expense in the statement of profit or loss and other comprehensive income in respect of leases.

The future lease payments relate to the Company's lease for Deansleigh House, Bournemouth, which expires in 2029.

Ageas Retail Limited

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Notes to the financial statements

18 Current tax liability

	2022 £'000	2021 £'000
Current tax asset/(liability)	<u>11</u>	<u>(715)</u>

The current tax asset/(liability) in the current and prior year represents the residual amount of income taxes payable in respect of the current year under the quarterly payment regime plus any adjustment in respect of prior years.

19 Provisions

	2021 £'000
Balance at 1 January 2021	1,049
Provisions made during the year	104
Provisions utilised during the year	(613)
Provisions released during the year	<u>(540)</u>
Balance at 31 December 2021	<u>-</u>

Ageas Retail Limited

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Notes to the financial statements

20 Pension scheme

	2022 £'000	2021 £'000
Payments to defined contribution plan	<u>1,152</u>	<u>1,098</u>

The disclosed pension costs represent the costs recharged to the Company in relation to seconded employees' pension contributions.

21 Trade and other payables

	2022 £'000	2021 £'000
Due to insurers	7,274	6,768
Amounts due to group undertakings	10,122	11,773
Other payables and accrued expenses	3,359	9,586
Deferred income	5,562	5,562
VAT and other taxes payable	-	475
Total trade and other payables	<u>26,317</u>	<u>34,164</u>

The Company acts as an agent in broking the insurable risks of its customers and is not liable as a principal for premiums due to insurance companies or for claims payable to customers.

Ageas Retail Limited

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Notes to the financial statements

22 Staff numbers and costs

The amounts disclosed below relate to staff employed by Ageas Insurance Limited who are seconded to the Company. These amounts are included within note 5, along with the additional recharge for other staff of Ageas Insurance Limited who provided services to the Company during the year.

The total number of seconded employees at the year end, analysed by category, was as follows:

	2022 No.	2021 No.
Corporate, administration and support	179	212
Marketing and sales	46	64
	<u>225</u>	<u>276</u>

The full time equivalent number of seconded employees was as follows:

	2022 No.	2021 No.
Corporate, administration and support	154	184
Marketing and sales	42	61
	<u>196</u>	<u>245</u>

The average number of seconded employees during the year was as follows:

	2022 No.	2021 No.
Total number of employees	<u>243</u>	<u>370</u>
Full time equivalent number of employees	<u>213</u>	<u>330</u>

The aggregate recharged costs in respect of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	7,022	8,012
Social security costs	635	697
Other pension costs	538	500
	<u>8,195</u>	<u>9,209</u>

Ageas Retail Limited

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Notes to the financial statements

23 Related party transactions

The Company has a related party relationship with the directors and other key management personnel of the Company.

Transactions with directors and other key management personnel

In addition to their salaries, the Company also provides non-cash benefits to the directors and other key management personnel.

The remuneration of the directors consists of:

	2022 £'000	2021 £'000
Short-term employee benefits	564	497
Post-employment benefits	35	34
Share-based payments	14	17
	<u>613</u>	<u>548</u>

The remuneration of key management personnel consists of:

	2022 £'000	2021 £'000
Short-term employee benefits	883	769
Post-employment benefits	-	96
Share-based payments	31	60
	<u>914</u>	<u>925</u>

In respect of the highest paid director:

	2022 £'000	2021 £'000
Short-term employee benefits	252	231
Post-employment benefits	18	18
Share-based payments	7	17
	<u>277</u>	<u>266</u>

Under the defined benefit scheme, the highest paid director's accrued pension at the year end was £nil (2021: £nil).

Ageas Retail Limited

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Notes to the financial statements

23 Related party transactions (continued)

In the ordinary course of business the Company carries out transactions with related parties as defined in IAS 24: Related Party Disclosures. Material transactions are set out below.

	2022 Comp. income £'000	2022 Financial Position £'000	2021 Comp. income £'000	2021 Financial Position £'000
	Income/ (expense)	Asset/ (liability)	Income/ (expense)	Asset/ (liability)
Fellow subsidiary company transactions and balances	<u>(6,256)</u>	<u>(75,233)</u>	<u>6,365</u>	<u>(76,840)</u>
	<u>(6,256)</u>	<u>(75,233)</u>	<u>6,365</u>	<u>(76,840)</u>

Fellow subsidiary company transactions and assets relate to commission received on insurance policies written by Ageas Insurance Limited, the provision of administration and management services by Ageas Insurance Limited and profit share received from Ageas Law LLP. All related party transactions are settled on a net basis.

The Company also has an outstanding loan of £70.0m (2021: £70.0m) with Ageas Insurance Limited. The loan with Ageas Insurance Limited has a maximum capacity of £100.0m, including a covenant to maintain at all times sufficient capital to comply with the rules of the Financial Conduct Authority. On 20 March 2023 the Company amended and restated its loan with Ageas Insurance Limited to extend the maturity date to 7 September 2025. The loan incurs interest at 1.75% above the Bank of England base rate. There is also a non-utilization charge at 0.56% per annum of the undrawn portion of the maximum capacity.

25 Parent company

The Company's immediate parent is Ageas (UK) Limited, a company registered in England and Wales whose registered address is Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire SO53 3YA.

The Company's results are consolidated into the financial statements of the ultimate holding company ageas SA/NV, a company incorporated in Belgium whose registered address is Avenue du Boulevard, Bolwerklaan 21, 1210 Brussels.

Copies of the above financial statements can be obtained from the Company Secretary, Ageas (UK) Limited, Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire SO53 3YA.

Independent auditors' report to the members of Ageas Retail Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ageas Retail Limited ('the Company') for the year ended 31 December 2022 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

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Independent auditors' report to the members of Ageas Retail Limited (continued)

Other Companies Act 2006 reporting

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 material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, 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.

Ageas Retail Limited

Company registration number: 1324965

Independent auditors' report to the members of Ageas Retail Limited (continued)

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

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

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatements due to fraud, we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of those charged with governance, internal audit and management as to whether they have knowledge of any actual, suspected or alleged fraud.
- Review of Board and Audit Committee meeting minutes and correspondence with regulatory authorities throughout the year for any known or suspected instances of fraud.
- Identifying any unusual journal entries based on criteria that are indicative of a high risk of fraud.
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.
- Obtain an understanding of the control environment in monitoring compliance with laws and regulations.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be valuation of insurance contract provisions, management override of controls, valuation of deferred tax assets and manual journal entries related to revenue recognition.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Testing a sample of manual revenue journal entries to third party information to ensure that they are not indicative of management bias; and
- Engaged internal tax experts to assist in our work on the valuation, existence and accuracy of deferred tax assets.

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

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

Legal and regulatory frameworks determined most significant are:

- Companies Act of 2006.
- UK adopted international accounting standards.
- Financial Conduct Authority (FCA).
- Bribery Act.

Ageas Retail Limited

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Independent auditors' report to the members of Ageas Retail Limited (continued)

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

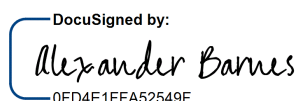
- Obtaining an understanding of the legal and regulatory framework applicable to the Company's operations.
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.
- Inspecting correspondence with the FCA for any instances of non-compliance with laws and regulations;
- Enquiring of the of those charged with governance of any instances of non-compliance.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

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Alexander Barnes (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

2 June 2023

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