

Ageas (UK) Limited

Annual Report
For the year ended 31 December 2022

Company Registration Number: 1093301

Ageas (UK) Limited

Company registration number: 1093301

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Ageas (UK) Limited

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Directors and Advisers

Directors

Gregor Ball	(resigned 31 March 2023)
Antonio Cano	
Hans De Cuyper	
Bart De Smet	
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

Registered Number

1093301
Registered in England and Wales

Independent Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

HSBC
62-76 Park Street
London
SE1 9DZ

Ageas (UK) Limited

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Strategic Report

Business review

Principal activities

Ageas (UK) Limited ('the Company') acts as a holding company for its subsidiaries, whose principal activities are the underwriting and broking of general insurance business.

Full details of the Company's results are contained in the financial statements on pages 12 to 34.

Business model

The Company is incorporated and registered in England and Wales and is a wholly owned subsidiary of Ageas Insurance International NV, which was incorporated in the Netherlands and migrated on 1 January 2019.

The Company's results are consolidated into the Financial Statements of ageas SA/NV, the ultimate holding company, which is incorporated in Belgium.

The main operating entities of the Company during the year were:

1. Ageas Insurance Limited ('AIL'), an insurance underwriter providing non-life products across both personal and commercial lines, which are distributed through Ageas Retail Limited, external brokers and partnerships.
2. Ageas Retail Limited ('ARL'), a broker of home, motor and travel insurance which operates a number of brands, including Ageas Direct and RIAs.
3. Ageas Services (UK) Limited ('ASL'), a service company managing claims services including First Notification of Loss for customers of the Company's operating subsidiaries. This also enables Ageas policyholders to access the legal services to which they are entitled in the event of a claim through Ageas Law LLP, a partnership with NewLaw solicitors.

Together the Company, AIL, ARL and ASL are described throughout the Annual report as Ageas UK.

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.

The Company does not prepare consolidated financial statements as these are prepared by the ultimate group parent. In the Company's financial statements, income and expenditure are in respect of financing activities relating to its subsidiaries, dividends receivable from subsidiaries and administrative expenses.

Key Performance Indicators and financial performance

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

- Income from shares in group undertakings,
- Net interest payable,
- Administrative expenses,
- Profit before taxation, and
- Shareholders' equity.

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Strategic Report (continued)

Income from shares in group undertakings

	2022 £'000	2021 £'000	Movement
Income from shares in group undertakings	88,800	49,120	80.8%

Dividends are receivable from subsidiaries, including former joint ventures. In 2022 the following dividends were received:

- Ageas Insurance Limited paid a dividend of £35,900,000 on 11 May 2022 (2021: £32,400,000), and an interim dividend was of £40,500,000 was paid on 11 August 2022
- Ageas Retail Limited paid a dividend of £12,400,000 on 11 May 2022 (2021: £6,700,000), and
- Tesco Underwriting Limited paid a dividend of nil in 2022 (2021: £10,020,000).

The Company's policy is to use these dividends to fund its activities and to enable dividends to be paid to the Company's parent undertaking.

Net interest payable

	2022 £'000	2021 £'000	Movement
Net interest payable	84	110	(23.9%)

Total liabilities increased by £9,908 in 2022 (2021: decrease of £21,424,510), due to an increase in Trade Debtors and a decrease in the Current Tax liability.

Administrative expenses

	2022 £'000	2021 £'000	Movement
Administrative expenses	2,006	1,986	1.0%

The Company incurs expenses in relation to its activity as a holding company and in relation to services supplied to subsidiaries. The level of these expenses directly influences its profit or loss for the year. The subsidiaries are recharged for the services provided to them by the Company.

Profit before taxation

	2022 £'000	2021 £'000	Movement
Profit before taxation	86,838	52,837	64.3%

The increase is due to an additional dividend paid to AUK from AIL.

Shareholders' equity

	2022 £'000	2021 £'000	Movement
Shareholders' equity	594,096	595,685	0.3%

Shareholders' equity decreased by £1,589,000 (2021: decrease of £88,121,000) to £594,096,000 due to decrease in Retained Earnings.

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Strategic Report (continued)

Year end position

Assets

Total assets decreased by £1,579,317 during the year (2021: decrease of £109,545,254). This is due to a decrease in debtors and an increase in Cash and cash equivalents that has predominantly arisen as a result of an additional receipt from the Tesco Underwriting Limited disposal in 2021.

Liabilities

Total liabilities remained flat during the year only decreasing increased by £9,908 in 2022 (2021: decrease of £21,424,510).

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 (UK) 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 this report and in the Report of the Directors on pages 6-10.

Non-Financial Information

The following section outlines the key non-financial matters of the Company.

Environmental matters

The Company is committed to a sustainable and responsible approach to its impact on the environment which it monitors through a number of initiatives which include, but are not limited to:

- recycling rates,
- CO2 emission reporting; and
- energy usage.

Employees

For an overview of employee numbers and how the Company engages with its employees, see the Report of the Directors on page 9.

Human rights

The respect for human rights, as described in the Universal Declaration of Human Rights of the United Nations of 1948, is a condition for maintaining a sustainable society. The Company applies the relevant human rights principles in relationships with employees and suppliers and acknowledges responsibility for promoting the application of human rights whenever the Company, as a private enterprise, is in a position to make a meaningful contribution to this cause.

Social matters

The Company instils a culture which is inclusive and supports diversity, which is essential to the long-term success of the business and better enables the Company to respond to customer and wider stakeholder needs. This is reflected in the Company's diversity and inclusion strategy and policy, which applies to the Company as a whole. Further details are given in the Report of the Directors on page 9.

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Strategic Report (continued)

Anti-corruption and anti-bribery

The Company's reputation as a market leading insurer is important to the directors and is maintained and enhanced by proper business conduct. The Company operates a policy of zero-tolerance to any form of bribery or corruption whether through direct or indirect contact with third parties. The appropriate policy defines this stance in accordance with the Bribery Act 2010 and Financial Conduct Authority ('FCA') requirements in order to avoid any acceptance or offering of bribes or sales inducements.

The Company has procedures in place to ensure ongoing compliance with the policies referenced above. Adherence to the policies and applicable legislation and guidance is monitored by Ageas UK's Compliance department.

Principal risks and uncertainties

The Company has identified the following principal risks and uncertainties:

- credit,
- liquidity,
- operational,
- capital management, and
- market.

A review of these principal risks and uncertainties and the way in which they are managed is detailed in note 3 to the financial statements.

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

Ageas (UK) 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 12 to 34. The 2022 profit after tax for the year was £87,211,000 (2021: £53,301,000).

Business review

The business review is set out in the Strategic Report on pages 2 to 5.

Risk management

The risk management objectives are set out in the notes to the Financial Statements on pages 22 to 33.

Dividends

The Company paid a dividend of £88,800,000 in the year (2021: £141,421,626).

Directors

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

Political donations

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

Charitable donations

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

Opportunity and risk

The principal risks and uncertainties are set out in the Strategic Report on pages 2 to 5.

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.

During 2022 the Ageas (UK) Board, having considered that the Company would have the appropriate resources to continue to meet debts as they fall due, resolved that an interim dividend of £88.8m be declared, to be paid to Ageas Insurance International NV.

Directors' Report (continued)

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.

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.

Directors' Report (continued)

Customers, Brokers and Partners and Suppliers (continued)

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.

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.

Directors' Report (continued)

Employee engagement (continued)

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.

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.

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Directors' Report (continued)

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 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.

Future developments

The Company will continue to act as the holding company for its subsidiaries.

Disclosure of information to auditors

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 auditors 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 auditors are aware of that information.

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

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
Interest income from group undertakings	3	-	277
Income from shares in group undertakings	4	88,800	49,120
Administrative expenses	5	(2,006)	(1,986)
Other income	6	128	5,813
Operating profit before finance costs		86,922	53,224
Finance costs	7	(84)	(387)
Profit before taxation		86,838	52,837
Income tax	8	373	464
Profit for the year		87,211	53,301
Other comprehensive income		-	-
Total comprehensive income		87,211	53,301

The notes on pages 16 to 34 form an integral part of these financial statements.

Ageas (UK) Limited

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Statement of financial position

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Investments in group undertakings	11	583,633	583,633
Property, plant and equipment	9	-	-
Intangible assets	10	-	-
Deferred tax assets	13	319	372
Current tax assets	14	115	-
Current other receivables	12	549	6,192
Cash and cash equivalents	15	10,216	6,214
Total assets		594,832	596,411
Shareholders' equity			
Share capital	17	336,450	336,450
Share premium		10,308	10,308
Retained earnings	17	247,338	248,927
Total equity		594,096	595,685
Liabilities			
Current tax liability	14	-	147
Other payables	16	736	579
		736	726
Total equity and liabilities		594,832	596,411

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

The notes on pages 16 to 34 form an integral part of these financial statements.

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



A Middle
Chief Executive
Signed on 2 June 2023

Ageas (UK) Limited

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Statement of changes in equity

For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reserve £'000	Total £'000
Balance as at 1 January 2021	421,119	10,308	247,879	4,500	683,806
Profit for the year	-	-	53,301	-	53,301
Total comprehensive income for the year	-	-	53,301	-	53,301
Reduction of share capital	(84,669)	-	84,669	-	-
Dividends paid to shareholders	-	-	(136,922)	(4,500)	(141,422)
Balance as at 31 December 2021	<u>336,450</u>	<u>10,308</u>	<u>248,927</u>	<u>-</u>	<u>595,685</u>
Balance as at 1 January 2022	336,450	10,308	248,927	-	595,685
Profit for the year	-	-	87,211	-	87,211
Total comprehensive income for the year	-	-	87,211	-	87,211
Dividends paid to shareholders	-	-	(88,800)	-	(88,800)
Balance as at 31 December 2022	<u>336,450</u>	<u>10,308</u>	<u>247,338</u>	<u>-</u>	<u>594,096</u>

Ordinary shares have a par value of £1. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

In historic years the company issued share capital above par, increasing the capital contribution received and creating a share premium account.

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

The capital reserve was distributed on 15 September 2021.

The notes on pages 16 to 34 form an integral part of these financial statements.

Ageas (UK) Limited

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Statement of cash flows

For the year ended 31 December 2021

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit before taxation		86,838	52,837
<i>Adjustments for:</i>			
Interest income	3	-	(277)
Finance costs	7	84	387
Profit on disposal of joint venture		-	(5,786)
Operating profit before working capital changes		86,922	47,161
Decrease/(increase) in other receivables	12	5,643	21,604
Increase/(decrease) in other payables	16	157	(29)
Cash generated from operating activities		92,722	68,736
Interest received	3	-	277
Income taxes recovered		311	632
Net cash generated from operating activities		93,033	69,645
Cash flows generated from investing activities			
Proceeds from disposal of Investment in subsidiaries	17	-	89,788
Net cash generated from investing activities		-	89,788
Cash flows used in financing activities			
Repayment of loans and borrowings		-	(21,543)
Finance costs paid	7	(84)	(387)
Distribution of share capital	17	-	(84,669)
Dividends paid		(88,800)	(56,753)
Net cash used in financing activities		(88,884)	(163,352)
Net increase/(decrease) in cash and cash equivalents		4,002	(3,919)
Cash and cash equivalents as at 1 January		6,214	10,133
Cash and cash equivalents as at 31 December	15	10,216	6,214

The notes on pages 16 to 34 form an integral part of these financial statements.

Notes to the financial statements

1 Accounting policies

Ageas (UK) Limited ('the Company') 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 Company has elected not to prepare consolidated financial statements. The prepared financial statements are separate financial statements and the exemption from consolidation, in accordance with the CA 2006 s400(2) 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, Avenue du Boulevard, Bolwerklaan 21, 1210 Brussels.

The financial performance and position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the primary statements on pages 12 to 15, and in the subsequent notes on pages 16 to 34. Further analysis of the objectives and policies for mitigating risk can be found within note 2.

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 that 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 is included within the notes. The disclosures in the notes for these classifications are distinguished as follows:

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

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 period 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

The new standards that have come into effect in the year have not had an impact on the Company.

Notes to the financial statements

1 Accounting policies (continued)

(b) Basis of preparation (continued)

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:

- IAS 1 amendments: Classification of liabilities as current or non-current – January 2023
- IFRS 17: Insurance contracts – January 2023. A cross functional project continues to assess the impact of this new standard.
- 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 or 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.

(i) Basis of measurement

The financial statements have been prepared on the historical cost basis, with the exception of assets held for sale, which is stated at the lower of its carrying amount and fair value less costs to sell.

(ii) 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.

The most critical judgements and estimates made by the Company are those relating to the value of investments in subsidiary undertakings. These are stated at cost but are subject to impairment testing. The valuation of investments in subsidiaries is regularly reviewed and provisions are made as necessary to reduce the cost of investment to the Company's estimate of its recoverable amount. The Company performs an annual impairment of its investments in subsidiaries which includes various estimates such as the discount rate and future expected cash flows. The recoverable amount (based on value in use calculations) of the Company's investments in subsidiary undertakings is determined using projected discounted cash flows based on the Board-approved budget for 2023 to 2025 for Ageas Insurance Limited, Ageas Retail Limited and Ageas Services (UK) Limited, which are considered to be a single cash generating unit as their cash flows are interdependent. For further details see note (g).

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Notes to the financial statements

1 Accounting policies (continued)

(c) Foreign currency translation

(i) 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 Pounds Sterling, which is the Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within finance income, or finance costs, as appropriate. All other foreign exchange gains and losses are present in the statement of profit or loss within other losses or other income.

(d) Recognition and measurement of revenue

Interest income is interest charged to subsidiary undertakings on loans and is recognised in the period in which it is earned. Income from shares in group undertakings is recognised when the dividends are declared following authorisation by the subsidiary.

(e) Finance costs

Finance costs comprise interest payable on borrowings relating to both long and short term loans from the immediate parent and subsidiaries, and on bank overdrafts, and are recognised using the effective interest method.

(f) Income tax and deferred tax

Income tax in the statement of profit or loss and other comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income 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, or payments in respect of losses surrendered for group relief, using tax rates enacted or substantially 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 balance sheet 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 recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets 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.

Notes to the financial statements

1 Accounting policies (continued)

(g) Investment in group undertakings

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

(h) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(i) Financial assets

Financial assets include cash and short-term deposits 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 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 presented in other gains or losses.

(j) Other receivables

Other receivables are stated at their cost less any impairment losses, where cost approximates fair value.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and money market funds. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

(l) Impairment

(i) Financial assets

The Company uses a forward looking 'expected credit loss' ('ECL') model and measures loss allowances on either of the following bases:

- 12-month 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.

Notes to the financial statements

1 Accounting policies (continued)

(i) Financial assets (continued)

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 without a significant financing component; this policy also applies to trade receivables with a significant financing component.

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.

(ii) Non-financial assets

The recoverable amount of an asset or cash-generating unit 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 (the 'cash-generating unit'). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other 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.

(m) Provisions

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

Notes to the financial statements

1 Accounting policies (continued)

(n) Financial liabilities

Financial liabilities include payables to group undertakings, interest-bearing loans and borrowings, bank overdrafts 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 borrowings 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 amount of other payables reasonably approximates their fair values because these liabilities are mostly short term in nature or are repriced frequently.

(o) Dividends

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

(p) 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 (l)). Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. 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 group 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) Depreciation

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Office equipment	Three years
IT equipment	Three years

The assets' 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.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and they are recognised within the statement of profit or loss as other income, or other losses, as appropriate.

Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

1 Accounting policies (continued)

(q) 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 (l)). 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.

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:

Software	Three years
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2 Risk management

Objectives and policies for mitigating business risk

The Company's business involves investing in subsidiary undertakings through both share capital and loans. It is exposed to credit, liquidity and operational risk in respect of those investments.

To manage its risk position the Company receives regular reports from, and holds regular meetings with, its subsidiary companies which enables it to monitor its risk exposure, in particular in relation to cash flow. The Company also takes advantage of the knowledge and expertise within its subsidiary companies to assist it with the identification and management of other areas of risk to which it could be exposed. The directors believe the overall procedures and policies in place to manage risk are appropriate to the size and nature of the business.

(i) 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.

Current other receivables

	Note	2022 £'000	2022	2021 £'000	2021
Within terms		549	100%	666	11%
1 - 3 months overdue		-	-	44	1%
Over 3 months overdue		-	-	5,482	89%
Total	12	549	100%	6,192	100%

Credit risk is monitored by management on an ongoing basis.

(ii) Liquidity risk

The Company is exposed to liquidity risks arising from daily calls on its cash resources. There is therefore a risk that cash will not be available to settle liabilities and calls from subsidiaries when due. The Company manages this risk by monitoring its own and its subsidiaries' cash needs to ensure sufficient funds are available.

Notes to the financial statements

2 Risk management (continued)

(ii) Liquidity risk (continued)

Financial liabilities and other payables - maturity profile

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Payment period:					
Between 0 - 3 months		736	100%	579	100%
Total	16	736	100%	579	100%

(iii) 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. 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 Ageas UK Board Risk Committee.

(iv) Capital management

Definitions of capital management

The capital managed by the Company is comprised of shareholder funds.

Capital management is the collection of processes and activities undertaken to ensure that sufficient capital is maintained so that the Company is able to meet its liabilities and ultimately ensure its survival, particularly in the 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 ongoing monitoring of capital against business requirements.

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. There are no regulatory capital requirements for the Company.

Approach to capital management

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

A key factor in the formulation of the Business Plan is the assessment of the capital required to support the business objectives (including 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 required rate of return on capital employed; and
- the required dividend.

Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

2 Risk management (continued)

(v) Market risk

Market risk can be described as the risk of change in the fair value of financial instruments due to changes in interest rates, foreign exchange rates and market prices. The Company has limited exposure to market risk other than a change in Sterling overnight index rate (SONIA).

(vi) Sensitivity to key business drivers

	Interest rates increase 1%	Expenses increase 10%
Impact - 2022		
Increase/(decrease) in profit before tax	£'000	£'000
Increase/(decrease) in net assets	150	(200)
	121	(162)
Impact - 2021		
Increase/(decrease) in profit before tax	565	(199)
Increase/(decrease) in net assets	457	(161)

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.

Interest rates increase by 1%

The Company will be exposed to the impact of interest rate changes on its financial assets and liabilities. There would be an increase in income on loans due from group undertakings and an increase in interest costs on the Company's borrowings. The Company matches where possible the interest rate charged to subsidiaries with the rate payable on borrowings and any increase will only affect the difference between these balances.

Expenses increase by 10%

If expenses were to increase by 10%, in addition to the impact on profit there would also be a reduction in cash availability at the year end.

3 Interest income from group undertakings

	2022 £'000	2021 £'000
Interest receivable from group undertakings	—	277

Interest received from group undertakings in the prior year related primarily to interest received in respect of subordinated debt.

Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

4 Income from shares in group undertakings

	2022 £'000	2021 £'000
Dividend income from group undertakings	<u>88,800</u>	<u>49,120</u>

Further details of dividends received can be found in the Strategic Report on page 3.

5 Administrative expenses

	2022 £'000	2021 £'000
Other costs	2,006	1,986
Total administrative expenses	<u>2,006</u>	<u>1,986</u>

	2022 £'000	2021 £'000
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Fees payable to the Company's auditors:

For the audit of the Company's annual financial statements	<u>38</u>	<u>37</u>
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No staff (including executive directors) were employed by the Company during the year (2021: nil).

6 Finance income

	2022 £'000	2021 £'000
Profit on sale of investment	-	5,786
Interest from investments	128	27
Total finance income	<u>128</u>	<u>5,813</u>

7 Finance costs

	2022 £'000	2021 £'000
Interest payable to group undertakings	<u>84</u>	<u>387</u>

Interest payable to group undertakings in the current year relates to a non-utilisation charge of the undrawn portion of the loan facility with Ageas Insurance Limited. See note 19 for further details. Interest payable to group undertakings in the prior year primarily related to interest payable in respect of subordinated debt.

Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

8 Income tax

(a) Amounts recognised in the statement of profit or loss:

	2022 £'000	2021 £'000
Current tax credit		
UK corporation tax on profits for the year	426	455
	<u>426</u>	<u>455</u>
Deferred tax (charge)/credit		
Origination and reversal of temporary differences	(53)	(64)
Effect of change in rate on deferred tax	-	74
Prior year under provision in respect of deferred tax	-	(1)
	<u>(53)</u>	<u>9</u>
Total income tax credit for the financial year	<u>373</u>	<u>464</u>

(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%).

A reconciliation of the effective tax rate to the actual tax credit is shown below:

	2022 £'000	2021 £'000
Profit before taxation	86,838	52,837
Standard rate of corporation tax in year	19.0%	19.0%
Income tax using the UK corporation tax rate	(16,499)	(10,039)
Dividends from UK companies not taxable	16,872	9,333
Profit on sale of joint venture not taxable	-	1,099
Expenses not deductible for tax purposes	-	(9)
Other income not taxable	-	7
Effect of variable tax rates	-	74
Prior year (under)/over provision in respect of current tax	<u>373</u>	<u>465</u>
	<u>-</u>	<u>(1)</u>
	<u>373</u>	<u>464</u>

Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

9 Property, plant and equipment

	IT equipment £'000
Cost	
Balance as at 31 December 2021	97
Balance as at 31 December 2022	<u>97</u>
Accumulated depreciation and impairment losses	
Balance as at 31 December 2021	97
Balance as at 31 December 2022	<u>97</u>
Net book value	
Balance as at 31 December 2021	-
Balance as at 31 December 2022	<u>-</u>

10 Intangible assets

	Software £'000
Cost	
Balance as at 31 December 2021	792
Balance as at 31 December 2022	<u>792</u>
Accumulated amortisation and impairment losses	
Balance as at 31 December 2021	792
Balance as at 31 December 2022	<u>792</u>
Net book value	
Balance as at 31 December 2021	-
Balance as at 31 December 2022	<u>-</u>

Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

11 Investments in group undertakings

	2022 £'000	2021 £'000
Cost		
Balance as at 1 January	615,408	615,408
Balance as at 31 December	<u>615,408</u>	<u>615,408</u>
Provision for impairment losses		
Balance as at 1 January	(31,775)	(31,775)
Balance as at 31 December	<u>(31,775)</u>	<u>(31,775)</u>
Carrying amount at 31 December	<u>583,633</u>	<u>583,633</u>

An impairment review has been performed which has indicated there is no impairment of the Company's investments in group undertakings. The recoverable amount (based on value in use calculations) of the investments was determined using projected discounted cash flows based on the Board-approved budget for 2023 to 2025 for Ageas Insurance Limited, Ageas Retail Limited and Ageas Services (UK) Limited, which are considered together as a single cash-generating unit. The recoverable amount indicates a headroom of £374m using a discount rate of 7.41% and a terminal growth rate of 2%.

The Company's investments in Group undertakings are as follows:

Company Name	% Owned	Direct/Indirect	Country of incorporation
The registered address for the following entities during 2022 is Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire, SO53 3YA:			
Ageas Insurance Limited	100%	Direct	England and Wales
Ageas Retail Limited	100%	Direct	England and Wales
Ageas Services (UK) Limited	100%	Direct	England and Wales
Billiter Street (1991) Limited	100%	Direct	England and Wales
HCP (Estate Management) Limited	51%	Indirect	England and Wales

The registered address for the following entity is Helmont House, Churchill Way, Cardiff, South Glamorgan, CF10 2HE:

Ageas Law LLP	50%	Indirect	England and Wales
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Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

12 Other receivables

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts due from group undertakings	2	2
Other receivables and prepayments	547	6,190
	<u>549</u>	<u>6,192</u>

13 Deferred tax assets

	2022 £'000	2021 £'000
(a) Deferred tax asset		
At 1 January	372	363
Charge for the year	(53)	9
At 31 December	<u>319</u>	<u>372</u>
The deferred tax assets comprises:		
Differences between capital allowances and depreciation	372	372
	<u>372</u>	<u>372</u>

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.

	2022 £'000	2021 £'000
(b) Recognised in profit or loss		
Differences between capital allowances and depreciation	(53)	9
Charge in profit or loss (see note 8)	<u>(53)</u>	<u>9</u>

(c) Unrecognised deferred tax

The Company has an unrecognised deferred tax asset of £2,768,000 (2021: £2,237,957) in relation to revenue and capital tax losses as these are not expected to be utilised against profits or gains in the foreseeable future.

14 Current tax assets

	2022 £'000	2021 £'000
Current tax asset/(liability)	115	(147)

The current tax balance represents the amount of income taxes receivable/(payable) in respect of the current year as well as a residual balance in respect of prior years.

Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

15 Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank	10,216	6,214

The effective interest was 0.02% (2021: 0.02%).

16 Other payables

Amounts falling due within one year:

	2022 £'000	2021 £'000
Due to group undertakings	692	516
Trade creditors	23	23
Other payables and accrued expenses	21	40
	736	579

17 Share capital and reserves

	2022 £'000	2021 £'000
In issue at 31 December – fully paid ordinary shares of £1 each	336,450	336,450

At 31 December 2022, the issued and authorised share capital is 336,450,000 ordinary shares (2021: 336,450,000). The ordinary shares have a par value of £1 each (2021: £1 each).

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. All shares rank equally with regard to the Company's residual assets.

Share capital was reduced by £84,669,000 in August 2021 following the sale of Tesco Underwriting Limited.

In the year a dividend of 26.2 pence was paid per share (2021: 42.0 pence). This was a total dividend of £88,800,000 in the year (2021: £141,421,626).

Ageas (UK) Limited

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Notes to the financial statements

18 Assets and liabilities – classification and measurement

Assets and liabilities have been classified and valued in accordance with the requirements of International accounting standards. Other assets and liabilities valued at fair value are in accordance with the principles set out in IFRS 13: Fair Value Measurement. The basis applied is summarised below:

	Cost/ amortised cost	Total carrying value	Fair value where applicable
	2022 £'000	2022 £'000	2022 £'000
Assets			
Investments in group undertakings	583,633	583,633	-
Deferred tax assets	319	319	-
Current tax assets	115	115	-
Current other receivables	549	549	-
Cash and cash equivalents	10,216	10,216	-
Total assets	<u>594,832</u>	<u>594,832</u>	<u>-</u>
Liabilities			
Other payables	736	736	-
Total liabilities	<u>736</u>	<u>736</u>	<u>-</u>
	2021 £'000	2021 £'000	2021 £'000
Assets			
Investments in group undertakings	583,633	583,633	-
Deferred tax assets	372	372	-
Current other receivables	6,192	6,192	-
Cash and cash equivalents	6,214	6,214	-
Total assets	<u>596,411</u>	<u>596,411</u>	<u>-</u>
Liabilities			
Current Tax Liability	147	147	-
Other payables	579	579	-
Total liabilities	<u>726</u>	<u>726</u>	<u>-</u>

Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

19 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 and key management personnel consists of:

	2022 £'000	2021 £'000
Short-term employee benefits	564	498
Post-employment benefits	35	34
Share-based payments	14	17
	<u>613</u>	<u>549</u>

In respect of the highest paid director:

	2022 £'000	2021 £'000
Short-term employee benefits	252	232
Post-employment benefits	18	18
Share-based payments	7	17
	<u>277</u>	<u>267</u>

Ageas (UK) Limited

Company registration number: 1093301

Notes to the financial statements

19 Related party transactions (continued)

Transactions with other related parties

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

All investments in group undertakings, assets classified as held for sale and dividend income from Ageas group companies are considered to be related parties. In addition, the following amounts are also related party transactions and balances:

	2022 Comp. income £'000	2022 Financial Position £'000	2021 Comp. income £'000	2021 Financial Position £'000
	Income/ (expense)	Asset/ (liability)	Income/ (expense)	Asset/ (liability)
Immediate parent undertaking - expense	-	-	(274)	-
Group undertakings - income	1	-	277	-
Group undertakings - expense	(1,437)	-	(1,622)	-
Amounts due to group undertakings	-	(692)	-	(516)
	<u>(1,436)</u>	<u>(692)</u>	<u>(1,619)</u>	<u>(516)</u>

The transactions and balances with related parties relate predominantly to loans between companies, interest charged on such loans and intercompany cross charges. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received and there are no expected credit losses in respect of the amounts owed by related parties.

The Company has a loan with Ageas Insurance Limited, with a maximum capacity of £15.0m. On 20 March 2023 the loan was restated to extend the maturity date to 7 September 2025. The loan bears interest at 1.75% above the Bank of England base rate. There is also a non-utilisation charge at 0.56% of the undrawn portion of the loan facility. There are currently no amounts outstanding on the loan with Ageas Insurance Limited (2021: £nil).

In addition to the amounts shown above, dividends of £88,800,000 (2021: £49,120,000) were received during the year, as described in note 4.

20 Capital commitments

The Company had no capital commitments at the end of the financial year, either authorised or contracted for (2021: £nil).

Ageas (UK) Limited

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Notes to the financial statements

21 Ultimate parent company

The Company's immediate parent is Ageas Insurance International NV, a company incorporated in the Netherlands and migrated on 1 January 2019 to Belgium, whose registered address is Avenue du Boulevard, Bolwerklaan 21, 1210 Brussels.

The ultimate parent undertaking and controlling party of the Company is ageas SA/NV, a company incorporated in Belgium whose registered address is Avenue du Boulevard, Bolwerklaan 21, 1210 Brussels. ageas SA/NV is the parent undertaking of the smallest and largest group of undertakings to consolidate the financial statements of the Company as at 31 December 2022.

Copies of the consolidated financial statements can be obtained from ageas SA/NV's registered address. Copies of the Company's financial statements can be obtained from the Company Secretary, Ageas (UK) Limited, Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire, SO53 3YA.

Ageas (UK) Limited

Company registration number: 1093301

Independent auditors' report to the members of Ageas (UK) 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 Services (UK) 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.

Ageas (UK) Limited

Company registration number: 1093301

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

We have nothing to report in this regard.

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.

Independent auditors' report to the members of Ageas (UK) 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; and
- Testing a sample of manual revenue journal entries to third party information to ensure that they are not indicative of management bias.

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.
- Bribery Act.

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.
- Enquiring of the of those charged with governance of any instances of non-compliance.

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

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).