Ageas (UK) Limited

Annual Report
For the year ended 31 December 2021

Company Registration Number: 1093301

Ageas (UK) Limited

Company registration number: 1093301

Contents of Annual Report

Ageas (UK) Limited

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Directors and Advisers

Directors

Anthony Middle	
Jonathan Price	
Gregor Ball	
Antonio Cano	
Hans De Cuyper	(appointed 4 May 2021)
Bart De Smet	(appointed 4 May 2021)
Jeremy Haynes	
Malcolm McCaig	
Lionel Perl	(resigned 19 May 2021)
Tara Waite	
Mark Winlow	
Richard Jackson	(appointed 15 July 2021)

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 (appointed 21 June 2021)
55 Baker Street
London
W1U 7EU

PricewaterhouseCoopers LLP (resigned 21 June 2021)
Chartered Accountants and Statutory Auditors
Savannah House
3 Ocean Way
Southampton
SO14 3TJ

Bankers

HSBC
62-76 Park Street
London
SE1 9DZ

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 13 to 36.

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 to Belgium 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.

On 4 May 2021 the Company sold its investment in Tesco Underwriting Limited, which was a joint venture with Tesco Personal Finance plc providing motor and household insurance products sold under the Tesco Bank brand.

As part of setting the future direction of Ageas UK, the Executive undertook a strategic review of the Company in the second half of 2020 and into 2021, following which a new strategy was approved by the Ageas UK Boards. 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.

Strategic Report (continued)

Income from shares in group undertakings

	2021 £'000	2020 £'000	Movement
Income from shares in group undertakings	49,120	27,915	196.7%

Dividends are receivable from subsidiaries and joint ventures. In 2021 the following dividends were received:

- Ageas Insurance Limited paid a dividend of £32,400,000 on 12 May 2021 (2020: £20,400,000),
- Ageas Retail Limited paid a dividend of £6,700,000 on 10 August 2021 (2020: Nil), and
- Tesco Underwriting Limited paid a dividend of £10,020,000 on 30 March 2021 (2020: £7,515,000).

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

	2021 £'000	2020 £'000	Movement
Net interest payable	110	20	550.0%

Total liabilities decreased by £21,424,510 in 2021 (2020: decrease of £104,000), due to repayment of subordinated debt to ageas SA/NV following the sale of the Joint Venture in Tesco Underwriting Limited. This was offset by repayment of £21,210,000 from Tesco Underwriting Limited.

Administrative expenses

	2021 £'000	2020 £'000	Movement
Administrative expenses	1,986	1,803	10.2%

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

	2021 £'000	2020 £'000	Movement
Profit before taxation	52,837	26,121	102.3%

The increase is due to increases in dividends received and a fall in interest payable on subordinated debt. In addition £5,785,626 was recognised in respect of the Company's shareholding in Tesco Underwriting Limited.

Strategic Report (continued)

Shareholders' equity

	2021 £'000	2020 £'000	Movement
Shareholders' equity	595,685	683,806	(12.9%)

Shareholders' equity decreased by £88,121,000 (2020: increase of £6,061,000) to £595,685,000 due predominantly to dividends paid to the parent of £141,421,626 following the sale of Tesco Underwriting Limited offset by profit after tax.

Year end position

Assets

Total assets (including cash and cash equivalents) decreased by £109,545,254 during the year (2020: increase of £5,957,000). This is primarily due to the sale of the investment in Tesco Underwriting Limited of £84,001,000 and the repayment of subordinated debt due from Tesco Underwriting Limited (TU).

Liabilities

Total liabilities decreased by £21,424,510 in 2021 (2020: decrease of £104,000), due to repayment of subordinated debt to ageas SA/NV following the sale of the Joint Venture in TU.

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 8 – 11.

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,
- CO_2 emission reporting; and
- energy usage.

Strategic Report (continued)

Employees

For an overview of employee numbers and how the Company engages with its employees, see the Report of the Directors on page 8-11.

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.

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 strategy and policy, which applies to the Company as a whole. Further details are given in the Report of the Directors on pages 8 – 11.

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 29 April 2022 and signed on behalf of the board by:

Jonathan Price

Chief Financial Officer

Signed on: 6th May 2022

Ageas (UK) Limited

Company registration number: 1093301

Directors' Report

The directors submit their report, together with the audited financial statements for the year ended 31 December 2021.

Results

The results of the Company are contained in the financial statements on pages 13 to 36. The 2021 profit after tax for the year was £53,301,000 (2020: £26,461,000).

Business review

The business review is set out in the Strategic Report on pages 4 to 7.

Risk management

The risk management objectives are set out in the notes to the Financial Statements on pages 13 to 36.

Dividends

The Company paid a dividend of £141,421,626,000 in the year (2020: £20,400,000).

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 (2020: £nil).

Charitable donations

No charitable donations were made during the year (2020: £nil).

Opportunity and risk

The principal risks and uncertainties are set out in the Strategic Report on pages 4 to 7.

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 2021 ageas SA/NV was represented on the Ageas UK Boards by Ageas Group Executive and Non-Executive Directors. During 2021 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 £141.4m be declared, to be paid to Ageas Insurance International NV.

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 2021, with a key area of focus being the implementation and embedding of the Ageas UK Customer Service Strategy and Customer Ambition. In 2021 Ageas UK achieved the Institute of Customer Service 'Service Mark' Accreditation, having continued to maintain customer satisfaction scores above the sector average. To support oversight, quarterly customer experience reports have been provided to the Ageas UK Boards, and Board Members were invited to attend spotlight sessions that focused on the customer, with sessions providing further insight into the customer journey and the support being provided to vulnerable customers.

Directors' Report (continued)

Customers, Brokers and Partners and Suppliers (continued)

As part of the customer experience improvement programme, Ageas UK has continued to engage directly with customers to gain a detailed understanding of what works well and where improvements can be implemented. During 2021 the end-to-end customer journey has continued to be improved and simplified based on customer feedback, a key initiative being digital transformation, providing more self-serve opportunities for routine queries, whilst ensuring Ageas UK's great people are there to help customers when they need us the most. In addition, the Ageas Care training programme continued to be rolled out to customer service teams, to support our people to have the right conversations with those customers who are or may be vulnerable. The work on our end-to-end service strategy has been recognised externally, having achieving bronze and silver respectively for "customer at the heart of everything" and "best customer service" at the UK Customer Service Awards, and also the gold awards for the "working in partnership" category at the Call North West Awards for the successful partnership with Sensee.

Ageas UK's relationships with brokers and intermediaries are fundamental to its distribution, because over 85% 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. To support broker engagement on a more regular basis and to gain a better understanding of their Ageas experience, a new feedback tool 'Your Platform' was launched, and the high-level results received through the platform have been 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. 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 2021 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 key to our business, enabling Ageas UK to achieve its strategy by building 'Podium People'. Throughout 2021 the Ageas UK Boards have overseen a number of activities that have sought to: develop a strong people culture, drive 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 was one of the first group of companies to sign up to the Association of British Insurers (ABI) Making Flexible Work Charter. In 2021 a flexible working policy was introduced, offering greater flexibility for all our people. Many employees now work from home c.80% of the time, and office space has been adapted to support collaborative working. The health and wellbeing of our people continued to be a key priority throughout 2021 as they adjusted to hybrid working, with a series of campaigns introduced throughout the year with a specific focus on financial, physical and mental wellbeing. Ageas UK also have a number of fully trained Mental Health first aiders who are available to all employees for one-to-one support. The Ageas UK Boards were kept appraised of the implementation of the new ways of 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 2021 and at the beginning of 2022 Ageas UK was certified by the Top Employers Institute as a Top Employer.

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" was further improved 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 channels, including formal leadership events, employee briefings and the Employee Forum. Regular meetings with the Employee Forum have continued virtually on a quarterly basis and are supported by the Ageas CEO and HR Director, facilitating the escalation and cascade of key messages from and to the Executive team and the Ageas UK Boards. As agreed by the Ageas UK Boards, the Chair of the Remuneration Committee, an INED, attends the Employee Forum on a biannual basis and meets the Chair of the Forum annually, without the Executive present, in order to enhance the engagement between the Employee Forum and the Ageas UK Boards.

To deliver the new business strategy organisational restructuring has been required in 2021, and the Ageas UK Boards approved proposals to proceed with two phases of 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.

Ageas UK has established and promotes a culture where employees have the confidence and ability to raise their concerns and in 2021 the Ageas UK Boards approved a Speak Up policy and process which provided 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 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, and 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 2021 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 on the grounds of gender, ethnicity, disability, age, sexual orientation, marital status and other protected characteristics. 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. An inclusion plan was also established with the aim of: reducing the gender pay gap and to increase representation of women at senior levels by the end of 2023; improving overall ethnic minority representation; and further supporting applicants/employees with disabilities. The gender pay gap report is provided to the Ageas UK Boards annually, together with progress against agreed targets. For 2021 for the first time, Ageas UK published data on ethnicity, disability and LGBTQ+ pay gaps as well as the gender paygap.

In line with legislation relating to discrimination in employment, including the employment of people with disabilities, Ageas UK policies and standards include further detail of our requirements. Employees with disabilities are treated fairly and can compete on equal terms for career progression. Ageas UK is committed to continuing the employment of, and for arranging training for, employees who have become disabled while employed by Ageas.

Directors' Report (continued)

Community and Environment

In terms of the wider society, we continue to support the important work of the Road Safety Foundation to measure, map and track the safety performance of Britain's main roads. We are also 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. Ageas UK is also actively looking for opportunities to innovate products and services that support a resilient future, including through the launch of a product that allows drivers to pay for the miles they use, incentivising lower mileage.

The Company supports a "Charity of the Year" as nominated by the employees, which since 2020 was Rays of Sunshine and for 2022 will be Air Ambulance UK. As a home insurer, Ageas Insurance has also supported other local charities including, the 'Bobby Scheme', donating to an appeal to purchase Carbon Monoxide detectors for instillation in the homes of the elderly and the most vulnerable in the area, and also donated to a local theatre to support its survival. Our people are also supported to help the community, with paid absence available for staff choosing to volunteer.

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.

Independent auditors

During 2021 Ageas UK undertook an audit tender and at the recommendation of the Ageas UK Audit Committee and the Company's Board, a written resolution to appoint BDO LLP as auditor of the Company was approved by the shareholders on 21 June 2021.

This report was approved by the Board of Directors on 29 April 2022 and signed on behalf of the board by:

Jonathan Price
Chief Financial Officer

Signed on: 6th May 2022

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.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Interest income from group undertakings	3	277	906
Income from shares in group undertakings	4	49,120	27,915
Administrative expenses	5	(1,986)	(1,802)
Other income	6	5,813	28
Operating profit before finance costs		53,224	27,047
Finance costs	7	(387)	(926)
Profit before taxation		52,837	26,121
Income tax	8	464	340
Profit for the year		53,301	26,461
Total comprehensive income		53,301	26,461

The notes on pages 17 to 36 form an integral part of these financial statements.

Ageas (UK) Limited
Company registration number: 1093301

Statement of financial position

As at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Investments in group undertakings	11	583,633	583,633
Deferred tax assets	13	372	363
Current tax assets	14	-	30
Current other receivables	12	6,192	27,796
Cash and cash equivalents	15	6,214	10,133
Assets classified as held for sale	16	-	84,001
Total assets		596,411	705,956
Shareholders' equity			
Share capital	19	336,450	421,119
Share premium		10,308	10,308
Retained earnings	19	248,927	247,879
Other reserves	19	-	4,500
Total equity		595,685	683,806
Liabilities			
Financial liabilities	17	-	21,543
Current tax liability	14	147	-
Other payables	18	579	607
Total liabilities		726	22,150
Total equity and liabilities		596,411	705,956

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

The notes on pages 17 to 36 form an integral part of these financial statements.

These financial statements were approved the Board of Directors on 29 April 2022 and signed on behalf of the board by:

A Middle
Chief Executive Officer

Signed on: 6th May 2022

Statement of changes in equity

For the year ended 31 December 2021

	Share capital £'000	Share premium £'000	Retained earnings £'000	Capital reserve £'000	Total £'000
Balance as at 1 January 2020	421,119	10,308	221,418	4,500	657,345
Profit for the year	-	-	26,461	-	26,461
Total comprehensive income for the year	-	-	26,461	-	26,461
Dividends paid to shareholders	-	-	20,400	-	20,400
Balance as at 31 December 2020	421,119	10,308	247,879	4,500	683,806
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	336,450	10,308	248,927	-	595,685

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 17 to 36 form an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit before taxation		52,837	26,121
Adjustments for:			
Interest income	3	(277)	(906)
Finance costs	7	387	926
Depreciation	5	-	16
Amortisation	5	-	4
Profit on disposal of Joint Venture investment	9	(5,786)	-
Operating profit before working capital changes		47,161	26,161
Decrease/(increase) in other receivables	12	21,604	290
Increase/(decrease) in other payables	18	(29)	(104)
Cash generated from operating activities		68,736	26,347
Interest received	3	277	906
Income taxes recovered		632	753
Net cash generated from operating activities		69,645	28,006
Cash flows generated from investing activities			
Proceeds from disposal of Investment in subsidiaries	16	89,788	-
Net cash generated from investing activities		89,788	-
Cash flows used in financing activities			
Repayment of loans and borrowings	17	(21,543)	-
Finance costs paid	7	(387)	(926)
Distribution of share capital		(84,669)	-
Dividends paid		(56,753)	(20,400)
Net cash used in financing activities		(163,352)	(21,326)
Net increase/(decrease) in cash and cash equivalents		(3,919)	6,680
Cash and cash equivalents as at 1 January		10,133	3,453
Cash and cash equivalents as at 31 December	15	6,214	10,133

The notes on pages 17 to 36 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 29 April 2022.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('CA 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, Markiesstraat 1 Box 7, 1000 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 13 to 16, and in the subsequent notes on pages 17 to 36. 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 twelve months 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:

- Conceptual Framework: Amendments to References to the Conceptual Framework in IFRS Standards
- IAS 1 and IAS 8 amendments: Definition of material
- IFRS 3 amendments: Definition of a business
- IFRS 9, IAS 39 and IFRS 7 amendments: Interest rate benchmark reform

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 2021, together with the effective date of application to the Company:

- IAS 37 amendments: Cost of fulfilling a contract – January 2022
- Annual improvements to IFRS standards 2018-2020 – January 2022
- IAS 16 amendments: Proceeds before intended use – January 2022
- IFRS 3 amendments: Reference to the Conceptual Framework – January 2022
- 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.

The standards effective from 2022 and 2023 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 2022 to 2024 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) Investments

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.

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.

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

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	2021 £'000	2021	2020 £'000	2020
Within terms		666	10%	22,575	81%
1-3 months overdue		44	1%	-	-
Over 3 months overdue		5,482	89%	5,221	19%
Total	12	6,192	100%	27,796	100%

Credit risk is monitored by management on an ongoing basis.

The reduction in current receivables follows the repayment of £21,210,000 of subordinated debt from Tesco Underwriting Limited.

(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.

2 Risk management (continued)

(ii) Liquidity risk (continued)

Financial liabilities and other payables - maturity profile

	Notes	2021 £'000	2021	2020 £'000	2020
Payment period:					
Between 0 - 3 months		579	100.0%	607	2.7%
Between 3 and 12 months		-	-	21,543	97.3%
Total	17, 18	579	100.0%	22,150	100.0%

(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.

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 Average (SONIA).

(vi) Sensitivity to key business drivers

	Interest rates increase 1%	Expenses increase 10%
Impact - 2021	£'000	£'000
Increase/(decrease) in profit before tax	565	(199)
Increase/(decrease) in net assets	457	(161)
Impact - 2020		
Increase/(decrease) in profit before tax	948	(180)
Increase/(decrease) in net assets	768	(146)

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

	2021 £'000	2020 £'000
Interest receivable from group undertakings	277	906

Interest received from group undertakings relates primarily to interest received in respect of subordinated debt.

Notes to the financial statements

4 Income from shares in group undertakings

	2021 £'000	2020 £'000
Dividend income from group undertakings	49,120	27,915

Further details of dividends received can be found in the Strategic Report on page 5.

5 Administrative expenses

	2021 £'000	2020 £'000
Depreciation:		
- Office equipment	-	2
- IT equipment	-	14
Amortisation:		
- Software	-	4
Other costs	1,986	1,782
Total administrative expenses	1,986	1,802

	2021 £'000	2020 £'000
Fees payable to the Company's auditors:		
For the audit of the Company's annual financial statements	87	70

No staff (including executive directors) were employed by the Company during the year (2020: nil).

6 Other income

	2021 £'000	2020 £'000
Profit on sale of investment	5,786	-
Interest from investments	27	28
Total other income	5,813	28

7 Finance costs

	2021 £'000	2020 £'000
Interest payable to group undertakings	387	926

Interest payable to group undertakings relates primarily to interest payable in respect of subordinated debt.

Notes to the financial statements

8 Income tax

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

	2021 £'000	2020 £'000
Current tax credit		
UK corporation tax on profits for the year	455	381
	455	381
Deferred tax credit/(charge)		
Origination and reversal of temporary differences	(64)	(85)
Effect of change in rate on deferred tax	74	44
Prior year under provision in respect of deferred tax	(1)	-
	9	(41)
Total income tax credit for the financial year	464	340

(b) Reconciliation of effective tax rate:

The tax assessed on the year is lower (2020: lower) than the standard rate of corporation tax in the United Kingdom of 19.0% (2020: 19.0%).

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

	2021 £'000	2020 £'000
Profit before taxation	52,837	26,121
Standard rate of corporation tax in year	19.0%	19.0%
Income tax using the UK corporation tax rate	(10,039)	(4,963)
Dividends from UK companies not taxable	9,333	5,304
Profit on sale of joint venture not taxable	1,099	-
Expenses not deductible for tax purposes	(9)	(38)
Other income not taxable	7	3
Unrecognised deferred tax	-	(10)
Effect of variable tax rates	74	44
	465	340
Prior year (under)/over provision in respect of current tax	(1)	-
	464	340

Notes to the financial statements

9 Property, plant and equipment

	IT equipment £'000	Office equipment £'000	Total £'000
Cost			
Balance as at 1 January 2020	2,301	18	2,319
Disposals	(2,204)	(18)	(2,222)
Balance as at 31 December 2020	97	-	97
Balance as at 31 December 2021	97	-	97
Accumulated depreciation and impairment losses			
Balance as at 1 January 2020	2,287	16	2,303
Depreciation charge for the year	14	2	16
Disposals	(2,204)	(18)	(2,222)
Balance as at 31 December 2020	97	-	97
Balance as at 31 December 2021	97	-	97
Net book value			
Balance as at 31 December 2020	-	-	-
Balance as at 31 December 2021	-	-	-

10 Intangible assets

	Software £'000
Cost	
Balance as at 1 January 2020	792
Balance as at 31 December 2020	792
Balance as at 31 December 2021	792
Accumulated amortisation and impairment losses	
Balance as at 1 January 2020	788
Amortisation charge for the year	4
Balance as at 31 December 2020	792
Balance as at 31 December 2021	792
Net book value	
Balance as at 31 December 2020	-
Balance as at 31 December 2021	-

Notes to the financial statements

11 Investments in group undertakings

	2021 £'000	2020 £'000
Cost		
Balance as at 1 January	615,408	699,409
Investment reclassified as held for sale	-	(84,001)
Balance as at 31 December	615,408	615,408
Provision for impairment losses		
Balance as at 1 January	(31,775)	(31,775)
Balance as at 31 December	(31,775)	(31,775)
Carrying amount at 31 December	583,633	583,633

The sale of the Company's share in Tesco Underwriting Limited was finalised on 4 May 2021. See note 16 for details.

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 2022 to 2024 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 £1,413m using a discount rate of 5.01% and a terminal growth rate of 2%. A discount rate increase of 4% would suggest an impairment of £0.3m.

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 2021 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
Tesco Underwriting Limited (Disposed 4 May 2021)	50.1%	Direct	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

Notes to the financial statements

12 Other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year		
Amounts due from group undertakings	2	21,407
Other receivables and prepayments	6,190	6,389
	6,192	27,796

13 Deferred tax assets

	2021 £'000	2020 £'000
(a) Deferred tax asset		
At 1 January	363	404
Charge for the year	9	(41)
At 31 December	372	363
The deferred tax assets comprises:		
Differences between capital allowances and depreciation	372	363
	372	363

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 2021 has been calculated using substantively enacted tax rates.

	2021 £'000	2020 £'000
(b) Recognised in profit or loss		
Differences between capital allowances and depreciation	9	(41)
Charge in profit or loss (see note 8)	9	(41)

(c) Unrecognised deferred tax

The Company has an unrecognised deferred tax asset of £2,237,957 (2020: £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

	2021 £'000	2020 £'000
Current tax asset/(liability)	(147)	30

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.

Notes to the financial statements

15 Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank	6,214	10,133

The effective interest was 0.02% (2020: 0.12%).

16 Assets classified as held for sale

	2021 £'000	2020 £'000
Cost		
Balance classified as held for sale during the year	-	84,001
Carrying amount at 31 December	-	84,001

The sale of the Company's investment in Tesco Underwriting Limited was completed on 4 May 2021 and as such there are no Non-Current assets held for sale as at 31 December 2021. A profit on sale of £5,785,626 was recognised.

On 14 October 2020, the Company signed a sale and purchase agreement to dispose of its share in Tesco Underwriting Limited, a joint venture entity in which the Company held 50.1% of the voting rights and Tesco Personal Finance plc held the remaining 49.9%.

The asset held for sale was measured at the lower of its carrying amount and fair value less costs to sell as at 31 December 2020.

17 Financial liabilities

	2021 £'000	2020 £'000
Amounts falling due in less than one year		
Loans and borrowings due to group undertakings	-	21,543

Notes to the financial statements

18 Other payables

Amounts falling due within one year:

	2021	2020
	£'000	£'000
Due to group undertakings	516	437
Trade creditors	23	61
Other payables and accrued expenses	40	109
	579	607

19 Share capital and reserves

	2021	2020
	£'000	£'000
In issue at 31 December – fully paid ordinary shares of £1 each	336,450	421,119

At 31 December 2021, the issued and authorised share capital is 336,450,000 ordinary shares (2020: 421,119,000). The ordinary shares have a par value of £1 each (2020: £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 42.0 pence was paid per share (2020: 4.8 pence). This was a total dividend of £141,421,626 in the year (2020: 20,400,000).

Notes to the financial statements

20 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
	2021	2021
	£'000	£'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	596,411	596,411
Liabilities		
Financial liabilities	147	147
Other payables	579	579
Total liabilities	726	726

	2020	2020
	£'000	£'000
Assets		
Property, plant and equipment	-	-
Investments in group undertakings	583,633	583,633
Deferred tax assets	363	363
Current tax assets	30	30
Current other receivables	27,796	27,796
Cash and cash equivalents	10,133	10,133
Assets classified as held for sale	84,001	84,001
Total assets	705,956	705,956
Liabilities		
Financial liabilities	21,543	21,543
Other payables	607	607
Total liabilities	22,150	22,150

21 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:

	2021 £'000	2020 £'000
Short-term employee benefits	498	624
Post-employment benefits	34	16
Share-based payments	17	17
	549	657

In respect of the highest paid director:	2021 £'000	2020 £'000
Short-term employee benefits	232	187
Post-employment benefits	18	-
Share-based payments	17	17
	267	204

Notes to the financial statements

21 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:

	2021 Comp. income £'000 Income/ (expense)	2021 Financial Position £'000 Asset/ (liability)	2020 Comp. income £'000 Income/ (expense)	2020 Financial Position £'000 Asset/ (liability)
Immediate parent undertaking - expense	(274)	-	(842)	-
Group undertakings - income	277	-	906	-
Group undertakings - expense	(1,622)	-	(1,870)	-
Amounts due to immediate parent undertaking	-	-	-	(21,697)
Amounts due from group undertakings	-	-	-	21,407
Amounts due to group undertakings	-	(516)	-	(283)
Amounts due from joint venture partner	-	-	14	4,876
	(1,619)	(516)	(1,792)	4,303

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.

In addition to the amounts shown above, dividends of £49,120,000 (2020: £27,915,000) were received during the year, as described in note 4.

22 Capital commitments

The Company had no capital commitments at the end of the financial year, either authorised or contracted for (2020: £nil).

23 Events after the reporting period

Following the invasion by Russia on Ukraine in February 2022, the primary source of risk faced by the Company is the increase of higher inflation. However, this increase in risk is not outside the risks already considered by the Company as part of its overall risk management framework.

Notes to the financial statements

24 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 Markiesstraat 1 Box 7, 1000 Brussels.

The ultimate parent undertaking and controlling party of the Company is ageas SA/NV, a company incorporated in Belgium whose registered address is Markiesstraat 1 Box 7, 1000 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 2021.

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.

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 2021 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 (UK) Limited ('the Company') for the year ended 31 December 2021 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.

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

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:

<u>Identifying and responding to risks of material misstatement due to fraud</u>

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 Directors and management as to whether they have knowledge of any actual, suspected or alleged fraud.
- Inspecting Board and Audit Committee minutes.
- Identifying any unusual journal entries based on criteria that are indicative of a high risk of fraud.

<u>Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations</u>

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.

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 Directors and other management of instances of non-compliance.

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

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

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

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:
Alexander Barnes
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Alexander Barnes (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

9 May 2022

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

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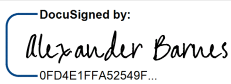
Alexander Barnes Alex.Barnes@bdo.co.uk Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Signed by link sent to Alex.Barnes@bdo.co.uk Using IP Address: 92.236.28.136 Signed using mobile	Sent: 09 May 2022 | 13:39 Viewed: 09 May 2022 | 13:39 Signed: 09 May 2022 | 13:40

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Envelope Summary Events	Status	Timestamps
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Signing Complete	Security Checked	09 May 2022 | 13:40
Completed	Security Checked	09 May 2022 | 13:40

Payment Events	Status	Timestamps