

# ReAssure Group plc

Company Registration Number: 11597179

**STRATEGIC REPORT, DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**  
for the year ended 31 December 2021

<b>Contents</b>	<b>Page</b>
Directors and Officers .....	3
Strategic report for the year ended 31 December 2021 .....	4
Directors' report for the year ended 31 December 2021 .....	8
Independent auditors' report to the members of ReAssure Group plc .....	10
Statement of Comprehensive Income.....	13
Statement of Financial Position .....	14
Statement of Changes in Equity .....	15
Statement of Cash Flows .....	16
<b>1. Accounting Policies .....</b>	<b>17</b>
<b>2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty .....</b>	<b>22</b>
<b>3. Investment Income .....</b>	<b>22</b>
<b>4. Administrative Expenses .....</b>	<b>22</b>
<b>5. Finance Costs .....</b>	<b>22</b>
<b>6. Auditors' Remuneration .....</b>	<b>23</b>
<b>7. Staff Costs and Directors' Remuneration .....</b>	<b>23</b>
<b>8. Tax on Profit/(Loss) on Ordinary Activities .....</b>	<b>23</b>
<b>9. Investment in Group Undertakings.....</b>	<b>24</b>
<b>10. Financial Investments .....</b>	<b>25</b>
<b>11. Other Financial Assets .....</b>	<b>26</b>
<b>12. Current Income Tax Receivable .....</b>	<b>26</b>
<b>13. Cash and Cash Equivalents .....</b>	<b>26</b>
<b>14. Borrowings .....</b>	<b>26</b>
<b>15. Other Liabilities.....</b>	<b>28</b>
<b>16. Share Capital .....</b>	<b>28</b>
<b>17. Merger Reserves .....</b>	<b>28</b>
<b>18. Cash Flows from Operating Activities.....</b>	<b>28</b>
<b>19. Management of Financial Risk .....</b>	<b>29</b>
<b>20. Contingent Liabilities .....</b>	<b>31</b>
<b>21. Dividends.....</b>	<b>31</b>
<b>22. Related Parties .....</b>	<b>31</b>
<b>23. Post Balance Sheet Events .....</b>	<b>32</b>

**Directors and Officers**

**Board of Directors**

Andrew Briggs

Rakesh Thakrar

William Swift

**Company Secretary**

Pearl Group Secretariat Services Ltd

**Registered office**

Windsor House

Telford Centre

Telford

Shropshire

TF3 4NB

**Company registration number**

11597179

## Strategic report for the year ended 31 December 2021

The Directors present their strategic report for ReAssure Group plc ("the Company") for the year ended 31 December 2021.

These financial statements, for the year ended 31 December 2021, have been prepared in accordance with UK adopted international accounting standards.

### Business review and principal activities

The Company is incorporated and domiciled in England and Wales, part of the United Kingdom. It is a public company and is limited by shares. The principal activity of the Company is to act as an intermediate holding company for the Phoenix Group ("the Group") and the parent company of the ReAssure Division ("the Division") within the Group. The principal operating entities of the Division are ReAssure Limited ("RAL"), ReAssure Life Limited ("RLL") and ReAssure UK Services Limited ("RUKSL"). It acts as the immediate parent undertaking of RLL and the intermediate parent undertaking of RAL, which conduct ordinary long-term insurance business in the United Kingdom, namely life assurance, pensions, permanent health and annuities.

The Company is a member of the Phoenix Group ("the Group"). The Group is the UK's largest long-term savings and retirement business. The main focus has traditionally been on closed life fund consolidation and the Group specialises in the acquisition and management of closed life insurance and pension funds. Alongside this, the Group has open business which manufactures and underwrites new products and policies to support people saving for their futures. The Group's vision is to grow a strong and sustainable business to help more people on their journey to and through retirement, enabling improved outcomes for customers and to deliver value for shareholders.

The results for the year are set out on page 13. The profit for the year of £1,622.0m (2020: profit of £183.9m) is mainly due to the receipt of dividend payments from ReAssure MidCo Limited ("RML") (see note 3) which generated total revenue of £1,662.0m.

Net assets of the Company at 31 December 2021 are £2,781.4m (2020: £2,116.0m) and have increased primarily due to the repayment of the Group loan previously held on the Statement of Financial Position. Further details can be found in note 14.

### Statement in respect of S.172 Companies Act 2006

Section 172 of the Companies Act 2006 requires each director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, each director must have regard, amongst other matters, to the:

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

During the year, the directors of the Company have applied section 172 of the Companies Act 2006 in a manner consistent with the overall purpose, values and strategic priorities of the Phoenix Group. When considering issues of strategic importance, and making key decisions about the Company (or those that impact the wider Group), the directors have acted in a way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole.

The Board recognises that a company's stakeholders are integral to its success. During the year, the Company's directors ensured that considerations and decision-making processes took into account their impact on its own stakeholders, namely:

- The Companies within the Phoenix Group on behalf of whom the Company acts as an immediate or intermediate parent undertaking;
- Any employees who provide services to the Company via service companies within the Phoenix Group;
- The Company's parent, Phoenix Group Holdings plc.

Significant decisions that show how the Board considered relevant matters set out in section 172 are outlined in the table below, demonstrating how the directors of the Company have carried out their duties under section 172 of the Companies Act 2006 during the year ended 31 December 2021.



<b>KEY BOARD DECISION</b>	<b>Approval of Loan Repayment and Dividend Payment</b>
<b>STRATEGIC IMPORTANCE</b>  Optimising our in-force business	<b>CONSIDERATION OF S172 MATTERS</b> <ul style="list-style-type: none"> <li>• <b>Long-term consequences:</b> during 2021 the Board considered a proposal for the repayment of a loan from its parent company Phoenix Group Holdings plc (PGH) and the payment of an interim dividend. In considering the proposal the Board recognised that it was aligned to the Group's corporate objective of passing excess cash to the Group. The Board received a paper setting out the Company's cash resources and liabilities to enable it to assess the surplus cash resources available for the loan's repayment and a distribution to the Company's parent and sole shareholder, PGH. When considering the proposal, the Board paid due regard to the long-term impact of that decision – specifically in relation to Company's ability to meet its future financial obligations as they fall due. In particular, the Board considered a forecast of the Company's known and potential liquidity requirement to the end of December 2022, to ensure that approval of the loan repayment and dividend was appropriate.</li> <li>• <b>Maintaining a reputation for high business standards:</b> the directors of the Company also considered their relevant obligations under the Companies Act 2006. This included, inter alia, the requirement for directors to be satisfied that the Company's profits available for distribution had not reduced since the date of the management accounts (upon which the decision was being made) and that the Company had not incurred losses which might reduce profits available for distribution. By ensuring that all legal obligations were met, the Board was able to ensure that the Company's reputation for high standards of business conduct was maintained, expected by all stakeholders.</li> </ul>
<b>OUTCOME</b>	Following due consideration of the matters set out in section 172, the Board approved the repayment of the loan and payment of a dividend to its parent and sole shareholder, PGH.
<b>KEY BOARD DECISION</b>	<b>Approval of YE20 Annual Accounts</b>
<b>STRATEGIC IMPORTANCE</b>  Optimising our in-force business  Investing in a sustainable future	<b>CONSIDERATION OF S172 MATTERS</b> <ul style="list-style-type: none"> <li>• <b>Long term consequences:</b> as part of the year-end accounts approval process the Board considered whether the expectation that the Company would continue in operational existence for the foreseeable future was appropriate. Such consideration enabled the Board to reach a decision to approve the YE20 accounts, within which a going concern statement was included (relied upon by others assessing the business). The long-term impact of the decision to approve the YE20 accounts therefore included the potential reliance of those reading the accounts on the going concern statement, which the Board considered to be relevant and accurate.</li> <li>• <b>Maintaining a reputation for high standards of business conduct:</b> prior to approving the YE20 accounts, the Board considered the outcome of an external audit for the accounts, including assessments relating to the impact of COVID 19 on the Company. By ensuring that clearance had been received from the external auditor, the Board was able to ensure that the Company's reputation for high standards of business conduct was maintained, expected by all stakeholders.</li> </ul>
<b>OUTCOME</b>	Following due consideration of the matters set out in section 172, the Board approved the YE20 accounts.
<b>KEY BOARD DECISION</b>	<b>Approval to Terminate Redundant Employee Benefit Trusts</b>
<b>STRATEGIC IMPORTANCE</b>  Optimising our in-force business	<b>CONSIDERATION OF S172 MATTERS</b> <ul style="list-style-type: none"> <li>• <b>Long term consequences:</b> the Board received a proposal and related documentation recommending the closure of two ReAssure Group Employee Benefit Trusts (EBTs) that had been established, but never used, prior to acquisition of the ReAssure Group by Phoenix Group. Despite having never been deployed, the Board noted that the EBTs continued to incur expenses, which while considered minor and having no impact on Group metrics, would nonetheless have some impact on the long-term position of the Company.</li> <li>• <b>Fostering business relationships with customers and others:</b> the Board noted that since the EBTs had never been deployed, the proposal for their closure would have no impact on customers. The Board also noted that the EBT supplier had been kept abreast of the proposal to close the trusts.</li> <li>• <b>Maintaining a reputation for high standards of business conduct:</b> in considering the proposal, the Board noted that all documentation relating to the EBTs' closure had undergone legal review.</li> </ul>
<b>OUTCOME</b>	Following due consideration of the matters set out in section 172, the Board approved the termination of the EBTs.

In order to support the board's consideration of the matters set out in section 172 (1) (a)-(f) each proposal submitted to the board must include detail about directors' duties including those set out above.

### Key performance indicators

The primary financial key performance indicators ("KPIs") of profit for the year and net assets are disclosed in the business review and principal activities section above. The following KPIs are some of the other measures used to monitor and manage risks facing the Company. In its capacity as the parent company of the Division, the Company's principal activity is the facilitation of the payment of dividends up from its subsidiaries to the ultimate parent company of the Group, PGHP. The KPIs therefore, are intended to monitor the Company's ability to pay a dividend.

	2021	2020
Value of investment in group undertakings as a percentage of Net Asset Value ("NAV")	100%	132%
Change in value of investment in group undertakings	-	7%

The Company, with total equity of £2,781.4m, is in a strong position to facilitate the payment of a dividend up to its parent company. The Company's investment in group undertakings equals its total NAV, which presents a potential risk to the availability of equity to pay dividends in the event of a large impairment charge being incurred. In the current year, there has been no change in the value of the Company's investment in both RML and RLL, therefore, no movement (2020; 7%) in the value of investments in group undertakings overall. The Company's investment in RML is significantly more material than its investment in RLL and the stability of RML's NAV means that there are no indicators to suggest that available distributable reserves may be adversely impacted by movements in the value of investments in group undertakings in the near future.

### Capital management

The Company is responsible for maintaining and managing its own capital, but also supports the management of the capital of its subsidiaries. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its shareholder, return capital to shareholder or request capital support from other entities in the Group.

In support of these objectives, the Company monitors its total equity as shown in the Statement of Financial Position on page 14 of the financial statements.

The financial statements have been prepared on a going concern basis as described in note 1.4.

### Principal risks and uncertainties

The following have been defined as key business risks:

**Financial risk** is the risk the Company faces as a result of:

- any loan structures in place within the Company;
- the need to provide capital to its subsidiaries; and
- other Company loan commitments.

The Company mitigates financial risk by inputting to the Group quarterly capital planning cycle. If the Company is required to provide support for the capital requirements of any subsidiaries within the Division, this is factored into the Company's capital plan. There is also regular communication with PGHP, with regard to loan repayments and capital requirements.

**Liquidity risk** is the risk that cash may not be available to pay obligations. The Company monitors cash flow and performs variance analysis against actual cash held. The Company manages its liquidity risk by only paying out dividends and making capital repayments once all expenses have been covered. If there are timing differences between cash inflows and cash outflows, then surplus cash is placed only with approved counterparties or invested in high quality government or corporate bonds.

The Company is not exposed to currency or equity price risk other than through its investment in subsidiaries.

**Expense risk** is the risk that expenses may not be well controlled and unplanned increases in expenses may threaten the solvency of the Company. The Company mitigates this risk by having a robust budget and planning cycle as well as

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ReAssure Group plc

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monthly variance reports and analysis. These reports are reviewed by relevant executives and cost centre managers and remedial action taken if required.

**Approval**

This report was approved by the Board of Directors on 15 June 2022 and signed on behalf of the Board:

DocuSigned by:  
*Steven Watts*  
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Steven Watts  
For and on behalf of Pearl Group Secretariat Services Ltd  
Company Secretary  
15 June 2022

## Directors' report for the year ended 31 December 2021

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2021.

### Future outlook

The Company is continuing to monitor developments regarding the conflict between Russia and Ukraine. This situation has not impacted the Company at this time and is expected to have no impact on the Company in the future.

### Financial risk management

Principal risks and uncertainties affecting the Company, including financial risks are explained in the strategic report.

### Dividends

Dividends of £956.6m were paid during the year (2020: £nil). Interim ordinary dividends of £226.6m and £730.0m were paid in June 2021 and December 2021 respectively.

### Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 3.

### Statement on business relationships

The service companies within Phoenix Group Holdings plc ("PGHP") are the principal leads on maintaining relationships with suppliers.

### Energy and carbon reporting

Energy and Carbon usage information is disclosed in PGHP's annual report and accounts and accordingly the Company has not reported on this in these individual financial statements.

### Qualifying third party indemnity provisions

Qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report and the Company's financial statements ("the financial statements") in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare those statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial performance, financial position and cash flows of the Company for the accounting period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with applicable UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for

safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

**Directors' Confirmations**

In the case of each Director in office at the date the Directors' Report is approved:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board of Directors

DocuSigned by:

*Steven Watts*

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Steven Watts  
For and on behalf of Pearl Group Secretariat Services Ltd  
Company Secretary  
15 June 2022

## Independent auditors' report to the members of ReAssure Group plc

### Opinion

We have audited the financial statements of ReAssure Group Plc for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 23, 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.

In our opinion, the financial statements:

- give a true and fair view 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. To evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting, we have:

- confirmed our understanding of management's going concern assessment process and obtained management's assessment approved by the board which covers the period up to 15 June 2023;
- evaluated the cash generating forecasts over the period to 15 June 2023 for both ReAssure Midco Limited (RML) and ReAssure Limited (RAL), as the company is reliant on the dividend income from its main subsidiary, RML, which in turn is reliant on dividends from its cash generating subsidiary, RAL;
- considered whether the key assumptions used in management's Annual Operating Plan ('AOP'), including the AOP for RAL, from which the forecast for the going concern period is drawn, were reasonable and in line with our understanding of the company's business model;
- evaluated management's AOP for RAL to understand how severe the downside scenario would have to be to result in the elimination of liquidity and RML's inability to pay dividends and concluded it to be remote;
- performed enquiries of management and those charged with governance to identify risks or events that may impact the company's ability to continue as a going concern. We also reviewed minutes of meetings of the Board and its committees; and
- assessed the appropriateness of the going concern disclosures, including those explaining the company's reliance on dividends received from its main subsidiary RML, by comparing the disclosures with management's assessment and for compliance with the relevant reporting requirements.

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 to 15 June 2023.

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



**Other information**

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

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

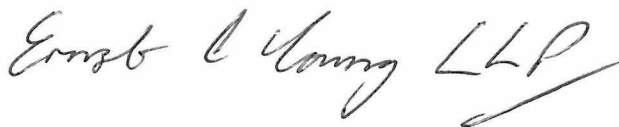
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the relevant laws and regulations related to elements of company law and tax legislation and the financial reporting framework. We understood how the company is complying with those frameworks by making enquiries of those charged with governance and those responsible for legal and compliance matters. We corroborated our enquiries through our review of correspondence between the company and UK regulatory bodies, review of Board minutes and gained an understanding of the company's approach to governance, demonstrated by the Board's approval of the company's governance framework.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the entity level controls that the company has established to address risks identified by the company, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included: making enquiries of those charged with governance and senior management for their awareness of any non-compliance of laws and regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, the company's methods of enforcing and monitoring compliance with such policies.
- We considered the risk of management override to be a fraud risk. Our audit procedures included testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions.

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

**Use of our report**

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



Ben Morphet (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham  
15 June 2022



**Statement of Comprehensive Income**

For the year ended 31 December 2021

	Note	2021 £m	2020 £m
Net investment income	3	1,662.0	502.3
<b>Net income</b>		<b>1,662.0</b>	<b>502.3</b>
Administrative expenses	4	(46.1)	(104.8)
Impairment of subsidiaries	9	-	(196.1)
<b>Total expense</b>		<b>(46.1)</b>	<b>(300.9)</b>
<b>Profit before finance costs and tax</b>		<b>1,615.9</b>	<b>201.4</b>
Finance costs	5	(4.9)	(31.8)
<b>Profit before tax</b>		<b>1,611.0</b>	<b>169.6</b>
Tax on profit for the period	8	11.0	14.3
<b>Total comprehensive profit for the financial year attributable to owner of the parent</b>		<b>1,622.0</b>	<b>183.9</b>

All results derive from continuing operations.

## ReAssure Group plc

**Statement of Financial Position**

As at 31 December 2021

	Note	2021 £m	2020 £m
<b>Non-current assets</b>			
Investment in group undertakings	9	2,783.4	2,783.4
Financial investments:	10		
Collective investment schemes		60.5	106.5
		<u>2,843.9</u>	<u>2,889.9</u>
<b>Current assets</b>			
Other financial assets	11	-	0.1
Current income tax receivable	12	6.0	8.0
Cash and cash equivalents	13	0.7	6.4
		<u>6.7</u>	<u>14.5</u>
<b>Total assets</b>		<u>2,850.6</u>	<u>2,904.4</u>
<b>Liabilities</b>			
Borrowings	14	69.1	773.0
Other liabilities	15	0.1	15.4
<b>Total liabilities</b>		<u>69.2</u>	<u>788.4</u>
<b>Equity</b>			
Share capital	16	100.0	100.0
Merger reserve	17	(1,809.0)	(1,809.0)
Retained earnings		4,490.4	3,825.0
<b>Total equity</b>		<u>2,781.4</u>	<u>2,116.0</u>
<b>Total liabilities and equity</b>		<u>2,850.6</u>	<u>2,904.4</u>

The financial statements of ReAssure Group plc, (registered number 11597179) were approved by the Board of Directors and authorised for issue on 15 June 2022 and signed on its behalf by:

DocuSigned by:  
  
 F1403C927BD540C...

William Swift  
 Director  
 15 June 2022

**Statement of Changes in Equity**

For the year ended 31 December 2021

	Attributable to owners of the Company			Total equity
	Share capital	Merger reserves	Retained earnings	
	£m	£m	£m	£m
1 January 2021	100.0	(1,809.0)	3,825.0	2,116.0
Profit for the financial year	-	-	1,622.0	1,622.0
<b>Total comprehensive income for the year</b>	100.0	(1,809.0)	5,447.0	3,738.0
Dividends paid during the year	-	-	(956.6)	(956.6)
<b>At 31 December 2021</b>	100.0	(1,809.0)	4,490.4	2,781.4

For the period ended 31 December 2020

	Attributable to owners of the Company			Total equity
	Share capital	Merger reserves	Retained earnings	
	£m	£m	£m	£m
1 January 2020	100.0	(1,809.0)	3,641.1	1,932.1
Profit for the financial year	-	-	183.9	183.9
<b>Total comprehensive income for the year</b>	100.0	(1,809.0)	3,825.0	2,116.0
<b>At 31 December 2020</b>	100.0	(1,809.0)	3,825.0	2,116.0

**Statement of Cash Flows**

For the year ended 31 December 2021

	Note	2021 £m	2020 £m
<b>Net cash from operating activities</b>	18	1,613.7	375.7
<b>Cash flows used in investing activities</b>			
Net proceeds of financial assets		46.0	63.2
Net proceeds of derivatives		-	11.6
<b>Net cash flows generated used from investing activities</b>		46.0	74.8
<b>Net cash flows generated by financing activities</b>			
Dividends paid to Company's shareholders		(956.6)	-
Realised loss on transfer of debt to PGHP		-	99.3
Repayment of borrowings		(708.4)	(621.0)
Interest paid on borrowings		(0.4)	(31.8)
<b>Net cash flows used in financing activities</b>		(1,665.4)	(553.5)
<b>Net decrease in cash and cash equivalents</b>		(5.7)	(103.0)
Cash and cash equivalents at the beginning of the year		6.4	109.4
<b>Cash and cash equivalents at the end of the year</b>		0.7	6.4

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 1. Accounting Policies

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

#### 1.1 New amended standards and interpretations

In preparing the financial statements, the Company has adopted the following standards, interpretations and amendments which have been issued by the International Accounting Standards Board ('IASB') and have been adopted for use by the EU:

##### ***Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)***

The amendments have arisen following the phasing out of interest-rate benchmarks such as interbank offered rates ('IBOR'). Specific hedge accounting requirements have been modified to provide relief from potential effects of the uncertainty caused by IBOR reform. In addition, these amendments require entities to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. There has been no impact on the Company as a result of these amendments as it does not adopt IFRS hedge accounting.

#### 1.2 New standards, amendments and policies not yet adopted by the Company

The IASB has issued the following new or amended standards and interpretations which apply from the dates shown. The Company has decided not to early adopt any of these standards, amendments or interpretations where this is permitted.

##### ***IAS 37 Provisions, Contingent Liabilities and Contingent Assets (1 January 2022)***

The amendments specify which costs a company includes when assessing whether a contract will be loss-making. These amendments are not expected to have a significant impact on the Company.

##### ***Annual Improvements Cycle 2018 – 2020 (1 January 2022)***

Minor amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and the Illustrative Examples accompanying IFRS 16 *Leases*. These amendments do not currently have any impact on the Company.

##### ***Classification of Liabilities as Current and Non-current (Amendments to IAS 1 Presentation of Financial Statements) (2023)***

The amendments clarify rather than change existing requirements and aim to assist entities in determining whether debt and other liabilities with an uncertain settlement date should be classed as current or non-current. It is currently not expected that there will be any reclassifications as a result of this clarification.

The following amendments to standards listed above have been endorsed by the EU:

- IFRS 9 Financial Instruments.

On 31 December 2020, the UK left the EU and consequently EFRAG will no longer endorse IFRSs for use in the UK. Legislation is in place to onshore and freeze EU-adopted IFRSs and from 1 January 2021 the Company will apply UK adopted international accounting standards. The powers to endorse and adopt IFRSs will be delegated by the Secretary of State to the UK Endorsement Board once the draft statutory instrument, which was laid before Parliament on 1 February 2020, is approved. The following amendments to standards listed above have been endorsed for use in the UK by the Secretary of State:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

#### 1.3 Basis of preparation

The Company was incorporated on 1 October 2018 and is a public company that is limited by shares and domiciled in the United Kingdom. The Company is registered in England and Wales and its Company Registration number is 11597179. The Company's registered address is Windsor House, Telford Centre, Telford, Shropshire, England, TF3 4NB.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for goods and services. A going concern basis has been applied in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

The Company is included in the consolidated financial statements of PGHP which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006 and IFRS 10 Consolidated Financial Statements, paragraph 4(a). The principal accounting policies adopted are set out below.

#### 1.4 Going concern

The Directors have followed the UK Financial Reporting Council's "Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (April 2016)" when performing their going concern assessment.

The Directors have made enquiries, which include consideration of its primary subsidiary RML's business model, including expected dividend receipts from RAL to RML, and from RML to RGP, to the end of 2026. Based on this assessment, RAL's continued solvency projections, and the continued strong net asset position, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future (to at least 15 June 2023). Accordingly, they continued to adopt the going concern basis in preparing the financial statements.

#### 1.5 Foreign currencies

##### *1.5.1 Functional and presentational 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 millions of £ sterling, which is the Company's presentation and functional currency.

#### 1.6 Investment income and expenses

##### *1.6.1 Dividend income*

Dividend income is recognised in the income statement on the date the right to receive payment is established. All dividend income should be recorded in the income statement as part of 'net investment income'.

##### *1.6.2 Interest*

For interest-bearing assets, interest is recognised as it accrues and is calculated using the effective interest rate method. The effective interest rate is defined as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the net carrying amount of the financial asset or financial liability. Fees and commissions that are an integral part of the effective yield of the financial assets or liabilities are recognised as an adjustment to the effective interest rate of the instrument.

##### *1.6.3 Fair value gains and losses on financial assets*

Fair value gains and losses comprise both realised and unrealised gains and losses.

Realised gains and losses recorded in the Statement of Comprehensive Income include gains and losses on the disposal of financial assets and liabilities.

Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price or if they have been previously valued, their valuation at the last balance sheet date. The movement in unrealised gains and losses recognised in the year also includes the reversal of unrealised gains and losses recognised in prior years in respect of investment disposals in the current year.

##### *1.6.4 Gains on the realisation of investments and related expenses*

Realised investment gains and losses are calculated as the difference between net sales proceeds and their original cost. Related expenses are accounted for on an accruals basis.

Shares in subsidiary undertakings are accounted for under the historical cost convention. At each balance sheet date, the Company performs an assessment of the estimated realisable value of each investment in a subsidiary. Where the estimated realisable value is less than the carrying value, the investment is impaired.

The impairment, which is calculated as the difference between the carrying value and the estimated realisable value, is charged to the Statement of Comprehensive Income. Where an investment in a subsidiary has previously been impaired and a subsequent estimation of that investment's realisable value is higher than the impaired carrying value, the previous impairment is reversed through the Statement of Comprehensive Income. The maximum value for this is that of the original historical cost.

#### 1.7 Investment in subsidiary undertakings

Investments in subsidiary undertakings are valued initially at the cost of investment and the Directors review the valuation annually to ensure this is not less than the net assets held. For RAL and RLL Solvency II own funds are used as the basis for measuring net assets. For all other entities, net assets are as per the entity's IFRS balance sheet. Where the value of the net assets held is less than the carrying value, the investment is impaired.

An impairment loss is recognised in the Statement of Comprehensive Income if the carrying amount exceeds the value of the net assets held. An impairment loss is reversed only to the extent that carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

#### 1.8 Current income tax

Current tax comprises tax payable on current period profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous periods. Current tax is recognised in the Statement of Comprehensive Income.

#### 1.9 Administrative expenses

Administrative expenses are recognised on an accruals basis.

#### 1.10 Financial investments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised on the trade date when the Company becomes a party to the contractual provisions of the instrument and are classified for accounting purposes depending on the characteristics of the instruments and the purpose for which they were purchased.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss.

##### Measurement methods

###### *Amortised cost and effective interest rate*

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

##### *1.10.1 Financial assets*

###### *a) Classification*

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.



The classification requirements for debt instruments are described below:

*Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Company's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in Note 2.2. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method.
- **Fair value through other comprehensive income ("FVOCI"):** Financial assets that are held for collection of contractual cash flows and to sell, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets would be included in 'Interest income' using the effective interest rate method.
- **Fair value through profit or loss ("FVTPL"):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Fair value gains/losses on financial instruments'. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method.

At 31 December 2021 the Company did not hold any assets measured at FVOCI.

Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Company's business model for the Government bonds is to hold to collect contractual cash flows.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

The Company holds debt instruments which are managed and whose performance is evaluated on a fair value basis. These instruments are therefore measured at fair value through profit or loss.

At 31 December 2021 all financial assets held by the Company were held at FVTPL.

*b) Subsequent measurement and gains and losses*

Financial assets at FVTPL are measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss.



### *c) Impairment*

IFRS 9 introduces a new impairment model based on expected credit losses that are estimated by considering current conditions and available forward-looking information. IFRS 9 sets out a general approach to impairment, however, for simple, short-term financial assets this general approach is overly complicated and so a simplified approach was also introduced.

The Company has chosen to adopt the simplified approach for short-term receivables measured at amortised cost. Note 19 provides more detail of how the expected credit loss is measured.

#### *1.10.2 Financial liabilities*

##### *a) Classification and measurement*

Financial liabilities are classified as subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### *1.10.3 Offsetting financial assets and liabilities*

Financial assets and liabilities are offset in the Statement of Financial Position when the Company has a legally enforceable right to offset and has the intention and ability to settle the asset and liability on a net basis or simultaneously.

##### *1.10.4 Derecognition of financial assets and liabilities*

The Company derecognises a financial asset when the contractual rights to the asset's cash flows expire, or it transfers the asset and substantially all the risks and rewards of ownership, or when the Company has transferred the asset without transfer of substantially all the risks and rewards of ownership, provided the other party can sell or pledge the asset.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity term of three months or less at the date of placement, which are held for cash management purposes. Cash equivalents held through collective investment schemes are classified as collective investments. The carrying amount of these assets approximates to their fair values.

#### 1.12 Interest payable

Interest payable is charged to the Statement of Comprehensive Income on an accruals basis.

#### 1.13 Borrowings

The Company classifies its interest-bearing borrowings as financial liabilities carried at amortised cost and these are recognised initially at fair value less any attributable transaction costs. Directly attributable transaction costs are amortised over the life of the borrowings. The difference between initial cost and the redemption value is amortised through the Statement of Comprehensive Income over the period of the borrowing using the effective interest method.

#### 1.14 Share Capital

The Company has issued ordinary shares which are classified as equity.

#### 1.15 Merger Reserves

The Company owns 100% of the issued share capital of RML. The excess of the value of the shares issued at acquisition, over the net asset value of RML has been taken to the merger reserve, within shareholders' equity. Merger reserves are non-distributable reserves.

#### 1.16 Dividends

Interim dividends are recognised when paid. Final dividends payable are recognised as a liability on the day declared by the Board of Directors and approved by the Company's shareholders.

#### 1.17 Events after the balance sheet date

The financial statements are adjusted to reflect events that occurred provided they give evidence of conditions that existed at the balance sheet date.

Events that are indicative of conditions that arose after the balance sheet date are disclosed where significant, but do not result in an adjustment of the financial statements themselves.

## 2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources and to make judgements that may have an impact on the amounts recognised. These estimates and judgements affect the reported amounts of assets and liabilities, income and expenses and therefore, may have a material impact on the financial statements. Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Company discloses those judgements and estimates which are considered to potentially have the most material impact on the financial statements.

The main sources of estimation uncertainty for the Company relate to the assessment of evidence of impairment in relation to its investment in its subsidiaries and the measurement of the expected credit loss allowance under IFRS 9.

### 2.1 Investments in subsidiaries

Investments in subsidiaries are reviewed on an annual basis for any indicators of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Investment in subsidiaries are valued at cost less impairment per IAS/IFRS requirements. Net assets are as per the subsidiaries IFRS balance sheet. Where the value of the net assets held is less than the carrying value, the investment is impaired.

### 2.2 Measurement of the expected credit loss ("ECL") allowance

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

## 3. Investment Income

	2021	2020
	£m	£m
Dividends received from subsidiaries	1,662.0	576.0
Realised loss on transfer of debt to PGHP	-	(99.3)
Income from investments	-	0.9
Net unrealised (losses) on investments	-	(3.6)
Net gains on the realisation of investments	-	28.3
	<u>1,662.0</u>	<u>502.3</u>

## 4. Administrative Expenses

	2021	2020
	£m	£m
Contractors and consultancy	-	9.4
Other	46.1	95.4
	<u>46.1</u>	<u>104.8</u>

Other expenses within administration expenses primarily relate to costs recharged from RUKSL, in relation to the resource costs associated with maintaining the Division's strategic, integration delivery capability, which supports the integration of newly acquired books of business into the life companies of the Division. These recharges are received from RUKSL through a Management Services Agreement by way of a monthly service charge.

## 5. Finance Costs

	2021	2020
	£m	£m
Interest costs on borrowings	4.9	31.8

## ReAssure Group plc

**6. Auditors' Remuneration**

In the current year, audit fees of £53,000 (2020: £53,000) are payable to EY and relate solely to the audit of the Company's annual financial statements.

All fees are borne by RUKSL, a fellow Group undertaking.

**7. Staff Costs and Directors' Remuneration**

No staff are employed by the Company (2020: none); all activities relating to the Company are performed by staff employed by another company within the Phoenix Group, ReAssure UK Services Limited ("RUKSL"). There are no recharges payable by the Company for these activities and hence it is not possible to determine the related employee costs. These are disclosed in full within the consolidated accounts of PGHP.

**8. Tax on Profit/(Loss) on Ordinary Activities****a) Tax charge to the Statement of Comprehensive Income**

	2021	2020
	£m	£m
<b>Current taxation</b>		
UK corporation tax	(9.7)	(16.2)
Adjustments in respect of prior periods	(1.3)	1.9
<b>Total current tax credit for the year</b>	(11.0)	(14.3)
<b>Tax charge on profit for the year</b>	(11.0)	(14.3)

**b) Reconciliation of tax charge on profit/(loss) attributable to shareholders**

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021	2020
	£m	£m
Profit before tax	1,611.0	169.6
Tax on profit at 19.00% (2020: 19.00%)	306.1	32.2
Effects of:		
Disallowable expenses	-	24.1
Impairment of subsidiaries not subject to tax	-	37.3
Indexation tax relief	-	(0.4)
Dividends not taxable	(315.8)	(109.4)
Adjustments in respect of prior years	(1.3)	1.9
<b>Total tax charge for the year</b>	(11.0)	(14.3)

**c) Factors affecting the current and future tax charges**

An announcement was made in the March 2021 UK Budget to increase the rate of corporation tax to 25% from 1 April 2023. This was enacted in June 2021, prior to the balance sheet date. As there are no deferred tax balances recognised at the balance sheet date, this rate increase has not had an impact on the balance sheet as at 31 December 2021.

## ReAssure Group plc

## 9. Investment in Group Undertakings

	2021	2020
	£m	£m
<b>Cost</b>		
At 1 January	2,997.3	2,997.3
<b>At 31 December</b>	<u>2,997.3</u>	<u>2,997.3</u>
<b>Provision for impairment</b>		
At 1 January	213.9	17.8
Impairment charge for the year (i)	-	196.1
<b>At 31 December</b>	<u>213.9</u>	<u>213.9</u>
<b>Net book value</b>	<u>2,783.4</u>	<u>2,783.4</u>

(i) In the current year, a review of the net asset and Solvency II Own Funds position of RLL identified a nil provision for impairment (2020: £196.1m).

The interest held by the Company in the ordinary share capital of its subsidiary undertakings is as follows:

Company	Principal activity	Holding	Address
<b>Direct subsidiaries</b>			
ReAssure MidCo Limited	Intermediate holding company	100.00%	1
ReAssure Life Limited	Long-term insurance	100.00%	1
<b>Indirect subsidiaries</b>			
103 Wardour Street Retail Investment Company	Commercial property management	100.00%	1
BL Telford Limited	Dormant	100.00%	1
ERIP General Partner Limited	Management service company	80.00%	1
ERIP Limited Partnership	Management of real estate	99.50%	1
G Assurance & Pension Services Limited	Non-trading	100.00%	1
G Financial Services Limited	Dormant	100.00%	1
G Life H Limited	Intermediate holding company	100.00%	1
G Trustees Limited	Dormant	100.00%	1
Gresham Life Assurance Society Limited	Dormant	100.00%	1
Namulas Pension Trustees Limited	Corporate and pension trustees	100.00%	1
NM Life Trustees Limited	Dormant	100.00%	1
NM Pensions Limited	Dormant	100.00%	1
Northampton General Partner Limited	Dormant	100.00%	1
Northampton Shopping Centre Limited Partnership	Commercial property management	99.80%	1
ReAssure Companies Services Limited	Management service company	100.00%	1
ReAssure FS Limited	Dormant	100.00%	1
ReAssure FSH UK Limited	Intermediate holding company	100.00%	1
ReAssure Life Pension Trustee Limited	Dormant	100.00%	1
ReAssure Limited	Long-term insurance	100.00%	1
ReAssure LL Limited	Dormant	100.00%	1
ReAssure Nominees Limited	Dormant	100.00%	1
ReAssure PM Limited	Dormant	100.00%	1
ReAssure Pension Trustees Limited	Dormant	100.00%	1
ReAssure Trustees Limited	Dormant	100.00%	1
ReAssure Two Limited	Dormant	100.00%	1
Reassure UK Life Assurance Company Limited	Dormant	100.00%	1
ReAssure UK Services Limited	Management service company	100.00%	1
The Pathe Building Management Company Limited	Dormant	100.00%	1
Phoenix Life Assurance Europe	Long-term insurance	100.00%	2

The subsidiaries of the Company held for investment purposes and measured at fair value are as follows:

Company name/Fund name	Country of incorporation and principal place of operation	Type and % of holding	Address
Legal & General European Equity Income Fund	England and Wales	Unit Trust 88.4%	3
Legal and General Growth Trust	England and Wales	Unit Trust 71.2%	3
iShares 350 UK Equity Index Fund	England and Wales	OEIC 91.0%	4
HSBC Investment Funds – Balanced Fund	England and Wales	OEIC 82.2%	5
ASI Phoenix Venture Capital Partnership	Scotland	Limited Partnership 80.0%	6
Quilter Investors UK Equity Large Cap	England and Wales	OEIC 97.6%	7
Quilter Investors Diversified Portfolio Fund	England and Wales	OEIC, 93.0%	7
IFSL AMR OEIC Diversified Portfolio Fund	England and Wales	OEIC, 70.1%	8

All investments in unit trusts are held in Authorised unit trusts.

#### **Registered office addresses**

1. Windsor House, Telford Centre, Telford, Shropshire, England, TF3 4NB
2. 25-28 North Wall Quay, D01H104, Dublin 1, Dublin, Ireland
3. One Coleman Street, London, EC2R 5AA, United Kingdom
4. 12 Throgmorton Avenue, London EC2N 2DL, United Kingdom
5. 8 Canada Square, London, E14 5HQ, United Kingdom
6. 1 George Street, Edinburgh, EH2 2LL, United Kingdom
7. Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom
8. Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP, United Kingdom

#### **10. Financial Investments**

	2021	2020
	£m	£m
Collective investment schemes	60.5	106.5

- a) Determination of fair values and fair value hierarchy

#### Valuation models

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument whenever one is available. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

#### Financial instruments measured at fair value

##### *Fair value hierarchy*

The following table analyses financial instruments measured at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised.

Financial instruments held at fair value in the Statement of Financial Position are analysed against the fair value measurement hierarchy, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Level 1 inputs are the most persuasive evidence of fair value and are to be used whenever possible.
- Level 2 inputs are market-based inputs that are directly or indirectly observable but not considered level 1 quoted prices. Level 2 inputs consist of (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities in non-active markets (e.g. markets which have few transactions and prices that are not current or price quotations vary substantially); (iii) inputs other than quoted prices that are observable (e.g. interest rates, yield curves, volatilities, prepayment speeds, credit risk and default rates); and (iv) inputs that are derived from or corroborated by observable market data.

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 ReAssure Group plc
 

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- Level 3 inputs are unobservable inputs. These inputs reflect the Company's own assumptions about market pricing using the best internal and external information available.

Transfers occur between the different levels within the fair value hierarchy when management determines that the valuation methodology meets the definition above.

The following tables present the Company's assets and liabilities measured at fair value.

<b>Assets as at 31 December 2021</b>	Level 1	Level 2	Level 3	Carrying value
	£m	£m	£m	£m
<i>Financial assets at fair value through profit and loss:</i>				
Collective investment schemes	60.5	-	-	60.5
	<u>60.5</u>	<u>-</u>	<u>-</u>	<u>60.5</u>
<b>Assets as at 31 December 2020</b>	Level 1	Level 2	Level 3	Carrying value
	£m	£m	£m	£m
<i>Financial assets at fair value through profit and loss:</i>				
Collective investment schemes	106.5	-	-	106.5
	<u>106.5</u>	<u>-</u>	<u>-</u>	<u>106.5</u>

*Financial assets designated at FVTPL*

Cash equivalents held through collective investment schemes are classified as collective investments. The carrying amount of these assets approximates to their fair values. Collective investment scheme balances have decreased during the year, due to funds being transferred to treasury for operational reasons.

No changes in fair value relating to credit risk have been recognised for these investments.

**11. Other Financial Assets**

	2021	2020
	£m	£m
Other debtors	<u>-</u>	<u>0.1</u>

These balances are receivable within one year from the balance sheet date.

**12. Current Income Tax Receivable**

	2021	2020
	£m	£m
Current income tax receivable	<u>6.0</u>	<u>8.0</u>

These balances are payable within one year from the balance sheet date.

**13. Cash and Cash Equivalents**

	2021	2020
	£m	£m
Cash	<u>0.7</u>	<u>6.4</u>

Cash comprises cash at bank. There are no amounts included in the cash balances that are not readily available.

**14. Borrowings**

The Company classifies its interest-bearing borrowings (comprised of the loan amount and interest accrued on that amount) as financial liabilities carried at amortised cost and these are recognised initially at fair value less any attributable

## ReAssure Group plc

transaction costs. Directly attributable transaction costs are amortised over the life of the borrowings. The difference between initial cost and the redemption value is amortised through the Statement of Comprehensive Income over the period of the borrowing using the effective interest method. All borrowings are unsecured.

## a) Analysis of borrowings

	2021	2020
	£m	£m
<b>Intercompany Borrowings</b>		
Loans from Phoenix Group Holdings plc (i)	-	703.9
Loans from subsidiary undertakings (ii)	69.1	69.1
	<u>69.1</u>	<u>773.0</u>
<b>Total Borrowings</b>	<u>69.1</u>	<u>773.0</u>

## (i) Loans from Phoenix Group Holdings plc

On 22 July 2020, the Company received a new intercompany loan from PGHP which was recorded in the Statement of Financial Position with a carrying value of £1,099.3m; the fair value of the subordinated debt on the date that it was transferred to PGHP.

On 29 June 2021, the Company repaid the loan in full.

## (ii) Loans from subsidiary undertakings

On 31 December 2019, the Company received a loan of £290.0m from RLL. Interest is payable quarterly at LIBOR plus a margin of 0.50%. The loan from RLL matures on 30 June 2024.

During 2020, the RLL Board of Directors approved the payment of a £221.0m dividend to the Company which was utilised to reduce the value of the loan to £69.0m.

	Cash Movements	Non-Cash Movements
	£m	£m
<b>As at 31 December 2021</b>		
<b>Intercompany Borrowings</b>		
Loan with ReAssure Life Limited	(0.4)	0.4
Loan with Phoenix Group Holdings plc	(708.4)	4.5
	<u>(708.8)</u>	<u>4.9</u>
<b>Total Borrowings</b>	<u>(708.8)</u>	<u>4.9</u>

	Cash Movements	Non-Cash Movements
	£m	£m
<b>As at 31 December 2020</b>		



## ReAssure Group plc

**Subordinated Debt**

£500m 5.87% Tier 2 capital markets bond	(14.0)	(473.4)
£250m 5.77% Tier 2 capital markets bond	(6.9)	(236.8)
£250m 4.02% Tier 3 capital markets bond	(4.7)	(238.8)
	<u>(25.6)</u>	<u>(949.0)</u>

**Intercompany Borrowings**

Loan with ReAssure Life Limited	(222.6)	1.6
Loan with Phoenix Group Holdings plc	(305.3)	1,009.3
	<u>(527.9)</u>	<u>1,010.9</u>

**Total Borrowings**

	<u>(553.5)</u>	<u>61.9</u>
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**15. Other Liabilities**

	2021	2020
	£m	£m
Amounts owed to Group undertakings	0.1	15.4

These balances are payable within one year from the balance sheet date.

**16. Share Capital**

	2021	2020
	£m	£m
<b>Authorised</b>		
1,000,000,000 ordinary shares of £0.10 each	100.0	100.0
<b>Issued and fully paid</b>		
1,000,000,000 ordinary shares of £0.10 each	100.0	100.0

The Company is a public company and is limited by shares. The holders of the ordinary shares are entitled to one vote per share on matters to be voted on by owners and to receive such dividends and capital distributions, if any, as may be declared by the Board of Directors in its discretion out of legally available profits. The shares do not confer any rights of redemption.

There have been no changes to share capital in the current year.

**17. Merger Reserves**

	2021	2020
	£m	£m
Balance brought forward at 1 January	(1,809.0)	(1,809.0)
<b>Balance at 31 December</b>	<u>(1,809.0)</u>	<u>(1,809.0)</u>

On 9 May 2019, the Company acquired the entire share capital of RML from SRRML, the Company's previous immediate parent company, settled by the issuance of share capital. The Company applied IAS 27 to account for the acquisition of RML in its standalone financial statements and recorded its cost of investment as the net asset value of RML at acquisition, rather than its fair value or the carrying value in the books of the vendor. The excess of the value of the shares issued over the net asset value of RML at acquisition has been taken to the merger reserve, within shareholders' equity.

**18. Cash Flows from Operating Activities**

	2021	2020
	£m	£m
Profit for the period before tax	1,611.0	169.6



## ReAssure Group plc

Adjustments for:

Fair value gains on financial assets	-	(23.9)
Fair value gains on derivatives	-	(0.1)
Impairment of subsidiaries	-	196.1
Amortisation of subordinated debt	-	28.2
Capitalisation of PGHP loan	4.5	4.6
Net (increase)/decrease in working capital	(1.8)	1.2
<b>Net cash from operating activities</b>	<b>1,613.7</b>	<b>375.7</b>

**19. Management of Financial Risk**

The Company's activities are limited to the holding of investments in Group companies and borrowing in the form of a loan from one of its subsidiary undertakings. The Company is therefore exposed to liquidity risk, credit risk and interest rate risk. The risk management approach of the Company is to seek to minimise the potential adverse impact of these risks on the financial performance.

The following section discusses the Company's risk management policies. The measurement of ECL under IFRS 9 uses the information and approaches that the Company uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9.

**Credit risk**

Credit risk is the risk that the Company will suffer loss from the failure of a third party to discharge its obligations to the Company. In addition, the solvency of the Company may be impacted by a widening in credit spreads or by credit downgrades under its portfolio of money-market deposits.

The Board determines the risk appetite for the business. The risk is controlled by setting appropriate limits for counterparty exposures and communicating them to those who are responsible for complying with them.

The Company is most exposed to credit risk on money market investments and cash and cash equivalents. Money market investments mainly comprise of short-term bank deposits. The table below sets out the Company's exposure to different credit assets for those counterparties that are rated by an External Credit Assessment Institution ("ECAI"). Credit assets and their issuers are rated by ECAI's based on their credit worthiness.

	AAA £m	AA £m	A £m	Total £m
<b>As at 31 December 2021:</b>				
Collective investment schemes	60.5	-	-	60.5
Cash and cash equivalents	-	-	0.7	0.7
<b>Total</b>	<b>60.5</b>	<b>-</b>	<b>0.7</b>	<b>61.2</b>
	AAA £m	AA £m	A £m	Total £m
<b>As at 31 December 2020:</b>				
Collective investment schemes	106.5	-	-	106.5
Cash and cash equivalents	-	-	6.4	6.4
<b>Total</b>	<b>106.5</b>	<b>-</b>	<b>6.4</b>	<b>112.9</b>

*i) Credit risk measurement*

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for short-term receivables which are receivable on demand with no significant financing component. In accordance with paragraph 5.5.15 of IFRS 9, the loss allowance for such receivables is always measured at an amount equal to lifetime ECLs.

To measure the ECLs, receivables are grouped based on shared credit risk characteristics. For each group, historical loss rates are considered and applied using forward-looking information.

At 31 December 2021 the Company did not hold any assets which were subject to the above impairment review.

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below.

*ii) Definition of default and change in the risk of default*

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its debt obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

In assessing whether a borrower is in default, the Company considers indicators that are:

- Qualitative: e.g. breaches of covenant and other indicators of financial distress;
- Quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Company; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

*iii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques*

The Company determines the ECLs by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

*iv) Maximum exposure to credit risk – Financial instruments subject to impairment*

The gross carrying amount of intercompany and other receivables, reflecting the maximum exposure to credit risk, is £0m (2020: £0.1m).

*v) Loss allowance*

The loss allowance recognised in the period could be impacted by a variety of factors, as described below:

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in historical loss rates and forward-looking estimates; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

**a) Money market deposits**

The Company holds money-market deposits with approved counterparties and sets limits on counterparty exposure on an individual and aggregate counterparty basis. Credit risk is determined and monitored on a daily basis using short-term credit agency ratings.

**b) Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations. The Company monitors cash flow and performs variance analysis against actual cash held. The Company manages its liquidity risk by only paying out dividends and making repayments on borrowings once all expenses have been covered. If there are timing differences between cash inflows and cash outflows, then surplus cash is placed only with approved counterparties.

The table below shows the cash flows arising from the financial assets of the Company. All amounts disclosed represent undiscounted cash flows.

Financial Assets	No contractual maturity date	< 1 Year	Between 1 year and 5 years	> 5 Years	Total cash flows	Carrying Value
	£m	£m	£m	£m	£m	£m

**As at 31 December 2021:**

## ReAssure Group plc

Collective investment schemes	-	60.5	-	-	<b>60.5</b>	60.5
Other financial assets	-	-	-	-	-	-
Cash at bank and in hand	0.7	-	-	-	<b>0.7</b>	0.7
<b>Total</b>	<b>0.7</b>	<b>60.5</b>	<b>-</b>	<b>-</b>	<b>61.2</b>	61.2

	No contractual maturity date	< 1 Year	Between 1 year and 5 years	> 5 Years	Total cash flows	Carrying Value
	£m	£m	£m	£m	£m	£m
<b>Financial Assets</b>						
<b>As at 31 December 2020:</b>						
Collective investment schemes	-	106.5	-	-	<b>106.5</b>	106.5
Other financial assets	0.1	-	-	-	<b>0.1</b>	0.1
Cash at bank and in hand	6.4	-	-	-	<b>6.4</b>	6.4
<b>Total</b>	<b>6.5</b>	<b>106.5</b>	<b>-</b>	<b>-</b>	<b>113.0</b>	113.0

**20. Contingent Liabilities**

Liabilities may arise in respect of claims that are contingent on factors such as the interpretation of contracts, regulatory action or Ombudsman rulings. It is not possible to predict the incidence, timing or financial impact of these events with any certainty, but the Company is not aware of any significant liabilities in this regard.

**21. Dividends**

	2021	2020
	£m	£m
<b>Amounts recognised as distributions to equity holders in the year:</b>		
Interim dividend	956.6	-
<b>Total dividends paid in the year</b>	<b>956.6</b>	<b>-</b>

Interim ordinary dividends of £226.6m and £730.0m were paid in June 2021 and December 2021 respectively, both in respect of the year ended 31 December 2021.

**22. Related Parties**

Transactions between the Company and its associates are disclosed below.

**a) Immediate and ultimate parent undertaking**

The Company is incorporated and domiciled in England and Wales. The immediate parent company is Phoenix Group Holdings plc, incorporated in England and Wales.

The only group within which the financial statements of the Company are consolidated is that of PGHP, the ultimate and controlling parent undertaking of the Company. The consolidated financial statements of PGHP may be obtained on [www.thephoenixgroup.com](http://www.thephoenixgroup.com) or from its registered office at Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU.

Related party transactions disclosed in relation to the Statement of Comprehensive Income relate to transactions with Swiss Re Limited undertakings from 1 January 2020 to 21 July 2020 and Phoenix Group Holdings plc undertakings from 22 July 2020 to 31 December 2020.

Related party transactions disclosed in relation to the Statement of Financial Position relate to balances held between the Company and Phoenix Group Holdings plc undertakings.

**b) Services received from related parties**

2021	2020
£m	£m

## ReAssure Group plc

Other subsidiary undertakings of PGHP	46.1	12.9
	2021	2020
	£m	£m
Other subsidiary undertakings of Swiss Re Limited	-	59.9

Services received from related parties relate to administration expenses recharged from RUKSL, in relation to the resource costs associated with maintaining the Division's strategic, integration delivery capability, which supports the integration of newly acquired books of business into the life companies of the Division.

<b>c) Year-end balances with related parties (excluding loans)</b>	2021	2020
	£m	£m
Other subsidiary undertakings of PGHP	(0.1)	(15.4)

Year-end balances with related parties relate to amounts payable to RUKSL for the provision of activities as described in section b above.

<b>d) Loans with related parties</b>	2021	2020
	£m	£m
<b>Loan from ReAssure Life Limited</b>		
At 1 January	69.1	290.0
Interest charged	0.4	1.6
Interest paid	(0.4)	(1.5)
Repayment	-	(221.0)
<b>At 31 December</b>	<b>69.1</b>	<b>69.1</b>

On 31 December 2019, the Company received a loan of £290.0m from RLL. In 2020, the RLL Board of Directors approved the payment of a £221.0m dividend to the Company which was utilised to reduce the value of the loan to £69.0m.

	2021	2020
	£m	£m
<b>Loan from Phoenix Group Holdings plc</b>		
At 1 January	703.9	-
New loan	-	1,099.3
Interest capitalised	4.5	4.6
Repayment	(708.4)	(400.0)
<b>At 31 December</b>	<b>0.0</b>	<b>703.9</b>

On 22 July 2020, the Company received a new intercompany loan from PGHP which was recorded in the Statement of Financial Position with a carrying value of £1,099.3m; the fair value of the subordinated debt on the date that it was transferred to PGHP. The difference between the carrying value of the subordinated debt and its fair value was taken to the Statement of Comprehensive Income as a realised loss upon the transfer of the subordinated debt to PGHP (see note 4).

Interest on the intercompany loan with PGHP is capitalised on the Statement of Financial Position at the applicable interest rate of the aggregate of LIBOR plus 1.30%.

On 29 June 2021, the Company repaid the loan in full.

### 23. Post Balance Sheet Events

The Company is continuing to monitor developments regarding the conflict between Russia and Ukraine. This situation has not impacted the Company at this time and is expected to have no impact on the Company in the future.

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ReAssure Group plc

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The Directors are not aware of any other significant post balance sheet events that require disclosure within these financial statements.

