

LINCOLN INSURANCE SERVICES LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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LINCOLN INSURANCE SERVICES LIMITED

DIRECTOR'S REPORT

FINANCIAL STATEMENTS

The Director presents his report and audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company was the provision of management and administrative services to Lincoln National (UK) PLC group companies. However, the Company has not traded since 29 September 2009. The Company remains the Sponsor of the Lincoln Staff Benefits Plan, a final salary pension plan.

FUTURE DEVELOPMENTS

The Director does not anticipate that the Company or its subsidiary undertaking will recommence trading in the near future.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £523,000 (2018: £3,795,000 loss) and no dividend has been paid (2018: nil).

DETAILS OF THE DIRECTORS

The director of the Company during the year was:

J G Arko

RISK MANAGEMENT

The most significant risk is the exposure to the final salary pension plan. The Company and its parent company retain professional advisers to help manage this risk which is also included in the parent company's risk management processes. The parent company has agreed to support the Company to meet its liabilities to the final salary pension plan.

COVID-19

A coronavirus disease, Covid-19, began to spread globally in early 2020 and has been declared a pandemic by the World Health Organisation. Its emergence and reactions to it have already had a profound effect on both the domestic and global economies and financial markets. The short and long term impacts of the Covid-19 pandemic are by their nature uncertain and will be determined by many factors, including the effectiveness of government and other health measures to contain and prevent the spread of the virus and the effectiveness of economic stimulus, emergency relief and other government programs implemented to mitigate the economic and financial impact of the Covid-19. The Company will continue to monitor the impact of Covid-19 on its financial position through its usual governance mechanisms. This includes working closely with both the Parent Company in the United States and the Trustees of the Lincoln Staff Benefit Plan to understand the additional steps that are being taken to reduce the potential impact on members of the Plan. This includes working closely with both the Parent Company in the United States and the Trustees of the Lincoln Staff Benefit Plan to understand the additional steps that are being taken to reduce the potential impact on members of the Plan.

LINCOLN INSURANCE SERVICES LIMITED

DIRECTOR'S REPORT

(continued)

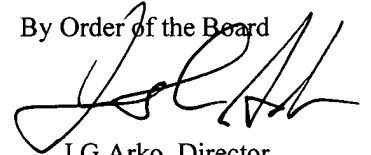
DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as the Director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of former directors and the Company's auditor, the Director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Pursuant to Section 386 of the Companies Act 1985, the Company passed an elective resolution on 25 July 1994 to dispense with the obligation to reappoint auditors annually.

By Order of the Board



J G Arko, Director
4 September 2020

LINCOLN INSURANCE SERVICES LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 102). Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Group and the Company and the profit or loss of the group for that period.

In preparing these financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and 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. He is also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT
To the members of
LINCOLN INSURANCE SERVICES LIMITED

Opinion

We have audited the financial statements of Lincoln Insurance Services Limited for the year ended 31 December 2019 which comprise the Statement of Consolidated Comprehensive Income, the Consolidated and Parent Statement of Financial Position and the related notes 1 to 11 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the groups' and parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 below. 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.

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

Emphasis of matter – Covid-19

We draw attention to notes 1 and 12 of the financial statements, which describe the going concern consideration and the economic and social disruption the company is facing as a result of Covid-19 which is impacting financial markets. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the director's report and financial statements, other than the financial statements and our auditor's report thereon. The director is responsible for the other information.

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.

INDEPENDENT AUDITORS' REPORT
To the members of
LINCOLN INSURANCE SERVICES LIMITED
(continued)

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has 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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement set out on page 2, the director is 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 director determines 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 director is 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 director either intends 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

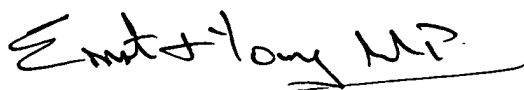
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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
LINCOLN INSURANCE SERVICES LIMITED
(continued)

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

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style and is underlined.

Richard Page (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
9 September 2020

LINCOLN INSURANCE SERVICES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> <u>£000</u>	<u>2018</u> <u>£000</u>
Adjusted net interest under FRS 102 on the defined benefit pension asset		4	(25)
Administrative expenses	2	(798)	(1,706)
Reversal of expenses not recognised in remeasurement in 2018		271	(271)
Enhanced transfer value settlement	3d	-	(1,793)
Operating loss		<u>(523)</u>	<u>(3,795)</u>
Taxation	4	-	-
Loss for the financial year after taxation		<u>(523)</u>	<u>(3,795)</u>
Other Comprehensive Income			
Remeasurement (loss)/profit recognised on defined benefit pension plan	3	(275)	2,089
Total comprehensive loss for the year		<u>(798)</u>	<u>(1,706)</u>

The loss after tax dealt with in the accounts of the Company amounts to £523k (2018: £3,795k loss).

The consolidated statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying notes on pages 9 to 15 form an integral part of these financial statements.


LINCOLN INSURANCE SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> <u>£000</u>	<u>2018</u> <u>£000</u>
CURRENT ASSETS			
Prepayments	6	29	-
Intercompany account with Lincoln National Life	10	-	1,911
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	7	(9)	(1,093)
<u>Total net assets</u>		<u>20</u>	<u>818</u>
CAPITAL AND RESERVES			
Called up share capital	8,9	4,290	4,290
Additional capital contribution		23,053	23,053
Profit and loss account	9	(27,323)	(26,525)
<u>Equity shareholders' funds</u>		<u>20</u>	<u>818</u>

Approved at a meeting of the Board of Directors on 4 September 2020 and signed on its behalf.

The accompanying notes on pages 9 to 15 form an integral part of these financial statements


J G Arko, Director
4 September 2020

LINCOLN INSURANCE SERVICES LIMITED

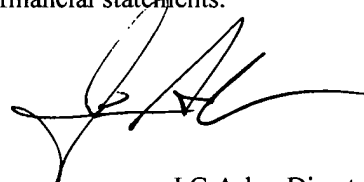
COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

COMPANY NUMBER 1814420

	<u>Note</u>	<u>2019</u> <u>£000</u>	<u>2018</u> <u>£000</u>
CURRENT ASSETS			
Prepayments	6	29	-
Intercompany account with Lincoln National Life		-	1,911
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	7	(9)	(1,093)
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J G Arko, Director
4 September 2020

LINCOLN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared on the going concern basis as the parent Company has agreed to provide ongoing support to enable the Company to fund the Lincoln Staff Benefit Plan. The director, whilst considering the impact of specific Covid-19 stress scenarios on financial markets, notes the commitment to future support as required and accordingly concluded that it remains appropriate to prepare these financial statements on a going concern basis.

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards including FRS 102.

The group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December 2019. No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006.

b) Interest receivable

Interest is credited on a receivable basis.

c) Investments in Group Undertakings

The Company's investments in group undertakings are shown at cost less amounts repaid and written off.

d) Pension costs

Lincoln in the UK operated various final salary pension plans until April 1997 when they were all merged with the Lincoln Staff Benefits Plan (the Plan). The Plan is established under trust and was a contributory plan. It provides death and pension benefits based on final pensionable salary. The assets of the Plan are held by a custodian bank and are invested in a range of assets designed to match the movements in the liabilities of the Plan.

For defined benefit plans the amount charged to operating profit is the cost of accruing benefits contractually obligated to employees over the year plus any benefit improvements granted to members by the Lincoln group during the year. The profit and loss account includes a credit equivalent to the Company's expected return on the pension plan's assets over the year, offset by a charge equal to the expected increase in the plans' liabilities over the year. The difference between the market value of the plans' assets and the present value of the plans' liabilities would be disclosed as an asset or liability on the balance sheet, net of deferred tax (to the extent that it is recoverable) except that at the balance sheet date the plan is closed to future accrual and hence has not been recorded. Any differences between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the plans, are recognised in the statement of total recognised gains and losses.

LINCOLN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(continued)

2. ADMINISTRATIVE EXPENSES

	2019 £000	2018 £000
Pension administration expenses	1,711	2,379
(Transfer from) /payment to escrow account	(923)	(682)
Auditors' remuneration	10	9
Total	<u>798</u>	<u>1,706</u>

The Company and the Trustees of the Lincoln Staff Benefit Plan agreed to carry out a number of risk reduction exercises in 2017 including an enhanced transfer value exercise and various data cleansing exercises. The Company paid £2m into an escrow account in 2017 to cover specific costs associated with the risk reduction exercises that may not have been appropriate to have been paid directly by the Plan (note 3). £166k was used from the escrow account in 2019 (2018: £682k) and has been treated as part of the administration expense. The balance on the escrow account was transferred to the Plan in April 2019.

3. PENSION PLANS

- a) The Lincoln Staff Benefits Plan (the Plan) is a final salary plan which no longer has any active members.
- b) In October 2019, the Trustees sold alternative growth assets and debt securities to purchase an annuity from a UK insurance company (a buy-in). The annuity will pay to the Plan monthly an amount that exactly matches the payments made to a specific group of pensioners.
- c) In advance of the triennial valuation at 5 April 2017, the Company contributed £6.0m to the plan in March 2017. This was to pay any potential costs associated with risk reductions exercises being planned with the cooperation of the Trustees and to eliminate any expected deficit in the Plan. The contribution included £2m paid in advance to cover the anticipated costs of the plan for the next three years. The triennial valuation carried out by the Actuary to the plan showed the plan was in surplus. However, the Company made the further payment of £2m into an escrow account to cover specific costs associated with the risk reduction exercises that may not have been appropriate to have been paid by the Plan. The surplus on the escrow account after the specific costs were incurred of £757k was paid into the Plan in April 2019 as a Company expense contribution. Additionally, a further expense contribution of £1,902k was made in October 2019 to cover additional data cleanse work and costs associated with the buy-in of a group of pensioner liabilities.
- d) The Plan and the Company have carried out an Enhanced Transfer Value exercise in 2018, whereby the Company has written to deferred members offering them transfer values in excess of what the Plan might usually offer. The changes to the assets and liabilities in respect of this exercise are shown in the settlements line of the asset and liability reconciliations below.
- e) The next triennial valuation was due at 5 April 2020. Discussion between the Company and the Trustees are ongoing. At this stage, it is unclear if further contributions will be required.
- f) Mortality is assumed to follow the standard table S2PMA Light with a scaling factor of 108% for males and the standard table S2PFA Light with a scaling factor 91% for females. Improvements are in line with CMI 2016 core projections with a long term trend rate of 1.25% rebased to 2007.

LINCOLN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(continued)

The financial assumptions used at 31 December were:

	31 Dec 2019	31 Dec 2018
Discount rate (p.a.)	2.00%	2.85%
RPI inflation (p.a.)	3.20%	3.40%
CPI inflation (p.a.)	2.30%	2.40%
Deferred Revaluation (in excess of GMP)	2.35%	2.35%
Pension increases in payment (in excess of GMP):		
- for service to 5 April 1997	2.30%	2.40%
- for service from 6 April 1997	2.10%	2.15%
Life expectancy at 65 for male aged 65	22.8	22.7
Life expectancy at 65 for female aged 65	25.0	25.0
Life expectancy at 65 for male aged 45	24.1	24.0
Life expectancy at 65 for female aged 45	26.5	26.4

Balance Sheet position as at 31 December

	31 Dec 2019 £000	31 Dec 2018 £000
Fair value of plan assets at end of year	295,872	292,698
Present value of defined benefit obligations at end of year	(286,500)	(251,800)
Funded status at end of year	9,372	40,898
Amount not recognised as asset under FRS102	(9,372)	(40,898)
Net defined benefit obligation	-	-

As the Plan is closed to new accruals, the surplus is not recognised as an asset in the balance sheet of the Company.

The following table provides information on the broad composition and fair value of assets of the plan

	2019 %	2018 %
Annuity contract with a life insurance company	37	-
Equities and alternative growth assets	34	48
Debt Securities	25	41
Other – Cash, swap instruments & property	4	11
Total	100	100

LINCOLN INSURANCE SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019**

(continued)

Reconciliation of fair value of assets	Year ended	Year ended
During the year:	31 December 2019	31 December 2018
	<u>£000</u>	<u>£000</u>
Fair value of Plan assets at beginning of year	292,698	333,747
Interest income on Plan assets	8,132	7,796
Return on Plan assets in excess of/(less than) interest income	9,896	(17,563)
Contribution by the employer	1,982	2,108
Benefits paid	(15,125)	(11,363)
Administration expenses	(1,711)	(2,379)
Assets distributed on settlement	-	(19,648)
Fair value Plan assets at end of year	<u>295,872</u>	<u>292,698</u>
Reconciliation of fair value of benefit obligations	Year ended	Year ended
During the year:	31 December 2019	31 December 2018
	<u>£000</u>	<u>£000</u>
Present value of obligations at beginning of year	251,800	302,900
Liabilities extinguished on settlement	-	(17,955)
Interest cost	6,962	7,065
Actuarial loss/(profit)	42,863	(28,947)
Benefits paid	(15,125)	(11,363)
Present value of obligations at end of year	<u>286,500</u>	<u>251,800</u>
Amounts recognised in the Profit and Loss	Year ended	Year ended
During the year:	31 December 2019	31 December 2018
	<u>£000</u>	<u>£000</u>
Pension administration expenses	1,711	2,379
Net interest on the net defined benefit asset	(1,170)	(731)
Interest cost on adjustment for limit in FRS102 paragraph 28.22	1,166	756
Enhanced transfer value settlements	-	1,793
Total expense recognised in the profit and loss	<u>1,707</u>	<u>4,197</u>
Remeasurement effects recognised in other comprehensive income (OCI)	Year ended	Year ended
	31 December 2019	31 December 2018
	<u>£000</u>	<u>£000</u>
(Gain)/loss on assets excluding interest income	(9,896)	17,563
Experience loss/(gain) on liabilities	9,830	(55)
Actuarial loss/(gain)/loss on change of assumptions	33,033	(28,892)
Effect of curtailment	(32,692)	9,295
Total loss/(gain) recognised in OCI	<u>275</u>	<u>(2,089)</u>

LINCOLN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(continued)

4. TAXATION

a) Factors affecting current tax charge for the period:

The tax charge for the year is based on the effective United Kingdom rate of corporation tax for the year of 19.0% (2018: 19.0%).

The tax charge for the year differs from the effective UK rate of corporation tax and the difference is explained below.

	2019 £000	2018 £000
Loss on ordinary activities before tax	(523)	(3,795)
Corporation tax at 19.0% (2018: 19.0%)	99	721
Effects of:		
Income/(losses) not deductible for tax purposes	53	(397)
Post cessation losses not recognised for deferred tax purposes	(152)	(324)
	(99)	(721)
Current tax charge for the period	-	-

b) Deferred Tax

As it is not anticipated that the Company will have any future taxable profits, there are unrecognised deferred tax assets of £5,907,000 (2018: £5,756,000) relating to post cessation losses.

5. INVESTMENTS IN GROUP UNDERTAKINGS

The Company's investment in group undertakings are shown at cost less amounts repaid and written off. The wholly owned subsidiary undertaking is as follows:

<u>Subsidiary</u>	<u>Principal Activities</u>
Lincoln SBP Trustees Limited	Dormant

6. PREPAYMENTS

In advance of the last triennial valuation at 5 April 2017 of the Pension Plan, the Company agreed to make a payment of £2m in 2017 to cover the expected administration of the plan from 6 April 2017 to 5 April 2020. However, the enhanced transfer value exercise (note 3c) and associated data cleanse work resulted in the costs exceeding this value at the end of 2018. A further £2,660k was paid into the plan in 2019.

LINCOLN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(continued)

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2019	2018
	<u>£000</u>	<u>£000</u>
	Group and	Group and
	Company	Company
Lincoln Staff Benefit Plan	-	1,084
Accruals	9	9
	<u>9</u>	<u>1,093</u>

The expenses associated with the enhanced transfer value exercise (note 3c) and associated data cleanse work resulted in the expenses of the Lincoln Staff Benefit Plan in 2018 exceeding the advance for expenses made by the Company in 2017. The balance was settled in 2019.

8. SHARE CAPITAL		2019	2018
		<u>£000</u>	<u>£000</u>
Authorised			
29,200,000 ordinary shares of £1 each		<u>29,200</u>	<u>29,200</u>
Allotted, issued and fully paid			
4,290,000 ordinary shares of £1 each		<u>4,290</u>	<u>4,290</u>
9. RESERVES	Share capital	Profit and loss account	Total share-holders funds
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balance at 1 January 2018	25,423	(24,819)	604
Loss attributable to members	-	(3,795)	(3,795)
Movement in Other Comprehensive Income	-	2,089	2,089
Additional capital contribution	1,920	-	1,920
Balance at 31 December 2018	<u>27,343</u>	<u>(26,525)</u>	<u>818</u>
Loss attributable to members	-	(523)	(523)
Movement in Other Comprehensive Income	-	(275)	(275)
Balance at 31 December 2019	<u>27,343</u>	<u>(27,323)</u>	<u>20</u>

Additional capital was injected on 29 December 2018 and was used to reimburse the Lincoln Staff Benefits Plan (LSBP) for the operating expenses of the Plan (Note 3b) in October 2019. There are no rights or obligations associated with the capital contributions.

LINCOLN INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

(continued)

10. RELATED PARTIES

Additional capital of £1,920k was injected into the Company on 29 December 2018 as the expenses of the LSBP were higher than expected. No cash was transferred to the Company at that time as there was no immediate requirement to make a payment into the LSBP. The intercompany balance between the entities, including this amount, was settled in October 2019.

11. ULTIMATE HOLDING COMPANY

In the Director's opinion the ultimate holding company, controlling party, and the parent undertaking of the largest group of undertakings for which group accounts are prepared is Lincoln National Corporation, a company incorporated in Indiana, United States of America.

Copies of the accounts can be obtained from:

London Registrars plc
Suite A
6 Honduras Street
London
EC1Y 0TH

12. POST BALANCE SHEET EVENTS

Subsequent to the Company's year end, the full extent of the Coronavirus (Covid-19) pandemic has begun to emerge with significant volatility in financial markets around the world and Government imposed restrictions on movement. Despite the significant stimulus packages announced around the globe, it is likely that many developed countries will enter a period of downturn, the severity and length of which are unknown.

The extent of the future impact on the Company cannot be estimated with any certainty. However, the director has considered that the Company does not trade and the parent Company has agreed to support the Company in its funding of the Lincoln Staff Benefits Plan.