

# **Halifax Financial Brokers Limited**

Annual report and financial statements  
for the year ended 31 December 2022

**Registered office**

Trinity Road  
Halifax  
West Yorkshire  
HX1 2RG

**Registered number**

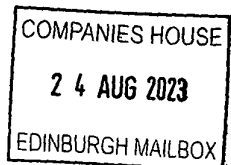
02367078

**Current Directors**

M Lendon  
M Wilson

**Company Secretary**

K J McKay



Member of Lloyds Banking Group

THURSDAY



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24/08/2023

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**Directors' report**

For the year ended 31 December 2022

The Directors present the Annual report and audited financial statements of Halifax Financial Brokers Limited (the "Company") for the year ended 31 December 2022.

The Company is a wholly owned subsidiary of Halifax Financial Services (Holdings) Limited and part of the Insurance, Pensions and Investments ("IP&I") Division of Lloyds Banking Group ("the Group").

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and therefore does not include a Strategic report.

**General information**

The Company is a private company limited by shares, incorporated and domiciled in the United Kingdom (UK) (registered number: 02367078).

**Principal activity**

The principal activity of the Company was to generate initial commission from the sale of annuity products under the trading name of Bank of Scotland Annuity Service (BoSAS). The changes announced to pensions in the 2014 Budget resulted in the cessation of new business income on annuity products.

The Company was previously regulated by the Financial Conduct Authority (FCA), but became de-authorised on 5th July 2019. The Company stopped accepting renewal commission at this point, and returned any monies received post this date.

The principal activity of the Company in 2022 and 2021 was the management of financial assets and liabilities.

**Company performance**

The result of the Company for the year ended 31 December 2022 is a result after taxation of £nil (2021: £nil result) for the year as set out in the Statement of comprehensive income on page 4.

The total retained earnings of the Company at 31 December 2022 are £3,040,000 (2021: £3,040,000).

The Company has shareholders' equity of £3,240,000 (2021: £3,240,000).

During the year, £nil of dividends were paid (2021: £nil). No final dividend is proposed in respect of the year ended 31 December 2022 (2021: £nil).

**Key performance indicators (KPIs)**

Given the fact that the Company is no longer accepting new business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The development, performance and position of the IP&I Division are presented within the Lloyds Banking Group's annual report, which does not form part of this report.

**Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Lloyds Banking Group and are not managed separately for the Company. Further details of the Company's and Lloyds Banking Group's risk management policy are contained in note 9 to the financial statements.

Other significant uncertainties are discussed in detail below.

**Long term impact of the United Kingdom's exit from the European Union**

Uncertainties in respect of the medium to long-term implications of the United Kingdom's (UK) exit from the European Union (EU) on trade, regulation and employment continue to present risks. This includes impacts on supply chains, affordability of goods and services and UK demographics and prosperity. The Directors believe that there will be limited impact on the Company.

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**Directors' report (continued)**

For the year ended 31 December 2022

**Russian invasion of Ukraine**

The Russian invasion of Ukraine, beginning in February 2022, has increased tensions between members of the North Atlantic Treaty Organisation ("NATO") and Russia and caused sanctions to be imposed. This has had created significant adverse economic effects on financial markets and on energy costs, and may also result in increased cyber attacks and an increase in costs associated with such cyber attacks, all of which could have a materially adverse effect on the Group's results of operations, financial condition or prospects. The Group will monitor the situation and risks to the business. The Directors believe that there will be limited impact on the Company.

**Future outlook**

It is the intention of the Directors to place the Company into voluntary liquidation as soon as practicable.

**Dividends**

No dividends were paid or proposed during the year ended 31 December 2022 (2021: £nil).

**Going concern**

As there is the intention to liquidate the Company as soon as is possible, the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. There would be no difference to asset values between a going concern basis and a basis other than going concern under the historical cost convention.

**Directors**

The names of the current Directors are listed on the front cover.

The following changes have taken place between the beginning of the reporting period and the approval of the Annual report and financial statements:

P R Grant	(resigned 10 November 2022)
M Wilson	(appointed 10 November 2022)
S W Lowther	(resigned 31 December 2022)
M London	(appointed 31 December 2022)

No Director had any interest in any material contract or arrangement with the Company during or at the end of the year.

**Directors' indemnities**

Lloyds Banking Group plc has granted deeds of indemnity by deed poll and by way of entering into individual deeds, which for the purposes of the Companies Act 2006 constitute 'qualifying third-party indemnity provisions' to the Directors of its subsidiary companies, including those of the Company. Such deeds were in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of the Directors who join the Board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this indemnity during that period of service.

The deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Company has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements in accordance with 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 give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

**Directors' report (continued)**

For the year ended 31 December 2022

**Statement of Directors' responsibilities (continued)**

In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies;
- state whether the financial statements comply with 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure of information to auditor**

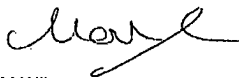
In accordance with Section 418 of the Companies Act 2006, in the case of each Director in office at the date the Directors' report is approved:

- so far as the 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 a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Independent auditor**

Pursuant to section 487 of the Companies Act 2006, auditors duly appointed by the members of the Company shall, subject to any resolution to the contrary, be deemed to be reappointed for the next financial year and Deloitte LLP will therefore continue in office.

Approved by the Board of Directors and signed on its behalf by:



M Wilson  
Director

10 August 2023

**Statement of comprehensive income**

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Result before tax	4	-	-
Taxation	5	-	-
Result for the year, being total comprehensive result		-	-

The notes set out on pages 8 to 13 are an integral part of these financial statements.

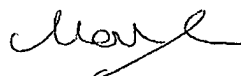
**Balance sheet**

As at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>ASSETS</b>			
Amounts due from group undertakings	6	3,283	3,285
Trade and other receivables	6	1	1
<b>Total assets</b>		<b>3,284</b>	<b>3,286</b>
<b>LIABILITIES</b>			
Provision for liabilities and charges	7	44	44
Current tax liability		-	2
<b>Total liabilities</b>		<b>44</b>	<b>46</b>
<b>EQUITY</b>			
Share capital	8	200	200
Retained earnings		3,040	3,040
<b>Total equity</b>		<b>3,240</b>	<b>3,240</b>
<b>Total equity and liabilities</b>		<b>3,284</b>	<b>3,286</b>

The accompanying notes set out on pages 8 to 13 are an integral part of these financial statements.

The financial statements on pages 4 to 7 were approved by the Board on 10 August 2023, and signed on behalf of the Board:



M Wilson  
Director

10 August 2023

**Statement of changes in equity**

For the year ended 31 December 2022

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021	200	3,040	3,240
Result for the year	-	-	-
At 31 December 2021	200	3,040	3,240
Result for the year	-	-	-
At 31 December 2022	200	3,040	3,240

The notes set out on pages 8 to 13 are an integral part of these financial statements.

**Cash flow statement**

For the year ended 31 December 2022

	2022 £'000	2021 £'000
<b>Cash flows used in operating activities</b>		
Result before tax	-	-
Changes in operating assets and liabilities:		
- Decrease/(increase) in amounts due from group undertakings	2	(3,285)
- Decrease in Trade and other payables	-	(294)
- Decrease in Provision for liabilities and charges	-	(19)
<b>Cash generated from/(used in) operations</b>	<b>2</b>	<b>(3,598)</b>
Tax paid	(2)	-
<b>Net cash used in operating activities</b>	<b>-</b>	<b>(3,598)</b>
<b>Change in Cash and cash equivalents</b>	<b>-</b>	<b>(3,598)</b>
Cash and cash equivalents at beginning of year	-	3,598
<b>Cash and cash equivalents at end of year</b>	<b>-</b>	<b>-</b>

The notes set out on pages 8 to 13 are an integral part of these financial statements.

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**Notes to the financial statements**

For the year ended 31 December 2022

**1. Basis of preparation**

Halifax Financial Brokers Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office can be found on the front page, and its principal activity is included in the Directors' report.

The financial statements for the year ended 31 December 2022 have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial information has been prepared under the historical cost convention.

In the preparation of these financial statements the Balance sheet has been arranged in order of liquidity.

No new IFRS pronouncements which have been adopted resulted in a material impact within these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2022 and which have not been applied in preparing these financial statements are given in note 13. No standards have been early adopted.

As there is the intention to liquidate the Company as soon as is possible, the financial statements have been prepared on a basis other than going concern. There would be no difference to asset values between a going concern basis and a basis other than going concern under the historical cost convention.

**2. Accounting policies**

The Company's accounting policies are set out below. These accounting policies have been applied consistently.

**2.1 Income recognition****Finance income**

Interest income for all interest bearing financial instruments is recognised in the Statement of comprehensive income as it accrues, within Finance income.

**2.2 Financial assets and liabilities**

Management determines the classification of its financial assets and financial liabilities at initial recognition. Financial assets comprise Trade and other receivables and Amount due from group undertakings. Financial liabilities comprise Provisions for liabilities and charges.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Company has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Company has neither retained nor transferred substantially all of the risks and rewards, but has transferred control. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

All financial assets and financial liabilities are stated at amortised cost.

**2.3 Taxation**

Tax expense comprises current tax. Current tax is charged or credited in the Statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**2. Accounting policies (continued)****2.3 Taxation (continued)**

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs (HMRC) or other relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

**2.4 Provision for liabilities and charges**

Provisions are recognised in respect of present obligations arising from past events where it is probable that outflows of resources will be required to settle the obligations and they can be reliably estimated.

**2.5 Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

**3. Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the Company's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the course of preparing these financial statements, no critical judgements or estimates have been made in the process of applying the Company's accounting policies.

**4. Result before tax**

Fees payable to the Company's auditors for the audit of the financial statements of £14,935 (2021: £14,224) have been borne by a fellow group company and are not recharged to the Company.

The Company did not have any employees during the year (2021: none).

The Directors, who are considered to be key management, received no remuneration in respect of their services to the Company. The emoluments of the Directors are paid by a fellow Group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company. The Directors are also Directors of a number of other subsidiaries of the Group and are also substantially engaged in managing their respective business areas within the Group. Given this, it is not possible to make an accurate apportionment of Directors' emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors.

**5. Taxation**

	2022 £'000	2021 £'000
<b>a) Analysis of charge for the year</b>		
UK corporation tax:		
- Current tax on taxable result for the year	-	-

Corporation tax is calculated at a rate of 19.00% (2021: 19.00%) of the taxable profit for the year.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**5. Taxation (continued)****b) Factors affecting the tax charge for the year**

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the result before tax to the actual tax charge for the year is given below:

	2022 £'000	2021 £'000
Result before tax	-	-
Tax charge thereon at UK corporation tax rate of 19.00% (2021: 19.00%)	-	-
Factors affecting charge:		
- Timing differences not recognised	-	-
Tax charge on result	-	-
Effective rate	0.00%	0.00%

Finance Act 2021, which received Royal Assent on 10 June 2021, increases the rate of corporation tax from 19% to 25% with effect from 1 April 2023.

**Deferred tax asset**

A deferred tax asset of £5,000 (2021: £5,000) relating to miscellaneous losses has not been recognised on the basis that the Company has insufficient forecast taxable profits to recover the asset in future periods. Subject to some conditions the losses can be carried forward indefinitely and offset against future taxable profits.

**6. Trade and other receivables**

	2022 £'000	2021 £'000
Interest income receivable	1	1
Amounts due from group undertakings (see note 10)	3,283	3,285
	3,284	3,286

Amounts due from group undertakings are non-interest bearing, unsecured and repayable on demand, although there is no expectation that such a demand would be made.

**7. Provision for liabilities and charges**

	2022 £'000	2021 £'000
Opening provision	44	63
Utilised during the year	-	(19)
	44	44

The mortgage endowment provision relates to expected costs arising from endowment review cases. The amount of the provision has been calculated using past trends, experience to date of the percentage of cases upheld and average compensation payment made.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**8. Share capital**

	2022 £'000	2021 £'000
<b>Allotted, issued and fully paid</b>		
200,000 (2021: 200,000) ordinary shares of £1 each	200	200

**9. Financial risk management**

This note summarises the risks associated with the activities of the Company and the way in which these are managed.

The Company is exposed to a range of financial risks through its financial assets and financial liabilities.

**9.1 Market risk**

Market risk is defined as the risk that the Company's capital or earnings profile is affected by adverse market rates.

**9.2 Credit risk**

Credit risk is the risk that counterparties with whom we have contracted, fail to meet their financial obligations, resulting in loss to the Company.

Credit risk is managed in line with the IP&I Division's Credit Risk Policy and the wider Group Credit Risk Policy which set out the principles of the credit control framework.

Credit risk to the Company arises primarily from exposure to intercompany receivables and other receivables. The intercompany receivable balance held with the immediate parent is for £3,283,000 (2021: £3,285,000) and is not rated by Standard & Poor's rating or equivalent.

Credit risk in respect of intercompany balances is not considered to be significant.

There were no past due or impaired financial assets as at 31 December 2022 (2021: none). No terms in respect of financial assets had been renegotiated at 31 December 2022 (2021: none).

**9.3 Capital risk**

Capital risk is defined as the risk that the Company has a sub-optimal quantity or quality of capital or that capital is inefficiently deployed across the Company.

Within the Insurance Pensions and Investments Finance Division, capital risk is actively monitored by the Insurance, Pensions and Investments Asset and Liability Committee ("IPIALCO").

The Company's objectives when managing capital are to ensure that sufficient capital is available to safeguard the Company's ability to support business activities until liquidation occurs.

The Company's capital comprises all components of equity of £3,240,000 (2021: £3,240,000), movements in which are set out in the Statement of changes in equity.

**9.4 Liquidity risk**

Liquidity risk is defined as the risk that the Company does not have sufficient financial resources to meet its commitments as they fall due or can only secure them at excessive cost. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or from the inability to generate cash inflows as anticipated.

Liquidity risk is managed in line with the Insurance Liquidity Risk Policy and the wider Lloyds Banking Group Funding and Liquidity Policy.

**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**10. Related party transactions**

The Company's immediate parent undertaking is Halifax Financial Services (Holdings) Limited, a Company registered in the United Kingdom. Halifax Financial Services (Holdings) Limited has taken advantage of the provisions of the Companies Act 2006 and has not produced consolidated Financial Statements.

The ultimate parent undertaking and controlling party is Lloyds Banking Group plc, which is the parent undertaking of the only group to consolidate these Financial Statements. Once approved, copies of the consolidated Annual Report and Financial Statements of Lloyds Banking Group plc may be obtained from Lloyds Banking Group's head office at 25 Gresham Street, London EC2V 7HN or downloaded via [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com).

				2022 £'000	2021 £'000
<b>Amounts due from group undertakings</b>					
<b>Nature of transaction</b>	<b>Related party</b>	<b>Repayment</b>	<b>Interest</b>		
Amounts due from group undertakings	Halifax Financial Services (Holdings) Limited	N/A	N/A	3,283	3,285

The above balances are unsecured in nature and are expected to be settled in cash or by cash equivalents. Transactions in the year are those reflected through the Statement of comprehensive income.

The registered offices of related parties are noted below:

Related party	Related party relationship	Registered address
Lloyds Banking Group plc	Ultimate parent company	The Mound, Edinburgh, EH1 1YZ
Halifax Financial Services (Holdings) Limited	Parent company	Trinity Road, West Yorkshire, HX1 2RG

**Key management personnel**

There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company which, for the Company, are all Directors and Insurance, Pensions and Investments Executive Committee members. There were no transactions between the Company and key management personnel during the current or preceding year.

**11. Contingent liabilities and capital commitments**

The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2013, HMRC informed the Group that its interpretation of the UK rules means that the group relief is not available. In 2020, HMRC concluded their enquiry into the matter and issued a closure notice. The Group's interpretation of the rules has not changed and, following an appeal to the First Tier Tax Tribunal, a hearing was held in May 2023 with judgement awaited. If the final determination of the matter by the judicial process is that HMRC's position is correct, management estimate that this would result in an increase in current tax liabilities for the company of approximately £2,149,000 (including interest). The Group, having taken appropriate advice, does not consider that this is a case where additional tax will ultimately fall due.

**12. Post balance sheet events**

There are no post balance sheet events.

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**Notes to the financial statements (continued)**

For the year ended 31 December 2022

**13. Future developments**

The following pronouncements are not applicable for the year ending 31 December 2022 and have not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
Minor amendments to other accounting standards.	The IASB has issued a number of minor amendments to IFRSs effective 1 January 2023 (including IAS 1 Presentation of the financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors).	Annual periods beginning on or after 1 January 2023.

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## **Independent auditor's report to the members of Halifax Financial Brokers Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, the financial statements of Halifax Financial Brokers Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its result for the year 31 December 2022 then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity 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 Financial Reporting Council's (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- Financial statement prepared other than on a going concern basis**

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of going concern. Our opinion is not modified in respect of this matter.

## **Independent auditor's report to the members of Halifax Financial Brokers Limited (continued)**

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### **Other information**

The other information comprises the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are 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 our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Independent auditor's report to the members of Halifax Financial Brokers Limited  
(continued)**

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**Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Independent auditor's report to the members of Halifax Financial Brokers Limited  
(continued)**

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**Report on other legal and regulatory requirements**

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

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

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**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.



Paul Cowley CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom  
10 August 2023