

RGA UK Services Limited

Annual report and financial statements

For the year ended 31 December 2022

Incorporated in the United Kingdom and
registered in England and Wales

Registered number 03086510

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Annual report and financial statements

Contents	Pages
Strategic report	1-2
Directors' report	3-4
Directors' responsibilities statement	5
Independent auditor's report	6-9
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13-24

Strategic report for the year ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022. RGA UK Services Limited is a private company limited by shares.

Principal activities and review of the business

The principal activity of RGA UK Services Limited, the ("Company"), is to provide management services to other members of the RGA group of companies.

The Company commenced trading as of 1 September 2000.

During 2022 management service charges were levied on many group companies with the most significant being: RGA Reinsurance Company Inc., RGA International Reinsurance Company dac, RGA Americas Reinsurance Company Limited, RGA Atlantic Reinsurance Company Limited, RGA Global Reinsurance Company Limited and Omnilife Insurance Company Limited.

The future growth of this business is dictated by the resource requirements of the group and the operational needs of RGA globally for resources based in the UK. The most appropriate measures of the growth of the Company are the management charges reported as Turnover in the profit and loss account and the headcount reported in note 5 of these financial statements.

As a basis for growing the RGA brand, the Company also has licence to act as an insurance intermediary. The licence permits the Company to conduct certain regulated business activities with companies that are not part of the RGA group in order to increase income and market share through the use of innovative products and solutions.

Key performance indicator

The main KPI monitored by management is the expenditure of the Company against a budget set as part of the Reinsurance Group of America, Inc. group annual planning process. Actual expenditure was 5% over plan in 2022 (2021: under plan by 11%) on a management reporting basis.

The negative variance experienced during the year was in part due to overspends on consulting costs on some project activities. In addition, some of the rent related costs, such as business rates and service charges, were higher than anticipated. Furthermore, the long-term incentive compensation costs were higher than budgeted.

Results for the year

The results for the year are set out on page 10. The result is a profit on ordinary activities after taxation for the year of £3,444,343 (2021: profit of £2,047,973).

Principal risks and uncertainties

The Company faces few financial risks beyond trade credit exposure to group companies to which it provides services and a degree of contractual prepayment to its landlord in terms of a property lease. When dealing with other third parties the Company seeks to minimise the quantum of prepayments made.

Strategic report for the year ended 31 December 2022 *(continued)*

Section 172(1) statement

The directors of the Company continue to have regard to the interest of the Company's stakeholders, including the impact of its activities on its employees, the community, the environment and the Company's reputation, when making decisions. The Directors of the Company have acted in accordance with their duties codified in law, in particular their duty to act in a way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its member as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

The Directors of the Company are also directors of its parent company, RGA Holdings Limited, which helps the Company's Managing Director to manage the Group's operation and implement the Group's strategy and in doing so (amongst other matters) took into account:

- a) the likely consequences of any decisions in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with fellow group companies and suppliers;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly with the shareholder of the Company.

The principal activity of the Company is the provision of management services to other group companies. The Director's acknowledge that it is sometimes necessary, for the sustainability of the business as a whole, to reorganise the Company's operational model and enter into agreements with other group companies. The Directors engage with its stakeholders in making those decisions.

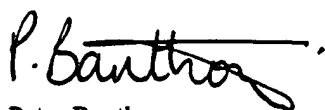
The Board also reviews management information on financial and operational performance as well as information covering key risks and regulatory compliance. The Board reviews and approves the Company's strategy and any significant changes to the business.

As result of these activities the Board has an overview of engagement with stakeholders, and other relevant factors which enables the Directors to comply with their legal duty under the act.

Future developments

The future growth of the business is dictated by the income generated from the provision of management services to other members of the RGA group of companies.

Approved by the board and signed on its behalf by:



Peter Banthorpe

Director

30 May 2023

Directors' report for the year ended 31 December 2022

The directors present their annual report, together with the financial statements and auditor's report of the Company, for the year ended 31 December 2022.

Review of the business and future developments

The directors have reviewed the business and have included their report in the Strategic report on pages 1 to 2.

Principal risks and uncertainties

The Company's principal risks and how they are managed are covered within the Strategic report on pages 1 to 2.

Streamlined energy and carbon reporting

We have reported on all sources of greenhouse gas ("GHG") emissions and energy usage as reported under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

GHG emissions and energy usage data

	UK	
	2022	2021
Emissions from combustion of gas (Scope 1 - tonnes of CO ₂ e)	31	23
Emissions from electricity purchased for own use (Scope 2 - tonnes of CO ₂ e)	73	59
Total gross CO₂e based on above	104	82
Energy consumption used to calculate emissions - kWh	540,212	399,220
Ratio of emissions to Turnover	0.000002	0.000002

The CO₂e emissions have been calculated using the UK Government GHG conversion factors for company reporting for the year 2022. The Company does not produce goods but provides services to fellow group members and therefore considers carbon emissions as a ratio of turnover a reasonable measure of its activities.

Engagement with stakeholders

The directors have reviewed how they engage with various stakeholders and have included their report in the Strategic report on pages 1 and 2.

Events after the balance sheet date

There were no events affecting the Company since the year end.

Going concern

The Company's business activities, strategy and financial position are set out in the Strategic report on pages 1 to 2.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Dividends

The directors recommend that no dividend be paid in respect of the year to 31 December 2022 (2021: £nil). No dividends were proposed for after the year end.

Directors' report for the year ended 31 December 2022 (continued)

Directors and directors' indemnity

The directors and their status, throughout the year and at the date of this report were as follows:

Peter Banthorpe	Managing Director
Simon Wainwright	Executive Director
James Galloway	Executive Director
Garth Lane	Executive Director

The Company provides and maintains third-party indemnity provisions for the benefit of its directors. These were made during the year and remain in force at the date of this report.

Statement of disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

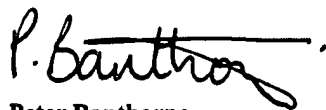
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

In accordance with section 487 of the Companies Act 2006, the Company's auditor, Deloitte LLP, will be deemed to be reappointed and therefore continue in office.

Approved by the board and signed on its behalf by:



Peter Banthorpe

Director

30 May 2023

Directors' responsibilities statement

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 group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The directors have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the member of RGA UK Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of RGA UK Services 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the member of RGA UK Services Limited *(continued)*

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 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 directors' responsibilities statement, 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. This description forms part of our auditor's report.

Independent auditor's report to the member of RGA UK Services Limited *(continued)*

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 their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management 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; 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 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 member of RGA UK Services Limited (continued)

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

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



Jamie Weisfeld FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 May 2023

Profit and loss account*For the year ended 31 December 2022*

	<i>Notes</i>	2022 £'000	2021 £'000
Turnover	4	60,462	46,239
Cost of sales		(52,018)	(40,038)
Gross profit		8,444	6,201
Investment income		169	—
Administrative expenses		(4,637)	(3,859)
Profit on ordinary activities before taxation	5	3,976	2,342
Tax charge for the year	7	(532)	(294)
Profit and total comprehensive income for the financial year		3,444	2,048

The results have all been derived from continuing operations. There was no other comprehensive income recognised for the year (2021: £nil).

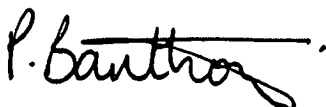
The notes on pages 13 to 24 form part of these financial statements.

Balance sheet*As at 31 December 2022*

	<i>Notes</i>	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	8	8,963	9,494
Tangible assets	9	3,720	4,373
Investments		75	75
Current assets			
Debtors	10	8,419	6,704
Cash at bank and in hand		27,581	17,236
		<u>36,000</u>	<u>23,940</u>
Creditors: amounts falling due within one year	12	(24,098)	(16,666)
Net current assets		<u>11,902</u>	<u>7,274</u>
Total assets less current liabilities		<u>24,660</u>	<u>21,216</u>
Capital and reserves			
Called up equity capital	15	750	750
Profit and loss account		20,297	16,853
Capital contribution		3,613	3,613
Total shareholder's funds		<u>24,660</u>	<u>21,216</u>

The notes on pages 13 to 24 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2023 and were signed on 30 May 2023 on its behalf by:



Peter Banthorpe
Director

RGA UK Services Limited
Registered number 03086510

Statement of changes in equity*For the year ended 31 December 2022*

	Share Capital £'000	Capital Contribution £'000	Profit and Loss £'000	Shareholder's Funds £'000
Balance as at 1 January 2021	750	3,613	14,805	19,168
Profit and total comprehensive income for the financial year	—	—	2,048	2,048
Balance as at 31 December 2021	750	3,613	16,853	21,216
Profit and total comprehensive income for the financial year	—	—	3,444	3,444
Balance as at 31 December 2022	750	3,613	20,297	24,660

All shareholder's funds are attributable to the equity shareholder.

The notes on pages 13 to 24 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1 Statutory information

RGA UK Services Limited is a Company domiciled in England and Wales, registration number 03086510. The Company is a private company limited by shares. The registered office is Level 45, 22 Bishopsgate, London, EC2N 4BQ.

2 Summary of significant accounting policies

The following accounting policies have been applied consistently during the current and prior years in dealing with items which are considered material in relation to the Company's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with FRS 102 and with the Companies Act 2006.

The financial statements have been prepared under the historical cost accounting convention.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The Company has taken advantage of the following disclosure exemptions:

- a) from the requirement to prepare a statement of cash flows, as provided under paragraph 1.12(b), on the basis that it is a qualifying entity and a wholly-owned subsidiary undertaking of Reinsurance Group of America, Inc. which produces consolidated financial statements that are publicly available;
- b) from the requirement to provide certain disclosures regarding its share-based payments arrangements, as provided under paragraph 1.12(d)(i), on the basis that it is a qualifying entity and a wholly-owned subsidiary undertaking of Reinsurance Group of America, Inc. which produces consolidated financial statements that are publicly available and in which the equivalent disclosures required are provided;
- c) from the financial instruments disclosures, required under sections 11 and 12;
- d) from the requirement to disclose transactions between related parties, as provided under paragraph 33.1(a) on the basis that the subsidiary which is a party to the transaction is a wholly owned subsidiary; and
- e) from disclosing key management personnel compensation, as required under paragraph 33.7.

(b) Going concern

The financial statements are prepared on the going concern basis and this remains an appropriate assumption in light of the current wider economic and business environment conditions.

The strategic report within the sections 'Principal activities and review of the business' and 'Principal risks and uncertainties' identify the nature of the Company's business and the main influences on future growth and the limited range of financial risks facing the Company. The Company maintains positive cash flow by operating a quarterly settlement cycle. Surplus funds are retained in the form of on-call interest bearing cash to minimise liquidity risk.

Neither the Company nor any member of the immediate parent group have any borrowings or hybrid forms of capital and thus no exposure to liquidity risk in relation to refinancing.

(c) Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation. Amortisation is provided to write off the cost less the estimated residual value of intangible assets by equal instalments over their estimated useful economic lives as follows:

Internal software development	Seven years
Licenced software	Ten years

Notes to the financial statements (continued)

For the year ended 31 December 2022

2 Summary of significant accounting policies (continued)

(d) Tangible assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Computers	Three years
Fixtures and fittings	Seven years
Leasehold	Seven years

(e) Financial instruments

The Company has chosen to adopt Section 11 of FRS 102 in respect of financial instruments.

(i) Financial assets and liabilities

Basic financial assets, including trade and other receivables, cash and bank balances and basic financial liabilities including trade and other payables are initially recognised at transaction price.

Such assets and liabilities are subsequently carried at their undiscounted amount.

At the end of each reporting period financial assets and liabilities are measured at the undiscounted amount of the cash or other consideration expected to be received or paid.

Financial assets and liabilities are derecognised when those assets or liabilities are settled.

(ii) Investments

Investments are measured at cost less impairment

(f) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) and calculated by reference to tax rates and laws applicable for the year of account.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when crystallised based upon tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(g) Turnover

Turnover comprises management charges and is recognised as and when services are provided and equates to the Company's right to consideration arising from performance under its various service agreements.

Investment income comprises of interest realised on overnight money market deposits.

(h) Cost of sales

Cost of sales primarily consist of staff costs, consulting, lease and travel costs as well as general overheads. Costs are expensed when they are incurred irrespective of the timing of payment.

(i) Foreign currencies

Foreign currency transactions are translated using exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account for the year.

(j) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

Notes to the financial statements *(continued)*

For the year ended 31 December 2022

2 Sum of significant accounting policies *(continued)*

(k) Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

(l) Equity remuneration

The Company has applied the requirements of Section 26 of FRS 102, Share-based Payments.

The ultimate parent company, Reinsurance Group of America, Inc. "RGA Inc", a US quoted company, issues stock awards included in its incentive compensation plans. The fair value of the awards is expensed over the performance or service period, which generally corresponds to the vesting period, and is recognised as an increase to additional paid-in-capital in shareholder's equity, and share-based compensation expense is reflected in other operating expenses in the consolidated statements of income. The Company recognised total expenses of £1,899,158 (2021: £1,676,794) of equity compensation in 2022 and 2021 respectively.

(m) Cash-settled remuneration

Cash-settled units are valued at the stock price on the date of award. They bear no right to stock appreciation and amounts awarded to participants are dependent on financial based performance measures. The liability is valued at market value at the balance sheet date.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

(o) Share capital

Ordinary shares are classed as equity.

Notes to the financial statements (continued)

For the year ended 31 December 2022

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumption that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses. The 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

a) Critical accounting judgements

There were no critical judgements in accounting policies.

b) Key sources of estimation uncertainty

(i) Impairment review on intangible assets

Annually, the Company considers whether intangible assets are impaired. The following are the key considerations in determining whether an asset might be impaired:

- a) whether the expected useful life is still valid;
- b) whether the current estimated placed in-service date (s) still valid;
- c) whether there are changes in expected internal development costs;
- d) whether the asset is still expected to provide substantial service potential;
- e) whether there has been changes to extent or manner in which the asset is being used; and
- f) whether previously capitalised costs are still expected to have further benefit.

Where an indication of impairment is identified the recoverable value requires estimation and an impairment loss is recognised.

(ii) Share-based payments

The Company's ultimate parent, the Reinsurance Group of America, inc. measures the cost of equity-settled transactions with the staff of the Company by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Sholes model taking into account the terms and conditions upon which the instruments were granted.

4 Turnover

All of the Company's turnover are derived from the provision of management services to other members of the RGA group of companies.

5 Profit on ordinary activities before taxation

	2022 £'000	2021 £'000
Profit on ordinary activities before taxation is stated after charging:		
Intangibles amortisation	1,740	1,315
Fixed assets depreciation	1,160	827
The analysis of auditor's remuneration is as follows:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	65	32
Operating leases		
Land and buildings	3,473	1,609
Office equipment	2	1
	<hr/>	<hr/>

There were no other fees paid to the auditor for non-audit services.

Notes to the financial statements (continued)*For the year ended 31 December 2022***6 Staff numbers and costs**

	2022 No.	2021 No.
Average monthly number of persons employed by the Company in the year:		
Finance and Actuarial	123	113
Underwriting, Sales and Marketing	44	43
Administration	66	62
	<u>233</u>	<u>218</u>
	2022	2021
	£'000	£'000
Staff costs, including remuneration of executive directors, incurred during the year in respect of these employees were:		
Wages and salaries	30,261	26,188
Pension contributions	3,118	2,606
Social security costs	4,541	3,362
	<u>37,920</u>	<u>32,156</u>
	2022	2021
	£'000	£'000
Directors' remuneration and transactions		
Directors' remuneration		
Aggregate remuneration	1,957	1,650
	<u>1,957</u>	<u>1,650</u>
	2022	2021
	No.	No.
The number of directors who:		
Are members of a money purchase pension scheme	2	2
Had awards receivable in the form of shares under a long-term incentive scheme	4	4
Exercised share options	1	2
	2022	2021
	£'000	£'000
Remuneration of the highest paid director:		
Salary and performance related pay	700	495
Pension supplement	35	31
Other taxable benefits	5	5
	<u>740</u>	<u>531</u>

The highest paid director did not exercise any share options in the year.

Notes to the financial statements (continued)*For the year ended 31 December 2022***7 Tax charge for the year****Tax expense included in profit**

	2022	2021
	£'000	£'000
Current tax:		
- UK Corporation tax on profits for the year	1,367	878
- Adjustment in respect of prior years	(272)	(124)
Total current tax	<u>1,095</u>	<u>754</u>
Deferred tax:		
- Origination and reversal of timing differences	(890)	(588)
- Adjustment in respect of prior years	327	128
Total deferred tax	<u>(563)</u>	<u>(460)</u>
Tax on profit	<u>532</u>	<u>294</u>
	£'000	£'000
Factors affecting tax charge for the current year:		
Profit before tax	3,976	2,342
Tax at 19% (2021: 19%)	755	445
Effects of:		
Timing differences	(216)	(115)
Permanent differences	(90)	(40)
Adjustments in respect of prior years	83	4
Tax charge for the year	<u>532</u>	<u>294</u>

The tax rate for the current year is 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

On 11 March 2021 the UK Government published the Finance Bill 2021. The Bill is presented to Parliament each year and it enacts the proposals for taxation made by the Chancellor of the Exchequer in the Budget statement and, following approval by Parliament, brings them into law. The Finance Bill 2021 included a change to the corporation tax rate from 19% to 25% for companies with profits in excess of £250,000 and is effective April 2023.

Notes to the financial statements (continued)*For the year ended 31 December 2022***8 Intangible assets**

	Software	Total
	£'000	£'000
<i>Cost</i>		
At beginning of year	21,217	21,217
Additions	1,209	1,209
At end of year	22,426	22,426
<i>Accumulated amortisation</i>		
At beginning of year	11,723	11,723
Charge for the year	1,740	1,740
At end of year	13,463	13,463
<i>Net book value</i>		
At 31 December 2021	9,494	9,494
At 31 December 2022	8,963	8,963

Intangible assets comprise of development costs and licenced costs. Development costs are amortised evenly over their useful lives of 7 years and licensed costs evenly over 10 years. Amortisation is included in administrative expenses in the profit and loss account.

Intangible assets include the Ira program software which is in-house developed and being capitalised in phases. The asset is carried at £5,926,000 (2021: £5,826,000) and has a remaining life of 10 years (2021: 10 years). There are no other individually material intangible assets.

Development costs have been capitalised as the costs have been incurred as a result of developing internal-use software, exceed a minimum monetary threshold and have a useful life exceeding three years. These costs have been capitalised in accordance with FRS 102 Section 18 *Intangible Assets other than Goodwill* and are therefore not treated, for dividend purposes, as a realised loss.

Notes to the financial statements (continued)*For the year ended 31 December 2022***9 Tangible assets**

	Leasehold Improvements	Computers	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000
<i>Cost</i>				
At beginning of year	2,717	5,191	1,551	9,459
Additions	—	493	14	507
At end of year	2,717	5,684	1,565	9,966
<i>Accumulated depreciation</i>				
At beginning of year	191	3,969	926	5,086
Charge for the year	388	671	101	1,160
At end of year	579	4,640	1,027	6,246
<i>Net book value</i>				
At 31 December 2021	2,526	1,222	625	4,373
At 31 December 2022	2,138	1,044	538	3,720

Notes to the financial statements (continued)*For the year ended 31 December 2022***10 Debtors**

	2022	2021
	£'000	£'000
Amounts due within one year		
Amounts owed by group undertakings	5,919	4,551
Prepayments and accrued income	1,267	1,482
Deferred tax	1,233	671
	<u>8,419</u>	<u>6,704</u>

Amounts owed by group undertakings are management service fees and are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The terms of all outstanding balances with related parties are market-standard and on an arms-length basis.

11 Deferred taxation

	2022	2021
	£'000	£'000
Balance brought forward	671	211
Movement in the year for capital allowance	(134)	49
Impact of tax rate change	28	(18)
Movement in pension	304	18
Movement in the year for equity remuneration	365	411
Deferred tax asset carried forward	<u>1,234</u>	<u>671</u>

At the end of the reporting year, there were no unused tax losses and tax credits. In addition, none of the timing differences had any expiry dates.

The provision for deferred tax in the financial statements is as follows:

In relation to capital allowances	(246)	(113)
In relation to cash-settled remuneration	406	119
In relation to pension	64	36
In relation to share-based equity remuneration	1,010	629
Deferred tax asset	<u>1,234</u>	<u>671</u>

The amount of the net reversal of deferred tax expected to occur next year is £134,000 (2021: £191,000), relating to the reversal of existing timing differences on intangible assets, cash settled remuneration and equity-settled remuneration.

The Company considers that sufficient future profits will be available to recover the deferred tax asset and therefore an asset has been recognised at 31 December 2022.

Notes to the financial statements (continued)*For the year ended 31 December 2022***12 Creditors: amounts falling due within one year**

	2022 £'000	2021 £'000
Amounts owed to group undertakings	—	—
Corporation tax	1,508	444
Social security	986	779
Accruals and deferred income	21,604	15,443
	<hr/> 24,098 <hr/>	<hr/> 16,666 <hr/>

Amounts owed to group undertakings are intercompany balances from normal trading activities, are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The terms of all outstanding balances with related parties are market-standard and on an arms-length basis.

13 Commitments

At 31 December the Company's future minimum lease payments under non-cancellable operating leases are as follows:

	2022		2021	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
In less than one year	2,580	18	2,580	18
Between two and five years	8,282	—	8,282	—
After five years	10,180	—	10,180	—

Notes to the financial statements *(continued)*

For the year ended 31 December 2022

14 Share-based payments

During the year RGA Inc provided key staff of the Company with equity-settled stock options and stock appreciation rights as well as performance contingent units, restricted stock units and cash settled units.

Equity-settled stock options and stock appreciation rights

In general, stock awards granted become exercisable over vesting periods ranging from one to four years. Stock appreciation rights are generally granted with a conversion price equal to the stock's fair value at the date of grant and expire 10 years after the date of grant.

Performance contingent awards

Performance contingent awards include both Performance Contingent Shares ("PCS") and Performance Share Units ("PSU").

PCS, are units that, if they vest, are multiplied by a performance factor to produce a number of final units that are paid in RGA Inc's common stock. Each PCS represents the right to receive up to two shares of RGA Inc's common stock, depending on the results of certain performance measures.

PSU, are units that, if they vest, are paid in the RGA Inc's common stock. Each PSU represents the right to receive one share of RGA Inc's common stock, depending on the results of certain performance measures.

The compensation expense related to each type of performance contingent award is recognized ratably over the requisite performance period. Performance contingent awards are accounted for as equity awards, but are not credited with dividend-equivalents for actual dividends paid on the RGA Inc's common stock during the performance period.

Restricted stock units

Restricted stock units ("RSU") become payable at the end of a three-year vesting period. Each RSU, if they vest, represents the right to receive one share of RGA Inc's common stock. RSUs awarded under the plan generally have no strike price and are included in RGA Inc's shares outstanding.

Cash settled units

Cash settled units represent a cash-based incentive program and are a percentage of the recipient's salary, valued at the stock price on the date of the award. The units are paid out after a three-year performance period based on pre-prescribed metrics.

Notes to the financial statements (continued)*For the year ended 31 December 2022***15 Called up share capital**

	2022	2021
	£'000	£'000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each – 750,002 shares	750	750

No shares were outstanding at the beginning or end of the year.

16 Controlling parties

The immediate controlling party is RGA Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales located at Level 45, 22 Bishopsgate, London, EC2N 4BQ.

The ultimate controlling party is Reinsurance Group of America, Inc., a company incorporated in the United States of America. Their registered office is at 16600 Swingley Ridge Road, Chesterfield, Missouri 63017-1706 USA. This is the smallest and largest group which prepares consolidated financial statements in which the Company is included. Consolidated financial statements for Reinsurance Group of America, Inc., are available from the aforementioned address.