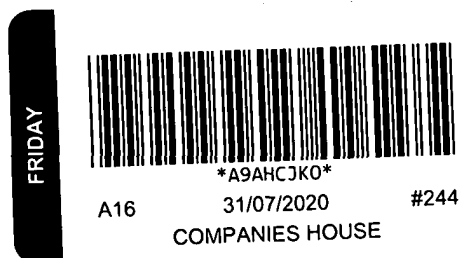


# UNUM SELECT LIMITED

**Annual Report for the year ended 31 December 2019**



**Unum Select Limited is a member of the Unum Group of companies**

## UNUM SELECT LIMITED

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# **UNUM SELECT LIMITED**

## **Directors, Officers and Advisers**

### **Directors**

Peadar O'Donnell  
Jonathan Fletcher

### **Bankers**

Lloyds Bank plc, City Office  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Gillingham  
Kent  
ME8 0LS

### **Secretary and Registered Office**

Steven Leverett  
Unum Select Limited  
Milton Court  
Dorking  
Surrey  
RH4 3LZ

### **Registered Auditor**

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London  
E14 5EY

### **Registered Number**

07203708

**UNUM SELECT LIMITED**  
**STRATEGIC REPORT**  
**for the year ended 31 December 2019**

**Company strategy**

The Company's strategy is to continue to support the UK Group's wider objectives, with particular regard to the insurance business of the group operated through Unum Limited.

**Review of the business**

The Company launched "Benni", an education and enrolment service providing access to a range of Unum Limited products in 2018 and began to receive revenue from the enrolment services for the first time in 2019. Further revenue was generated through the "Benni" platform in the form of commissions, earned by providing customers with access to a cash-plan operated by Medicash, an unrelated business partner.

Turnover of the Company increased to £2,471,968 in 2019 (2018: £1,823,667) and still largely consists of service charges made to Unum Limited in respect of "Benni" services. This increase reflects the expansion of "Benni" since its launch in September 2018 to the increased roll-out of its business operations in 2019.

Administrative costs of the Company have also increased in 2019 to a total of £2,366,143 (2018: £1,755,886). The higher costs arise as "Benni" operations were expanded in the year, resulting in higher salary and related costs and increased advertising in particular.

Profit on ordinary activities before tax totalled £107,236, an increase of £38,812 on the previous year profit of £68,424, driven by the higher turnover and increase in bank interest received (£1,420 in 2019, £644 in 2018).

At 31 December 2019, the Company had net assets of £401,404 (2018: £314,543).

**Future business outlook**

The Directors consider it likely that the business will continue to provide education and enrolment services on behalf of a fellow group Company, Unum Limited. The Company anticipates generating additional commission income on the sale of Unum Limited critical illness, life and dental products through the "Benni" platform, as well as the sale of a medical cash-plan product provided by a third-party business partner.

We continue to monitor COVID-19 closely to assess the potential impact and will respond to the changing external environment to ensure that the business continues to provide services to our customers and partners and protect the Company's financial position during this outbreak. Based on what we know to date and the forecasts that we have prepared, we believe the impacts for the Company can be managed effectively.

The Company's forecasts show that they retain adequate financial resources to settle all liabilities as they fall due.

## **UNUM SELECT LIMITED**

### **STRATEGIC REPORT for the year ended 31 December 2019 (continued)**

#### **Principal risks and uncertainties**

The Company's operations are predominantly contained within its UK group. At 31 December 2019, amounts due to other group undertakings amounted to £239,862 which was more than offset by amounts owed to the Company of £258,157. The Company has limited exposure to counterparties outside the group.

#### **COVID-19**

There is considerable uncertainty around the impacts of COVID-19 due to the fast-developing nature of this event. We continue to monitor it closely to assess the impact it could have on the business. COVID-19 is likely to cause some short-term disruption to the business; in the longer term our strategy remains unchanged as there will continue to be demand for protection products. The active management by the UK and global governments to contain the impact is expected to mitigate the impact of the pandemic.

#### **Brexit**

There remains uncertainty surrounding the potential financial, regulatory, legal, and tax implications of the UK's withdrawal of membership from the European Union (EU).

The UK formally left the EU on the 31st January 2020. During the remainder of 2020, the UK will be working towards a trade deal with the EU.

The Company has not been required to, and does not anticipate a need to make, any material changes to its current business model as a result of Brexit.

#### **Climate Change**

Our strategy design and execution processes include consideration of climate change risk that is proportionate to the nature, scale and complexity of our business. The Directors believe the risk of any climate change impact on the Company is low.

#### **By order of the board**



**Steven Leverett  
Secretary**

**16 July 2020**

## **UNUM SELECT LIMITED**

### **REPORT OF THE DIRECTORS for the year ended 31 December 2019**

The Directors submit their report and the financial statements for the year ended 31 December 2019.

#### **Performance for the year**

Profit before tax in 2019 totalled £107,236, compared to profit of £68,424 for the 2018 financial year.

Details of the Company's performance for the year is given in the 'Review of the business' section of the Strategic Report.

#### **Directors**

The Directors who were members of the board at the time of approving the Directors' Report are listed on page 3. Jonathan Fletcher was appointed on 9 June 2020, whilst Peter Goddard resigned on 31 March 2020 and Stephen Harry resigned on 31 December 2019.

None of the Directors have any beneficial interest in the shares of the Company.

#### **Going concern assessment**

The Directors consider that the business will have turnover in the short-term future arising through the Company's principal activity, being the provision of insurance enrolment services.

As set out in Note 1 of the financial statements, the Directors have considered the possible impact of COVID-19 on Unum Select Limited for the foreseeable future. The business activities of Unum Select Limited are closely associated with Unum Limited, a fellow group undertaking. The financial position of Unum Limited was assessed in the signed accounts in April 2020, with regard to the COVID-19 business environment, with the conclusion that Unum Limited will be able to meet its liquidity and capital requirements over the next 12 months. Unum Select Limited has adequate cash resources to meet all its current liabilities and is expected to generate positive cash flows through its operations in the immediate and foreseeable future. As a result of the business relationship between Unum Limited and Unum Select Limited and given Unum Limited's financial position, the Directors are satisfied that the going-concern basis remains appropriate for Unum Select Limited.

#### **Statement as to disclosure of information to auditors**

Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

In accordance with Section 487(2) of the Companies Act 2006, the Auditors, Ernst and Young LLP, are deemed reappointed.

**UNUM SELECT LIMITED**  
**REPORT OF THE DIRECTORS (continued)**  
**for the year ended 31 December 2019 (continued)**

**Insurance of Directors and officers**

The Directors and officers of the Group are covered under a global professional indemnity insurance policy held by Unum Group, the ultimate parent company. The insurance was in force at 31 December 2019 and on the day the Report of the Directors was approved.

**By order of the board**

A handwritten signature in black ink, appearing to read 'S. Leverett', written in a cursive style.

**Steven Leverett**  
**Secretary**

**16 July 2020**

## **UNUM SELECT LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the Directors are 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 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 to 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.



## **UNUM SELECT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNUM SELECT LIMITED**

#### **Opinion**

We have audited the financial statements of Unum Select Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 14, 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 company's affairs as at 31 December 2019 and of its profit 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 – Effects of Covid-19**

We draw attention to Note 1 and Note 14 of the financial statements, which describe the economic and operational consequences the company is facing as a result of Covid-19 which is impacting the potential results of the Company. 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have 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.

**UNUM SELECT LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNUM SELECT**  
**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.

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.

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
  - the financial statements are not in agreement with the accounting records and returns; or
  - certain disclosures of directors' remuneration specified by law are not made; or
  - we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## UNUM SELECT LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNUM SELECT LIMITED (continued)

#### Responsibilities of directors

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

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

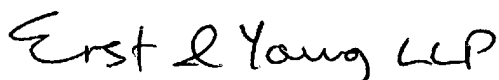
#### Auditor's responsibilities for the audit of the financial statements

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

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.



**John Headley (Senior Statutory Auditor)**  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

17 July 2020

**UNUM SELECT LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2019**

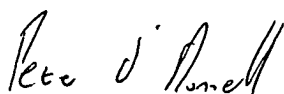
	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
Turnover	2	2,471,968	1,823,667
Administrative expenses	3	(2,366,143)	(1,755,886)
<b>Operating Profit</b>		<b>105,825</b>	<b>67,781</b>
Other interest receivable and similar income	4	1,420	644
Interest payable and similar charges		(9)	(1)
<b>Profit on ordinary activities before taxation</b>		<b>107,236</b>	<b>68,424</b>
Tax charge	7	(20,375)	(13,001)
<b>Profit for the financial year</b>		<b>86,861</b>	<b>55,423</b>

The notes on pages 15 to 20 form an integral part of these financial statements.

**UNUM SELECT LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**for the year ended 31 December 2019**

	Note	2019	2018
		£	£
<b>Current Assets</b>			
Debtors	8	260,688	227,310
Cash at bank and in hand		397,335	328,138
		<u>658,023</u>	<u>555,448</u>
<b>Current liabilities</b>			
Creditors	9	256,619	240,905
		<u>256,619</u>	<u>240,905</u>
<b>NET CURRENT ASSETS</b>		<u>401,404</u>	<u>314,543</u>
<b>Capital and Reserves</b>			
Called up share capital	10	250,000	250,000
Profit and loss account		151,404	64,543
<b>SHAREHOLDERS' FUNDS</b>		<u>401,404</u>	<u>314,543</u>

The financial statements on pages 12 to 14 were approved by the board of directors and were signed on its behalf by:



**P. O'Donnell**  
Director  
16 July 2020



**J. Fletcher**  
Director  
16 July 2020

**UNUM SELECT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**at 31 December 2019**

	Called up Share Capital £	Profit & Loss Account £	Total £
Balance as at 1 January 2018	250,000	9,120	259,120
Profit for the year	-	55,423	55,423
<b>Balance as at 31 December 2018</b>	<b>250,000</b>	<b>64,543</b>	<b>314,543</b>
Balance as at 1 January 2019	250,000	64,543	314,543
Profit for the year	-	86,861	86,861
<b>Balance as at 31 December 2019</b>	<b>250,000</b>	<b>151,404</b>	<b>401,404</b>

## **UNUM SELECT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019**

#### **1. Principal accounting policies**

##### **General Information**

Unum Select Limited is incorporated and domiciled in England, registration number 07203708. The registered office is Milton Court, Dorking, Surrey RH4 3LZ.

##### **Statement of compliance**

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Ireland' (FRS 102) and the Companies Act 2006.

##### **Basis of preparation**

The financial statements are prepared on a going concern basis under the historical cost convention. They are presented in pounds sterling, the functional and presentation currency of the Company.

As part of their going concern assessment, the Directors have considered the possible impact of COVID-19. This includes a high-level analysis of the impact on cash and capital, including realistically possible management actions.

This analysis indicates that the Company will meet its liquidity and capital requirements over the next twelve months. Therefore, the financial statements continued to be prepared on a going concern basis.

##### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company is a qualifying entity for the purposes of the preparation of individual financial statements. Details regarding the parent entity of the group in whose consolidated financial statements the Company's financial statements are consolidated, and from where those financial statements may be obtained are provided in note 11.

The Company has chosen to take exemption from the requirement to provide disclosures in relation to:

1. The requirement to prepare a statement of cash flows; and
2. The disclosure of key management personnel compensation in total.

##### **Income**

Income represents the amounts receivable, excluding VAT, in respect of services provided to customers during the year.

## UNUM SELECT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019 (continued)

#### Taxation

The taxation charge in the Statement of Comprehensive income is provided at the corporation tax rate applicable for the period and based on the profit on ordinary activities for the year after making adjustments for items which are not taxable or tax deductible.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the reporting date. Deferred tax assets are recognised only to the extent that it is probable that they will be recoverable against the reversal of deferred tax liabilities or other future taxable profits.

#### 2. Turnover

	2019 £	2018 £
Education and enrolment services	2,464,437	1,823,667
Commission and fees	7,531	-
Total	<u>2,471,968</u>	<u>1,823,667</u>

Turnover represents the recharge of the Company's operational costs to another group company, Unum Limited, in support of that Company's insurance business and commissions earned from the introduction of customers to insurance products offered by Unum Limited as well as a third-party business partner, Medicash.

#### 3. Administrative expenses

	2019 £	2018 £
"Benni" operating expenses	2,366,143	1,755,886
Total expenses	<u>2,366,143</u>	<u>1,755,886</u>

Administrative expenses comprise of costs received from the immediate parent company, Unum European Holding Company Limited (UEHCL), in respect of management services and expense overheads attributed to the Company.

The Company has no employees. It has a resourcing and services agreement with UEHCL, under which it is provided with staff that perform enrolment, education, administrative and management services. These costs together with direct operational costs of the Company are reported as administrative expenses.



# UNUM SELECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019 (continued)

### 4. Other interest receivable and similar income

	2019 £	2018 £
Bank Interest received	1,420	644
Total Other Income	1,420	644

### 5. Directors' emoluments

The Directors received no remuneration in respect of qualifying services provided to the Company.

The aggregate amount of compensation paid to Directors or past Directors for loss of office amounted to £nil (2018: £nil).

### 6. Auditors' remuneration

The auditors' remuneration of £10,000 (2018: £5,000) for the statutory audit was borne by a fellow subsidiary undertaking, Unum European Holding Company Limited. The auditors received no other remuneration in respect of services provided to the company for the year.

### 7. Taxation

	2019 £	2018 £
<b>(a) Current tax</b>		
UK corporation tax on profits of the year at 19.00% (2018: 19.00%)	20,375	13,001
Total tax charge for year	20,375	13,001
	2019 £	2018 £
<b>(b) Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before tax	107,236	68,424
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax of 19.00% (2018: 19.00%)	20,375	13,001
Total tax charge	20,375	13,001

There are no factors affecting the tax charge for the year.

The Company has no deferred tax balances as at 31 December 2019 (2018: £ Nil).

# UNUM SELECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019 (continued)

### 7. Taxation (continued)

#### (c) Factors affecting current and future tax charges

On 11 March 2020, the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% for the financial year beginning on 1 April 2020, rather than be reduced to 17% as previously enacted.

### 8. Debtors – amounts falling due in one year

	2019 £	2018 £
Amounts due from group undertakings	258,157	227,310
Commissions due	2,531	-
Total Debtors	<u>260,688</u>	<u>227,310</u>

### 9. Creditors – amounts falling due in one year

	2019 £	2018 £
Amounts owed to group undertakings	239,862	235,545
Corporation tax payable	16,757	5,360
Total creditors	<u>256,619</u>	<u>240,905</u>

### 10. Called Up Share Capital

	2019 £	2018 £
<b>Allotted, issued and fully paid</b>		
250,000 Ordinary shares of £1 each:	250,000	250,000
	<u>250,000</u>	<u>250,000</u>

There are no rights, preferences or restrictions attached to this class of shares, including restrictions on distribution of dividends and repayment of capital.

## UNUM SELECT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019 (continued)

#### 11. Parent company

The Company's immediate parent company is Unum European Holding Company Limited, incorporated in England.

The Directors regard Unum Group, a company incorporated in the United States of America as the ultimate parent company and ultimate controlling party. The smallest and largest group in which the results of the company are consolidated is that of Unum Group. Copies of the consolidated financial statements of Unum Group can be obtained from Unum Group, 1 Fountain Square, Chattanooga, Tennessee, 37402, USA.

#### 12. Insurance

Unum Limited, a fellow subsidiary, provides the Company with a professional indemnity guarantee in respect of its Insurance Mediation activity, as required by the Insurance Distribution Directive. The aggregate annual amount covered under the guarantee, for all claims, is a maximum of €3.3m, with the likelihood of a claim being remote.

#### 13. Related Party Transactions

Advantage has been taken of the exemption in FRS 102 under section 33.1A not to disclose transactions with the immediate and ultimate parent companies or any of its wholly owned subsidiaries.

A summary of balances owing to / from group undertakings, by company, is shown below.

	2019	2018
	£	£
<b>Amounts owed from group undertakings</b>		
Unum Limited	258,157	227,310
<b>Amounts owed to group undertakings</b>		
Unum European Holding Company Limited	(239,862)	(235,545)
	<u>18,295</u>	<u>(8,235)</u>

## **UNUM SELECT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2019 (continued)**

#### **14. Events after the balance sheet date**

COVID-19 is considered to be a non-adjusting post balance sheet event and, as such, no adjustments have been made to the valuation of assets and liabilities as at 31 December 2019. COVID-19 is likely to cause some short-term disruption to the business; in the longer term our strategy remains unchanged.

The Directors' have considered the implications of COVID-19 and believe that it is likely to have minimal impact on the financial position of the Company. As at 30 June 2020, the Company's principal business activity was almost entirely transacted with Unum Limited and is not expected to be impacted by COVID-19. The statement of financial position for Unum Select Limited remains strong with sufficient liquidity to meet its liabilities as they become due.