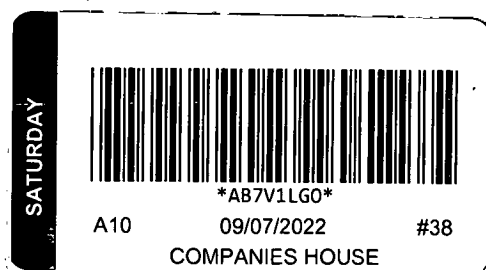




**Hastings Group Holdings Limited**  
**Annual Report and Financial Statements**  
for the year ended 31 December 2021

Registered number: 09635183



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## **Directors and other information**

<b>Directors</b>	T Colraine P P J L M G Lefevre K Arne Alsaker T Magnusson M Thorsrud A R Wennerklint
<b>Secretary</b>	A S Leppard
<b>Auditor</b>	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
<b>Registered office</b>	Conquest House Collington Avenue Bexhill-on-Sea East Sussex TN39 3LW
<b>Registered number</b>	09635183 (England and Wales)

## Strategic report

### Principal Activity

The principal activity of Hastings Group Holdings Limited (the 'Company', 'HGH') is that of a holding company. The Company indirectly owns the entire share capital of Hastings Insurance Services Limited ('HISL') and Advantage Insurance Company Limited ('AICL'). HISL, trading as Hastings Direct, provides insurance broking services to the private motor, van, motorcycle and home market within the United Kingdom. AICL is a Gibraltar based insurer authorised to underwrite private motor, motorcycle, van and home insurance in the United Kingdom.

### Business review

The Directors report a profit after tax of £31.0m for the year to 31 December 2021 (2020: £58.3m).

During the year the Company paid dividends of £50.5m (2020: £66.1m).

The trading subsidiaries, HISL and AICL, reported profit after tax of £23.9 million (2020: £24.4 million) and £91 million (2020: £69.6 million), respectively.

### Key performance indicators

The Company's Directors are of the opinion that the key performance indicators for the Company are best represented by the results set out in the Statement of Profit or Loss on page 11.

### Principal risks and uncertainties

The principal risks and uncertainties of the Company arise from the ability of its subsidiary entities to distribute dividends to the Company and any impairment of the investment in subsidiaries.

#### COVID-19

The COVID-19 pandemic continued to cause disruption to the UK and worldwide economy and society during the year. Management closely monitors the risks affecting its colleagues, customers, communities and the Company itself and continues to abide by the guidance set out by the UK Government. The pandemic has not significantly impacted the structure or demand for motor and home insurance products in the UK, and is not expected to do so over the medium term. Motor insurance remains compulsory in order for vehicles to be driven on public roads in the UK and home insurance is a requirement for homeowners that have a mortgage on their property.

Colleague safety and adherence to current Government guidance remains a priority in all plans to enable the ongoing servicing of customers and fulfilment of their needs. Throughout the year, the Hastings Group monitored Government Guidance and enforced strict safety protocols in line with the Government guidance at the time. Colleagues have continued to be supported in various ways including extended sick leave, holiday carry over, parental leave and caring flexibility, mental health and wellbeing support, as well as a Colleague Hardship Fund. Neither the Company, nor the wider Hastings Group, has required support from the Government's furlough scheme.

In addition to the support given to colleagues, the Hastings Group continues to provide the best possible service and support to its customers.

The financial stability of the Company, and the wider Hastings Group is regularly assessed, with the counterparty risk associated with the Hastings Group's Money Market Funds ('MMF') being monitored closely. The Hastings Group's cash deposits are with banks that are currently rated 'A' and above and MMF balances are with funds that are rated AAA.

The Hastings Group remains strongly capitalised, with a relatively low risk investment portfolio, cash and MMF balances with strongly rated counterparties, and arrangements with reinsurers that are strongly rated.

#### Impact of conflict in Ukraine on the Hastings Group

The Hastings Group does not have operations in Russia, Ukraine or Belarus. As a result of the conflict in Ukraine, the Hastings Group has reviewed its investment portfolio and concluded that the fixed income portfolio has no direct exposure to Russia or Ukraine, and no portfolio holdings are subject to capital controls or sanctions. The strategic investment portfolio has very limited exposure to Russia, Ukraine and Belarus and the Hastings Group's MMFs have no direct exposures to these countries. There has been no downgrading of any of the Hastings Group's key relationship banks.

The Hastings Group have supported the humanitarian response by donating £0.1m to the UNICEF appeal.

## Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of different matters.

In discharging the section 172 duties the Directors have regard to the factors stated above and in addition to the members of the Hastings Group. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the Directors aim to make sure that their decisions are consistent and appropriate in all circumstances.

Board meetings are held periodically where the Directors consider the Company's activities and make decisions. As a part of those meetings the Directors receive information on section 172 matters when making relevant decisions. For example, during the year, as appropriate, the Directors make an assessment of the strength of the Company's balance sheet and future prospects relative to market uncertainties and make decisions about the payment of dividends. In making such decisions the Directors considered a range of factors including the long-term viability of the Company; its expected cash flow and financing requirements and the expectations of our shareholder as the supplier of long-term equity capital to the Company.

As the principal activity of the Company is a holding company, the Company has undertaken no commercial activities and had no employees, customers or suppliers during the financial year. As such the breadth of stakeholder considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the Directors.

The Strategic Report has been approved by the Board of Directors and signed on its behalf by:



A R Wennerklint

Director

Date: 28 April 2022

Registered number: 09635183

## Directors' report

The Directors submit their report and the audited Financial Statements of Hastings Group Holdings Limited for the year ended 31 December 2021.

### Directors

The Directors who served during the year, and up to the signing of this report, are listed below:

- T Colraine
- P P J L M G Lefevre
- K Arne Alsaker
- T Magnusson
- A R Wennerklint
- M Thorsurd
- H L Bosman                      Resigned 9 December 2021
- J H Hofmeyr                      Resigned 9 December 2021

As permitted by the Companies Act 2006, the Company has maintained insurance cover for Directors and officers against liabilities arising in relation to the Company.

### Dividends

The Directors declared and paid dividends of £50.5m during the year (2020: £66.1m).

### Going concern

The Balance Sheet of the Company, its cash flows and liquidity position are set out in the primary statements and described in the Notes to the financial statements. Having considered the foregoing items and the most recently prepared budgets and cash flow forecasts for the Hastings Group for a period of at least 12 months from the date of signing these financial statements and, after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

### Provision of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant information of which the Company's auditor has not been made aware; and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

### Auditor

After a successful re-tendering conducted by the Company's ultimate parent company, Sampo plc, for its external audit services across the Group, the Company appointed Deloitte LLP as its new auditor. The appointment of Deloitte LLP was confirmed in line with section 485 of the Companies Act 2006 on 7 July 2021.

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



A R Wennerklint

Director

Date: 28 April 2022

Registered number: 09635183

## **Statement of Directors' responsibilities in respect of the Annual Report and 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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, International Accounting Standard 1 requires that the Directors:

- Select suitable accounting policies and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

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 and international accounting standards. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **Independent auditor's report to the members of Hastings Group Holdings Limited**

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

### **Opinion**

In our opinion the financial statements of Hastings Group Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with 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 profit or loss;
- the balance sheet;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

### **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.

### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **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 and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks 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 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 including relevant internal specialists such as tax, valuations, IT and industry specialists 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, internal audit and in-house / external 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, reviewing internal audit reports, and reviewing correspondence with HMRC.

#### **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**

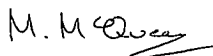
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 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.



Mark McQueen (Senior statutory auditor)

For and on behalf of Deloitte LLP

London

28 April 2022

**Statement of Profit or Loss**  
for the year ended 31 December 2021

		Year ended	
		31 December 2021 Total	31 December 2020 Total
	Note	£m	£m
Investment income	4	39.3	83.3
<b>Net income</b>		<b>39.3</b>	<b>83.3</b>
Other expenses	5	(10.5)	(26.3)
Depreciation	5	(0.5)	(0.6)
<b>Profit before tax</b>		<b>28.3</b>	<b>56.4</b>
Taxation credit	7	2.7	1.9
<b>Total profit attributable to the equity holders of the parent</b>		<b>31.0</b>	<b>58.3</b>

All results arose from continuing operations.

The accompanying Notes form an integral part of these Consolidated Financial Statements.

## Balance Sheet

As at 31 December 2021

	Note	31 December 2021 £m	31 December 2020 £m
<b>Assets</b>			
Property and equipment	8	0.6	0.3
Intangible assets	9	2.3	-
Investment in subsidiaries	10	1,279.2	1,279.2
Deferred tax	11	1.8	0.6
Trade and other receivables	12, 15	0.3	0.1
Cash at bank and in hand	13, 15	3.1	0.1
<b>Total assets</b>		<b>1,287.3</b>	<b>1,280.3</b>
<b>Liabilities</b>			
Trade and other payables	14, 15	35.4	9.5
<b>Total liabilities</b>		<b>35.4</b>	<b>9.5</b>
<b>Equity</b>			
Share capital	16	13.2	13.2
Share premium		172.6	172.6
Capital contribution from parent		0.6	-
Retained earnings		1,065.5	1,085.0
<b>Total equity</b>		<b>1,251.9</b>	<b>1,270.8</b>
<b>Total equity and liabilities</b>		<b>1,287.3</b>	<b>1,280.3</b>

The accompanying Notes form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors on 28 April 2022 and were signed on its behalf by:



A R Wennerklint

Director

Company Number: 09635183

**Statement of Changes in Equity**  
For the year ended 31 December 2021

	Note	Share capital £m	Share premium £m	Capital contribution from parent £m	Retained earnings £m	Total equity £m
As at 1 January 2020		13.2	172.6	-	1,090.3	1,276.1
Total profit for the year attributable to equity holders and total comprehensive income		-	-	-	58.3	58.3
<i>Transactions with equity holders</i>						
Share based payments	17	-	-	-	2.5	2.5
Dividends paid	19	-	-	-	(66.1)	(66.1)
Total transactions with equity holders		-	-	-	(63.6)	(63.6)
As at 31 December 2020 and 1 January 2021		13.2	172.6	-	1,085.0	1,270.8
Total profit for the year attributable to equity holders and total comprehensive income		-	-	-	31.0	31.0
<i>Transactions with equity holders</i>						
Equity settled share based payment charge	17	-	-	0.6	-	0.6
Dividends paid	19	-	-	-	(50.5)	(50.5)
Total transactions with equity holders		-	-	0.6	(50.5)	(49.9)
As at 31 December 2021		13.2	172.6	0.6	1,065.5	1,251.9

The accompanying Notes form an integral part of these Financial Statements.

# Statement of Cash Flows

For the year ended 31 December 2021

	Note	Year ended	
		31 December 2021 £m	31 December 2020 £m
Profit after tax		31.0	58.3
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	0.5	0.6
Share based payment charge	17	4.3	3.8
Taxation credit	7	(2.7)	(1.9)
Change in trade and other receivables		1.3	1.4
Change in trade and other payables		21.3	4.5
Contribution to parent share based payment scheme	17	0.6	-
<b>Net cash flows from operating activities</b>		<b>56.3</b>	<b>66.7</b>
Acquisition of intangible assets		(2.3)	-
<b>Net cash flows from investing activities</b>		<b>(2.3)</b>	<b>-</b>
Repayment of lease liabilities	8	(0.5)	(0.6)
Dividends paid	19	(50.5)	(66.1)
<b>Net cash flows from financing activities</b>		<b>(51.0)</b>	<b>(66.7)</b>
<b>Net increase in cash at bank and in hand</b>		<b>3.0</b>	<b>-</b>
Cash at bank and in hand at beginning of year		0.1	0.1
Net movements in Cash at bank and in hand for the year		3.0	-
<b>Cash at bank and in hand at end of year</b>	<b>13</b>	<b>3.1</b>	<b>0.1</b>

The accompanying Notes form an integral part of these Financial Statements.

## Notes to the Financial Statements

### 1. Basis of preparation

Hastings Group Holdings Limited ('the Company', 'HGH'), is a Company incorporated in England and Wales. The principal activity of the Company is that of a holding company and its registered office and principal place of business is at Conquest House, Collington Avenue, Bexhill-on-Sea, East Sussex, TN39 3LW, United Kingdom. The Company's registered number is 09635183. The Hastings group of companies ('Hastings Group') comprises Hastings Group (Consolidated) Limited and its subsidiaries, including the Company. The ultimate parent company of Hastings Group and the Company is Sampo plc.

The Financial Statements comprise the results of the Company for the year ended 31 December 2021 and comparative figures for the year ended 31 December 2020.

The Company has prepared its Financial Statements in accordance with UK international accounting standards in conformity with the requirements of the Companies Act 2006.

Under the provision of Section 400 of the Companies Act 2006, consolidated financial statements have not been prepared. Consolidated financial statements incorporating the results of the Company are prepared by the Company's ultimate parent undertaking, Sampo plc. The consolidated financial statements of Sampo plc can be obtained from its registered address at Fabianinkatu 27, 00100 Helsinki, Finland or available from its website: <https://www.sampo.com/investors/financial-information/annual-reports>.

#### a) Going concern

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report and Directors' Report. The Balance Sheet of the Company, its cash flows and liquidity position are set out in the primary statements and described in the Notes to the financial statements. Having considered the foregoing items and the most recently prepared budgets and cash flow forecasts for the Hastings Group for a period of at least 12 months from the date of signing these financial statements, and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

#### b) Basis of measurement

The functional currency is Pounds Sterling and the Financial Statements are presented in Pounds Sterling. Amounts are rounded to the nearest million with one decimal place (e.g. £0.1m) except where otherwise indicated.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The Company currently does not have any assets and liabilities whose carrying amounts involve the use of estimates and assumptions that would have a significant impact on the financial statements.

The Financial Statements are prepared on the historical cost basis.

## Notes to the Financial Statements

### c) Adoption of new IFRS

#### Amendments

On 1 January 2021, the Company adopted the following clarifications and amendments to the standards which were effective from 1 January 2021. These did not have a material impact upon the financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 – endorsed by the UK on 5 January 2021, effective 1 January 2021. The Phase 2 amendments provide specific guidance on how to treat financial assets and financial liabilities where the basis for the contractual cash flow changes as a result of IBOR reform.

On 1 January 2021, the Company also adopted the following amendment to IFRS 16 which was effective from 1 April 2021. This did not have a material impact upon the financial statements:

- Amendment to IFRS 16: Leases Covid 19 Related Rent Concessions – issued on 31 March 2021 and effective from 1 April 2021. The Amendment increases the scope of COVID-19 Related Rent Concessions that was issued on 28 May 2020, exempting lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. The Amendment increase the eligibility period for the application of the practical expedient by 12 months from 30 June 2021 to 30 June 2022.

The following accounting standards have been issued by the IASB but are not yet effective in the UK and have not yet been adopted within these financial statements:

IFRS	Endorsement status
IFRS 17 Insurance contracts	Not yet endorsed by the UK
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	Not yet endorsed by the UK
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	Not yet endorsed by the UK
Amendments to IFRS 3, IAS 16, IAS 37, Annual Improvements 2018, 2020	Not yet endorsed by the UK
Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	Not yet endorsed by the UK
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Not yet endorsed by the UK

#### IFRS 17 Insurance Contracts ('IFRS 17')

The IASB issued IFRS 17 on 18 May 2017 to replace IFRS 4. IFRS 17 provides a comprehensive framework for accounting for insurance contracts and it is anticipated to impact the treatment and measurement of income, expenses, assets and liabilities arising from insurance contracts. In June 2020, the IASB published Amendments to IFRS 17, including the deferral of the effective date by two years. The standard incorporating the amendments is effective from 1 January 2023, subject to endorsement by the UK Endorsement Board ('UKEB').

The Company does not expect that the adoption of IFRS 17 will have a significant impact on the Financial Statements as the Company does not underwrite insurance contracts.

#### Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)

No expected endorsement date has been published with the effective date set as 1 January 2023. These amendments are not expected to have a significant impact on the Company's financial statements.

#### Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued 12 February 2021)

No expected endorsement date has been published with the effective date set as 1 January 2023. These amendments are not expected to have a significant impact on the Company's financial statements.



## Notes to the Financial Statements

### ***Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)***

No expected endorsement date has been published with the effective date set as 1 January 2023. These amendments are not expected to have a significant impact on the Company's financial statements.

### ***Amendments to IFRS 3, IAS 16, IAS 37, Annual Improvements 2018, 2020 (issued 14 May 2020)***

These amendments are expected to be endorsed in the first half of 2022 to be, effective from 1 January 2022. These amendments are not expected to have a significant impact on the Company's financial statements.

### ***Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued 7 May 2021)***

No expected endorsement date has been published with the effective date set as 1 January 2023. These amendments are not expected to have a significant impact on the Company's financial statements.

## **2. Accounting policies**

### **a) Investment income**

Investment income comprises dividend income which is recognised, in accordance with IFRS 9, when the Company's right to receive payment of the dividend is established and that the dividend amount can be measured reliably, in addition to it being probable that future economic benefits from the dividend will flow to the Company.

### **b) Employee Benefits**

#### ***Pension contributions***

The Company operates a defined contribution pension scheme. The amount charged to profit or loss in respect of pension costs is the amount of contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The Company has no obligation to make any further payments to the plans other than the contributions due. The assets of the scheme are held separately from those of the Company in an independently administered fund.

#### ***Share based payments***

The Hastings Group operates a cash-settled share based payment scheme whereby the fair value of the award is determined at grant date and is expensed to the profit or loss on a straight line basis over the vesting period, with a corresponding credit recognised as a share based payment liability. The Company settles these awards upon vesting with payments deducted from the liability recognised. Expected vesting in respect of both service conditions and market and non-market performance conditions are reviewed at least annually and adjustments are made retrospectively to the cumulative expense recognised.

In the year ended 31 December 2021, the Hastings Group introduced an equity-settled share incentive scheme under which the certain key management personnel could be awarded up to five free ordinary B shares in Hastings Group (Consolidated) Limited, a parent company, for every ordinary B share that they purchase, subject to performance thresholds based upon total shareholder return ('TSR'). The fair value of the share based payment award is determined at grant date and expensed on a straight line basis over the vesting period, with a corresponding credit recognised as a capital contribution within equity where the Company does not settle the obligation or repay the parent Company. Where the Company settles the share award, the scheme is accounted for as cash settled with a corresponding asset or liability for payments made less fair value earned.

### **c) Taxation**

Income tax on the result for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination, items recognised in other comprehensive income or items recognised directly in equity.

Current taxation expense is the expected income tax payable on the taxable profit for the period, using tax rates applicable and any adjustment to income tax payable in respect of previous financial periods. Deferred taxation expense is the change in deferred tax assets and liabilities between the reporting periods.

### **d) Property and equipment**

Property and equipment is made up of the Company's property lease, which is recognised as a right of use asset.

## Notes to the Financial Statements

### e) Leases

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement of a lease or contract containing a lease, the Company recognises a right of use asset and a lease liability on the balance sheet.

The Company initially measures a right of use asset at cost comprising the corresponding lease liability adjusted for any payments made at or before the commencement date plus any initial direct costs incurred and any dismantling costs, if applicable. Subsequently, from commencement date, a right of use asset is depreciated using the straight line method to profit or loss over the lease term or usage term. Right of use assets are reported in the balance sheet within property and equipment.

A lease liability is initially measured and recognised at the present value of outstanding lease payments at the lease commencement date, using the Company's incremental borrowing rate in most instances; unless the interest rate implicit in the lease can be readily determined, in which case this is used instead. Lease liabilities are reported in current liabilities in the balance sheet.

### f) Intangible assets

#### *Work in progress*

Work in progress includes intangible assets in the course of development which are considered to be eligible for capitalisation but which have not yet reached the state where they are ready for their intended use. As such no amortisation has yet been charged on these assets.

### g) Investment in subsidiary

The investment in subsidiary is held at cost less any impairment, and it is tested for impairment on an annual basis.

### h) Cash at bank and in hand

The Company's cash consists of cash in hand and at bank.

### i) Financial assets

The Company's financial assets comprise cash at bank and in hand. Financial assets are initially measured at fair value less any directly attributable transaction costs. Subsequently, financial assets are measured at amortised cost using the effective interest method.

### j) Financial liabilities

Financial liabilities comprise intercompany payables and other payables. Financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

### k) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other financial assets, or to exchange financial assets or liabilities under potentially unfavourable conditions. Where such an obligation exists, and the exception within IAS 32 paragraph 16 in respect of any option is not met, the share capital is recognised as a liability notwithstanding the legal form.

Incremental costs directly attributable to the issue of equity instruments are recognised as a deduction from share premium to the extent that there is sufficient share premium to do so, net of tax effects.

### l) Dividends

Dividends are recognised directly in equity when approved and payable.

## 3. Judgements in applying accounting policies and critical accounting estimates

The preparation of financial statements in accordance with IFRS requires the Directors to make judgements and assumptions that affect the assets and liabilities recognised as at the reporting date and the income and expense recognised during the reporting period as well as the content of any disclosures. Although these judgements and assumptions are based on the Directors' best knowledge of the amounts, events and actions, actual results may differ from these judgements and assumptions.

## Notes to the Financial Statements

The Company currently does not have any assets and liabilities whose carrying amounts involve the use of estimates and assumptions that would have a significant impact on the financial statements.

### 4. Investment income

During the year, the Company received dividends of £39.3 million from its subsidiary, Hastings Group Finance plc ("HGF"), (2020: £83.3 million).

### 5. Expenses

	Year ended	
	31 December 2021 £m	31 December 2020 £m
<i>Profit before taxation is stated after charging:</i>		
Transaction costs	-	16.5
Employee benefits (Note 6)	10.2	8.6
Other administration and distribution costs	0.3	1.2
Other expenses	10.5	26.3
Depreciation of property and equipment (Note 8)	0.5	0.6
Amortisation and depreciation	0.5	0.6

Transaction costs relate to expenses incurred by the Company to effect the acquisition whereby Sampo plc ('Sampo') and Rand Merchant Investment Holdings Limited ('RMI') acquired the entire issued share capital of the Company, on 16 November 2020.

On 8 December 2021 Sampo plc ('Sampo') acquired the remaining 30% of the Hastings Group's share capital held by Rand Merchant Investment Holdings Limited ('RMI') and now has 100 percent ownership of the Hastings Group's 'A' ordinary shares.

### 6. Employee benefits

Included in other operating expenses were the following employee benefits:

	Year ended	
	31 December 2021 £m	31 December 2020 £m
Salaries and bonus	4.3	3.9
Social security charges	1.4	0.7
Defined contribution pension plan costs	0.2	0.2
Share based payment charge	4.3	3.8
Total employee benefits	10.2	8.6

Key management personnel compensation is as follows:

## Notes to the Financial Statements

	Year ended	
	31	31
	December 2021	December 2020
	£m	£m
Short term employee benefits	4.1	2.6
Post employment benefits	0.2	0.2
Share based payments	4.3	3.8
Total key management personnel compensation and Directors' emoluments	8.6	6.6

	Year ended	
	31	31
	December 2021	December 2020
	£m	£m
Short term employee benefits	0.2	1.3
Total key management personnel compensation and Directors' emoluments	0.2	1.3

During the year, the average number of full time equivalent support staff employed by the Company was 5 (2020: 5).

## 7. Taxation credit

	Year ended	
	31	31
	December 2021	December 2020
	£m	£m
<i>Current tax</i>		
Corporation tax on profits for the year	1.2	1.4
Adjustments for prior years	0.3	-
Current taxation credit	1.5	1.4
<i>Deferred tax</i>		
Deferred taxation movement relating to temporary differences	0.9	0.5
Impact of change in the UK Corporation tax rate	0.3	-
Deferred taxation credit	1.2	0.5
Total taxation credit	2.7	1.9

Factors affecting total taxation credit are:

	Year ended	
	31	31
	December 2021	December 2020
	£m	£m
Profit before tax	28.3	56.4
Applicable tax charge at the statutory tax rate of 19% (2019: 19%):	(5.4)	(10.7)
Non-taxable income	7.5	15.8
Adjustment relating to prior periods	0.3	-
Impact of change in the UK corporation tax rate	0.3	-
Expenses and provisions not deductible for tax purposes	-	(3.2)
Total taxation credit	2.7	1.9

The UK Corporation tax rate applicable to the Company was 19% for the year ended 31 December 2021 (31 December 2020: 19%). The Chancellor of the Exchequer in his Budget on 3 March 2021 announced that the UK corporation tax rate will remain at 19% until 31 March 2023, and will then increase to 25% from 1 April 2023, this was substantively

## Notes to the Financial Statements

enacted on the 24 May 2021. Deferred tax assets and liabilities have been re-measured based on the expected timing of the reversal of the underlying temporary differences, resulting in a tax credit of £0.3m for the year.

Expenses and provisions not deductible for tax purposes comprises disallowed expenditure such as business entertainment expenses and certain expenditure deemed capital under tax legislation.

### 8. Leases

Information about leases for which the Company is a lessee under IFRS 16 are presented below.

#### Right of use assets

The movement in the Company's right of use assets, by asset class, are shown below:

	Property £m	Total £m
<i>Cost</i>		
As at 1 January 2020	1.4	1.4
As at 31 December 2020	1.4	1.4
<i>Accumulated depreciation</i>		
As at 1 January 2020	0.5	0.5
Charge for the year	0.6	0.6
As at 31 December 2020	1.1	1.1
Net book value as at 31 December 2020	0.3	0.3
<i>Cost</i>		
As at 1 January 2021	1.4	1.4
Additions	0.8	0.8
Expiration of right of use asset	(1.4)	(1.4)
As at 31 December 2021	0.8	0.8
<i>Accumulated depreciation</i>		
As at 1 January 2021	1.1	1.1
Charge for the year	0.5	0.5
Expiration of right of use asset	(1.4)	(1.4)
As at 31 December 2021	0.2	0.2
Net book value as at 31 December 2021	0.6	0.6

#### Lease liabilities

A maturity analysis table for the contractual undiscounted cash flows for the lease liabilities is shown below:

	As at	
	31 December 2021 £m	31 December 2020 £m
Within one year	0.4	0.4
Within two to five years	0.3	-
Total undiscounted lease liabilities	0.7	0.4

Cash outflows from lease liabilities are disclosed in the Statement of Cash Flows.

## Notes to the Financial Statements

### 9. Intangible assets

	Work in progress	Total
	£m	£m
<b>Cost</b>		
As at 1 January 2021	-	-
Additions	2.3	2.3
As at 31 December 2021	2.3	2.3
<b>Accumulated amortisation</b>		
As at 1 January 2021	-	-
Amortisation for the year	-	-
As at 31 December 2021	-	-
Net book value as at 31 December 2021	2.3	2.3

Additions during the year ended 31 December 2021 relate to software development costs.

### 10. Investment in subsidiary

	As at	
	31 December 2021	31 December 2020
	£m	£m
As at 1 January	1,279.2	1,277.4
Share based payment charge	-	2.6
Subsidiary contribution to share based payment	-	(0.8)
As at 31 December	1,279.2	1,279.2

The increase in investment in subsidiary in the year comprises £nil (2020: £1.8m). As at 31 December 2020 this relates to the share based payment charge that were equity settled by the Company, less any payments made by the Company in respect of the shares awarded.

Investment in subsidiary is tested for impairment annually, the recoverable amount of the subsidiaries is determined by value in use calculations. These calculations use pre-tax cash flow projections based on the most recent three year financial plans approved by the Directors, discounted by the pre-tax discount rate of 7.2% (2020: 8.8%). Cash flows beyond the three year plan period are extrapolated using growth rates declining to a terminal rate of 2.0%. As the value in use of the subsidiaries is significantly higher than the investment in subsidiaries, the investment in subsidiaries is not impaired.

## Notes to the Financial Statements

The Company's subsidiaries are as follows:

Subsidiary	Registered office	Class of shares held	% ownership	Principal activity
Hastings Insurance Group (Holdings) Limited	<i>a</i>	Ordinary	100%	Dormant
Hastings Insurance Group (Investment) Limited*	<i>a</i>	Ordinary	100%	Dormant
Hastings Insurance Group (Layer Three) Limited*	<i>a</i>	Ordinary	100%	Dormant
Hastings Insurance Group (Layer Two) Limited*	<i>a</i>	Ordinary	100%	Dormant
Hastings Group (Finance) plc	<i>a</i>	Ordinary	100%	Holding
Hastings Group Limited*	<i>a</i>	Ordinary	100%	Holding
Advantage Global Holdings Limited*	<i>b</i>	Ordinary	100%	Holding
Advantage Insurance Company Limited*	<i>c</i>	Ordinary	100%	Insurance underwriter
Conquest House Limited*	<i>d</i>	Ordinary	100%	Property ownership
Hastings Repair Services Limited*	<i>d</i>	Ordinary	100%	Provision of repair services
Hastings (Holdings) Limited*	<i>d</i>	Ordinary	100%	Holding
Hastings (UK) Limited*	<i>d</i>	Ordinary	100%	Holding
Hastings Insurance Services Limited*	<i>d</i>	Ordinary	100%	Insurance intermediary
Hastings (US) Limited*	<i>d</i>	Ordinary	100%	Management consulting and advisory services
Renew Insurance Services Limited*	<i>d</i>	Ordinary	100%	Dormant
Hastings Financial Services Limited (formerly known as 1066 Direct Limited)*	<i>d</i>	Ordinary	100%	Dormant
Advantage Insurance Services Limited*	<i>d</i>	Ordinary	100%	Dormant
Hastings Direct Limited*	<i>d</i>	Ordinary	100%	Dormant
People's Choice (Europe) Limited*	<i>d</i>	Ordinary	100%	Dormant

\* Held indirectly

The registered offices of the Company's subsidiaries are as follows:

- a) 47 Esplanade, St Helier, Jersey, JE1 0BD
- b) Ritter House, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands
- c) Suite 23, Portland House, Glacis Road, Gibraltar
- d) Conquest House, 32-34 Collington Avenue, Bexhill-on-Sea, East Sussex, TN39 3LW, UK

The Company holds 100% of the voting rights of both its directly and indirectly owned subsidiaries. The Company does not have any other significant holdings.

## 11. Deferred tax

	As at	
	31 December 2021 £'m	31 December 2020 £'m
<b>Deferred tax</b>		
Brought forward at start of year	0.6	0.1
Movement in year	1.2	0.5
Carried forward at end of year	1.8	0.6
 Share based payments	 1.8	 0.6
Deferred tax at end of year	1.8	0.6

## Notes to the Financial Statements

### 12. Trade and other receivables

	As at	
	31 December 2021 £m	31 December 2020 £m
Receivables from related entities	0.1	-
Other receivables	0.2	0.1
<b>Total trade and other receivables</b>	<b>0.3</b>	<b>0.1</b>

### 13. Cash at bank and in hand

	As at	
	31 December 2021 £m	31 December 2020 £m
Cash at bank and in hand	3.1	0.1
<b>Total cash at bank and in hand</b>	<b>3.1</b>	<b>0.1</b>

### 14. Trade and other payables

	As at	
	31 December 2021 £m	31 December 2020 £m
Accrued expenses	1.5	0.7
Lease liabilities	0.7	0.3
Intercompany payables	26.8	5.5
Other payables	6.4	3.0
<b>Total trade and other payables</b>	<b>35.4</b>	<b>9.5</b>

Accrued expenses and intercompany payables are unsecured, non-interest bearing and are normally settled within 12 months.



## Notes to the Financial Statements

### 15. Financial instruments, capital management and related disclosures

#### a) Financial assets and liabilities

The Group's financial instruments can be analysed as follows:

##### *At amortised cost*

The carrying values of all financial instruments carried at amortised cost are considered to be an approximation of fair value and the table below analyses these by balance sheet classification:

	As at	
	31 December 2021 £m	31 December 2020 £m
<i>Financial assets</i>		
Cash at bank and in hand	3.1	0.1
Receivables from related entities	0.1	-
Other receivables	0.2	0.1
<b>Total financial assets at amortised cost</b>	<b>3.4</b>	<b>0.2</b>
<i>Financial liabilities</i>		
Accrued expenses	1.5	0.7
Lease liabilities	0.7	0.3
Intercompany payables	26.8	5.5
Other payables	6.4	3.0
<b>Total financial liabilities at amortised cost</b>	<b>35.4</b>	<b>9.5</b>

The carrying value of all financial instruments carried at amortised cost at 31 December 2021 and 31 December 2020 is considered to be an approximation of fair value.

#### b) Objectives, policies and procedures for managing financial risks

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk for the Company are credit risk and liquidity risk.

##### *Credit risk*

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's exposure to credit risk is in relation to £0.1m (31 December 2021: £nil) of financial assets due from the Company's related parties. The receivables from related parties are monitored closely with a view to minimising the collection period of those items.

##### *Liquidity risk*

Liquidity risk is the risk that cash may not be available to meet obligations when they fall due. The Company liquidity risk is not considered to be significant.

Financial liabilities are settled in line with agreed payment terms and managed in accordance with cash availability and inflow expectations. All financial liabilities are due within 12 months.

#### c) Objectives, policies and procedures for managing capital

The Directors regularly review the amount of capital of the Company through monitoring of the financial performance of the business. The Company's capital is made up of equity.

## Notes to the Financial Statements

### 16. Share capital

	As at	
	31 December 2021 £m	31 December 2020 £m
<i>Authorised, issued and fully paid up Ordinary Share capital</i>		
662,217,197 Ordinary Shares of 2p (2020: 662,217,197)	13.2	13.2
<b>Total</b>	<b>13.2</b>	<b>13.2</b>

### 17. Share based payments

The total charge for share based payments recognised in the profit and loss during 2021 was £4.3m (2020: £3.8m) with £nil (2020: £2.1m) relating to modifications to the schemes. The shared based payment liability at 31 December 2021 was £2.2m (2020: £3.0m).

#### Performance-Based Long Term Incentives

Certain management personnel participate in the Company's Long Term Incentive Plan ('LTIP') which is a cash settled scheme.

During 2020, the Company was acquired and delisted from the UK stock exchange, as part of this transaction all share options and awards were either early settled or replaced with cash awards on similar terms. The table below shows the movement in equity settled LTIP share options:

	Year ended	
	31 December 2021 (million)	31 December 2020 (million)
<i>Number of equity settled LTIP share options</i>		
Outstanding at 1 January	-	2.9
Granted during the year	-	1.7
Exercised during the year	-	(1.0)
Forfeited during the year	-	(1.9)
Transferred between companies	-	1.2
Transferred to cash awards	-	(2.9)
<b>Outstanding at 31 December</b>	<b>-</b>	<b>-</b>

Under the LTIP scheme prior to the delisting, vesting was subject to a three year service period and the achievement of certain performance conditions in respect of total shareholder return relative to FTSE 350 performance and adjusted earnings per share over a three year performance period. The expected life is the contractual life of the option adjusted to reflect management's best estimate of holder behaviour. Volatility was determined by reference to insurance companies within the FTSE 350.

Awards subject to a market condition were valued using the Monte Carlo pricing model and those not subject to a market condition were valued using the Black Scholes model. The model inputs for the Monte Carlo pricing model were as follows:

	2021 LTIP grant	2020 LTIP grant
Share price at grant date	n/a	183p
Exercise price	n/a	0p
Volatility	n/a	28%
Average comparator volatility	n/a	35%
Dividend yield	n/a	n/a
Risk free rate	n/a	0.14%
Expected life	n/a	3 years

## Notes to the Financial Statements

Under the new LTIP Scheme, all awards are cash based. Vesting is subject to a three year service period and the achievement of certain performance conditions in respect of adjusted operating profit and live customer policies over a three year performance period. Adjusted operating profit represents profit before taxation expense, amortization and depreciation. This is a non-IFRS measure used to measure the underlying trading of the business (Note 22). For awards to certain individuals, considered key management personnel, there is an additional holding period of two years ('Executive grant').

During 2021, cash awards with fair value of £2.7m were granted (2020: £nil). The expected life is the contractual life of the award adjusted to reflect management's best estimate of holder behavior.

There were cash awards with a value of £9.4m outstanding at 31 December 2021 (31 December 2020: £6.7m).

	31 December 2021	31 December 2020
	Fair value of cash awards	Fair value of cash awards
	£m	£m
At 1 January	6.7	-
Granted during the year	2.7	-
Issued on delisting in lieu of share awards	-	6.7
Exercised during the year	-	-
Forfeited during the year	-	-
Transferred between companies	-	-
At 31 December	9.4	6.7

### Capital Appreciation Plan

In the year ended 31 December 2021, certain key management personnel were invited to participate in the Hastings Group's Capital Appreciation Plan ('CAP') under which they may be awarded up to five free B Ordinary Shares in HGCL, for every B Ordinary Share they purchase, subject to performance thresholds based upon total shareholder return ('TSR'). The total number of B Ordinary Shares purchased and allotted under the scheme in December 2021 was 0.5m (year ended 31 December 2020: nil) at 213p per share and there were no forfeits during the year (2020: nil). Potential matching awards of B Ordinary Shares have the potential to vest in two tranches, with 50% being conditional upon a TSR measured over a four year period, and 50% being conditional upon TSR measured over a five year period, with the number of awards dependent upon the level of return between a minimum and maximum target. At the end of each performance period, one half of shares will vest immediately, and one half will be deferred for 12 months before becoming exercisable. The vesting is dependent on continuing service by the participant over the period of any deferment, so ranges from four to six years.

The TSR measure for these awards is calculated using an internal enterprise valuation model at issue date and end of the performance period and the growth in value on a per share base is combined with the dividends paid over the vesting period. The internal enterprise valuation model is a net present value calculation that considers the profit and resulting cashflow of the Hastings Group in the final year of the performance period and the resulting forecast future cashflows, without including benefit from future initiatives, discounted to present value using a market participant cost of equity. The fair value of the share awards at issue date of 213p per share was calculated using the internal enterprise valuation model and inputs including the Groups most recently approved three year plan, extrapolated growth declining to a terminal rate of 2% beyond the three year plan period, and a discount rate of 10%.

### Non-Performance-Based Long Term Incentives

Certain awards were granted of cash sums payable conditional upon their continued employment with the Group, vesting in equal tranches over a three year period. The expected life is the contractual life of the award adjusted to reflect management's best estimate of holder behaviour. During 2021, certain key management personnel were granted nil cash awards (2020: £0.9m of cash replacement awards). There were cash awards of £0.6m outstanding at 31 December 2021 (31 December 2020: £0.9m).

## Notes to the Financial Statements

### 18. Related party transactions

The Company undertakes transactions with related parties in the normal course of business and all transactions with related parties are made on normal arm's length commercial terms. The Company had the following related party transactions, with entities within the Hastings Group:

- The Company has a balance payable to Hastings Insurance Services Limited of £12.5m relating to payments made on its behalf (2020: payable of £5.5m).
- The Company has a balance payable to Hastings Group (Consolidated) Limited of £14.3m (2020: £nil).
- The Company has a balance receivable to Hastings Group (Finance) plc of £0.1m (2020: £nil).

### 19. Dividends

Dividends amounting to £50.5m were paid during the year (2020: £66.1m), equivalent to 8.0 pence per share (2020: 10.0 pence per share).

### 20. Ultimate controlling party

The Company's immediate parent company is Hastings Group (Consolidated) Limited, whose registered office is at Conquest House, Collington Avenue, Bexhill-on-Sea, East Sussex, TN39 3LW.

Sampo plc ('Sampo') is the Company's ultimate parent company. The Group headed by Sampo is the largest and the smallest group into which the Financial Statements are consolidated. The consolidated financial statements of Sampo may be obtained from its registered address at Fabianinkatu 27, 00100 Helsinki, Finland.

### 21. Events after the reporting period

There were no events after the reporting date requiring disclosure in these financial statements.

### 22. Reconciliations

Adjusted operating profit represents profit before taxation expense, finance costs, amortisation and depreciation. This is a non-IFRS measure used by management to measure the underlying trading of the business and is provided for information.

	Year ended	
	31 December 2021 £'m	31 December 2020 £'m
<i>Adjusted operating profit reconciliation</i>		
Profit before tax	28.3	56.4
<b>Add back:</b>		
Depreciation	0.5	0.6
Adjusted operating profit	28.8	57.0