



**Hastings Group Holdings Limited**

**Annual Report and Financial Statements**

**for the year ended 31 December 2020**

Registered number: 09635183



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## **Directors and other information**

<b>Directors</b>	H L Bosman T Colraine P P J L M G Lefevre K Arne Alsaker J H Hofmeyr T Magnusson T Morten A R Wennerklint
<b>Secretary</b>	A S Leppard
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL
<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') 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.

On 16 November 2020, a consortium consisting of Sampo plc ('Sampo') and Rand Merchant Investment Holdings Limited ('RMI') acquired the entire issued share capital of Hastings Group Holdings plc ('HGH') via a UK registered entity, Dorset Bidco Limited, subsequently renamed Hastings Group (Consolidated) Limited ('HGCL'). HGH delisted from the London Stock Exchange on 17 November 2020 and was subsequently renamed Hastings Group Holdings Limited. The Hastings group of companies ('Hastings Group') comprises HGCL and its subsidiaries, including the Company. The ultimate parent company of Hastings Group and the Company is Sampo.

### Business review

The Directors report a profit after tax of £58.3m for the year to 31 December 2020 (2019: £85.8m).

The trading subsidiaries, HISL and AICL, reported profit after tax of £24.4 million (2019: £63.2 million) and £69.6 million (2019: £28.6 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 12.

### 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 continues to cause unprecedented disruption to the UK and worldwide economy and society. The Hastings Group management closely monitors the risks affecting its colleagues, customers, communities, the Company and the wider Hastings Group. The pandemic is not expected to significantly impact the structure or demand for motor and home insurance products in the UK over the medium term. Motor insurance remains compulsory in order for cars to be driven 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. The majority of colleagues are continuing to work from home, with only those colleagues who cannot do so, and who meet defined characteristics, working from the Hastings Group's offices. Strict safety protocols are enforced in offices in line with Government guidance. Colleagues have been 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 recourse to any of the UK Government's funding and business support initiatives during the pandemic.

In addition to the support given to colleagues, measures are being taken to help ensure that the Hastings Group continues to provide the best possible service and support to its customers. These include waiving certain fees, allowing payment holidays, reviewing cover levels with customers, premium reductions for mileage amendments, and complimentary RAC cover for frontline healthcare workers. Communications to customers have also been enhanced to ensure they are aware of these measures and how the Hastings Group continues to service them both digitally and over the telephone.

The financial stability of the Company, and the wider Hastings Group, is regularly assessed, with the counterparty risk associated with the Hastings Group's cash and 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.

With the pandemic continuing to evolve, the Hastings Group is closely monitoring the latest Government strategy, the impact on colleagues, the needs of its customers, and the wider financial environment; it also continuing to support its local communities. A senior executive-led crisis management committee is overseeing COVID-19 developments and mitigating the impact of these developments on all stakeholders and reporting to the relevant board of Directors in the Hastings Group on a regular basis.

### **Section 172(1) Statement**

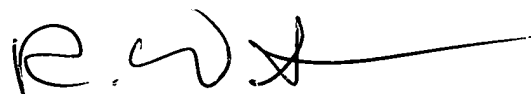
Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of different matters.

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

28 April 2021

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 2020.

## Directors

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

- H L Bosman	
- T Colraine	Appointed 10 December 2020
- P P J L M G Lefevre	Appointed 10 December 2020
- K Arne Alsaker	Appointed 16 November 2020
- J H Hofmeyr	Appointed 16 November 2020
- T Magnusson	Appointed 16 November 2020
- T Morten	Appointed 16 November 2020
- A R Wennerklint	Appointed 16 November 2020
- M Thorsurd	Appointed 16 November 2020
- T van der Meer	Resigned 16 November 2020
- J Worth	Resigned 16 November 2020
- A S Burns	Resigned 16 November 2020
- E G Chambers	Resigned 16 November 2020
- T Robson-Capps	Resigned 16 November 2020
- S S Sagayam	Resigned 16 November 2020
- G A Hoffman	Resigned 21 May 2020
- S Rajpal	Resigned 24 February 2020

## Directors' and officers' liability insurance

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 £66.1m during the year (2019: £89.3m).

## 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. Whilst the long term impact of the COVID-19 pandemic is as yet unknown, the Hastings Group has continued to operate, generate revenues and service customers who need insurance or to make claims during the UK Government mandated lock downs, through increased home working, use of technology and other mitigating actions, and expects to be able to continue to do so. The Directors have considered the likely financial impacts that could result from the pandemic, including the subsequent economic consequences and the potential impact on the Hastings Group's entities ability to pay dividends, from severe, but plausible, downside stresses that could result from the pandemic or resulting economic downturn. Having considered the foregoing items and the most recently prepared budgets and cash flow forecasts 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

The Company's ultimate parent company, Sampo plc, has decided to re-tender for its external audit services across the Sampo group. This process is due to complete following a shareholder vote at Sampo plc's forthcoming Annual General Meeting on 19 May 2021 and may result in a change of auditor for the Company. The appointment of the auditor will be confirmed in due course under the provisions of section 514 of the Companies Act 2006.

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



A R Wennerklint

Director

Date: 28 April 2021

Registered number: 09635183

## **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the Financial Statements**

The Directors are responsible for preparing the Strategic Report, the Directors' 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 they 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, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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**

## **Opinion**

We have audited the financial statements of Hastings Group Holdings Limited ("the Company") for the year ended 31<sup>st</sup> December 2020 which comprise of Statement of Profit & Loss, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and related notes, including the accounting policies in Note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

## **Fraud and breaches of laws and regulations – ability to detect**

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and the audit committee as to the Company's high-level policies and procedures to prevent and detect fraud including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Company Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Company management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as the valuation of investment in subsidiary. On this audit we do not believe there is a fraud risk related to revenue recognition because the entity is a holding company that doesn't generate revenue.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those recorded at the end of the period or as post-closing entries that have little or no explanation or descriptions, those journal entries that are unbalanced and those made during weekends and holidays.
- Evaluated the business purpose of significant unusual transactions; and;
- Assessed significant accounting estimates for bias.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and Directors' report**

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.

*Jessica S.S. Katsouris*

**Jessica Katsouris (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

1 St Peter's Square, Manchester, M2 3AE

28 April 2021

## Financial Statements

### Statement of Profit or Loss for the year ended 31 December 2020

		Year ended	
		31 December 2020 Total	31 December 2019 Total
	Note	£m	£m
Investment and interest income	4	83.3	92.0
<b>Net revenue</b>		<b>83.3</b>	<b>92.0</b>
Other expenses	5	(26.3)	(7.0)
<b>Adjusted operating profit<sup>1</sup></b>		<b>57.0</b>	<b>85.0</b>
Depreciation	5	(0.6)	(0.5)
<b>Profit before tax</b>		<b>56.4</b>	<b>84.5</b>
Taxation credit	7	1.9	1.3
<b>Total profit attributable to the equity holders of the parent</b>		<b>58.3</b>	<b>85.8</b>

All results arose from continuing operations.

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

<sup>1</sup> Adjusted operating profit represents profit before taxation expense, finance costs, amortisation and depreciation and non-trading costs. This is a non-IFRS measure used by management to measure the underlying trading of the business and is provided for information.

## Financial Statements

### Balance Sheet

As at 31 December 2020

	Note	31 December 2020 £m	31 December 2019 £m
<b>Assets</b>			
Property and equipment	8	0.3	0.9
Investment in subsidiaries	9	1,279.2	1,277.4
Deferred tax	10	0.6	0.1
Receivables	11	0.1	0.1
Cash and cash equivalents	12	0.1	0.1
<b>Total assets</b>		<b>1,280.3</b>	<b>1,278.6</b>
<b>Liabilities</b>			
Current liabilities	13	9.5	2.5
<b>Total liabilities</b>		<b>9.5</b>	<b>2.5</b>
<b>Equity</b>			
Share capital	14	13.2	13.2
Share premium		172.6	172.6
Retained earnings		1,085.0	1,090.3
<b>Total equity</b>		<b>1,270.8</b>	<b>1,276.1</b>
<b>Total equity and liabilities</b>		<b>1,280.3</b>	<b>1,278.6</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 2021 and were signed on its behalf by:



A R Wennerklint

Director

Company Number: 09635183

## Financial Statements

### Statement of Changes in Equity

For the year ended 31 December 2020

	Note	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
As at 1 January 2019		13.2	172.6	1,090.9	1,276.7
Total profit for the year attributable to equity holders		-	-	85.8	85.8
<i>Transactions with equity holders</i>					
Share based payments	15	-	-	2.9	2.9
Dividends paid		-	-	(89.3)	(89.3)
Total transactions with equity holders		-	-	(86.4)	(86.4)
As at 31 December 2019 and 1 January 2020		13.2	172.6	1,090.3	1,276.1
Total profit for the year attributable to equity holders		-	-	58.3	58.3
<i>Transactions with equity holders</i>					
Share based payments	15	-	-	2.5	2.5
Dividends paid		-	-	(66.1)	(66.1)
Total transactions with equity holders		-	-	(63.6)	(63.6)
As at 31 December 2020		13.2	172.6	1,085.0	1,270.8

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

## Financial Statements

### Statement of Cash Flows

For the year ended 31 December 2020

	Note	Year ended	
		31 December 2020 £m	31 December 2019 £m
Profit after tax		58.3	85.8
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	0.6	0.5
Share based payments	15	3.8	1.4
Taxation credit	7	(1.9)	(1.3)
Change in other receivables		1.4	2.1
Change in current liabilities		4.5	0.1
<b>Net cash flows from operating activities</b>		<b>66.7</b>	<b>88.6</b>
Repayment of lease liabilities		(0.6)	(0.5)
Dividends paid	17	(66.1)	(89.3)
<b>Net cash flows from financing activities</b>		<b>(66.7)</b>	<b>(89.8)</b>
<b>Net decrease in cash and cash equivalents</b>			<b>(1.2)</b>
Cash and cash equivalents at beginning of year		0.1	1.3
Net movements in cash and cash equivalents for the year		-	(1.2)
<b>Cash and cash equivalents at end of year</b>	12	<b>0.1</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, TN39 3LW, United Kingdom. The Company's registered number is 09635183. On 16 November 2020, a consortium consisting of Sampo plc ('Sampo') and Rand Merchant Investment Holdings Limited ('RMI') acquired the entire issued share capital of the Company, the then ultimate parent company of the Hastings Group via a UK registered entity Dorset Bidco Limited, subsequently renamed Hastings Group (Consolidated) Limited. HGH delisted from the London Stock Exchange on 17 November 2020 and was subsequently renamed Hastings Group Holdings Limited. The Hastings group of companies ('Hastings Group') comprises HGCL and its subsidiaries, including the Company. The ultimate parent company of Hastings Group and the Company is Sampo.

The Financial Statements comprise the results of the Company for the year ended 31 December 2020 and comparative figures for the year ended 31 December 2019.

The Company has prepared its Financial Statements in accordance with 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. Whilst the long term impact of the COVID-19 pandemic is as yet unknown, the Hastings Group has continued to operate, generate revenues and service customers who need insurance or to make claims during the UK Government mandated lock downs, through increased home working, use of technology and other mitigating actions, and expects to be able to continue to do so. The Directors have considered the likely financial impacts that could result from the pandemic, including the subsequent economic consequences, and the potential impact on the Hastings Group's entities' ability to pay dividends, from severe, but plausible, downside stresses that could result from the pandemic or resulting economic downturn.

Having considered the foregoing items and the most recently prepared budgets and cash flow forecasts 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 2020 the Company adopted the following clarifications and amendments to the standards which were effective from 1 January 2020. These did not have a material impact upon the financial statements:

- Amendments to IFRS 3 Business Combinations – endorsed by the EU on 21 April 2020. This amendment improves the definition of a business to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets;
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform – endorsed by the EU on 15 January 2020. The amendments address issues for hedging relationships directly affected by uncertainties arising from the interest rate benchmark reform, including cross-currency interest rate swaps, and provide relief for highly probable and prospective assessments required by IFRS 9 and IAS 39 and retrospective assessments under IAS 39;
- Amendments to IAS 1 and 8: Definition of Material (issued on 31 October 2018) – endorsed by the EU on 29 November 2019. Amendments to IAS 1 and 8: Definition of Material clarifies the definition of material to make it easier to understand but is not intended to alter the underlying concept of materiality;
- Amendments to References to the Conceptual Framework in IFRS Standards – endorsed by the EU on 6 December 2019. The Conceptual Framework provides a frame of reference for transactions and scenarios that are not accounted for under IFRS. The amendments include revised definitions and new guidance on presentation and disclosure, to the conceptual framework.

On 1 January 2020 the Company also adopted the following amendment to IFRS 16 which was effective from 1 June 2020. These did not have a material impact upon the financial statements:

- Amendment to IFRS 16: Leases COVID-19 Related Rent Concessions – effective from 1 June 2020 - endorsed by the EU on 9 October. This amendment exempts 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 following accounting standards have been issued by the International Accounting Standards Board ('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
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 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	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 IFRS 3, IAS 16, IAS 37, Annual Improvements 2018, 2020	Not yet endorsed by the UK
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9	Endorsed by the UK on 5 January 2021 and effective from 1 January 2021
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 and effective 1 January 2021

## Notes to the Financial Statements

### ***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.

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: 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.

### ***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.

### ***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 second half of 2021 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 IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued 25 June 2020)***

Endorsed by the UK on 5 January 2021, effective 1 January 2021. These amendments are not expected to have a significant impact on the Company's financial statements.

### ***Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued 27 August 2020)***

Endorsed by the UK on 5 January 2021, effective 1 January 2021. These amendments are not expected to have a significant impact on the Company's financial statements.

## Notes to the 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 the dividend is established, future economic benefits from the dividend are probable and the dividend amount can be measured reliably.

#### 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*

Prior to its acquisition, Hastings Group operated a number of equity-settled share based payment schemes under which the Company's employees could receive free share awards or nil cost options, depending on the scheme. Awards may have had service and performance conditions attached. Upon completion of the acquisition, all unexpired awards were either early settled or replaced with cash settled awards on similar terms.

For the equity settled schemes that were early settled during the year, the fair value of a share based payment award was determined at grant date and expensed on a straight line basis over the vesting period, with a corresponding credit recognised in equity. Where the Company issues share awards to its employees, the fair value of the award is expensed in the income statement with the credit recognised in equity. Where the Company issues awards to employees, the fair value of the direct and indirect subsidiaries that will be settled in the Company's shares, the Company recognises an investment in subsidiary asset and a corresponding credit in equity equal to the amount expensed in the subsidiary. Where the Company settles the awards in cash rather than its own equity instruments the scheme is accounted for as cash settled with a corresponding asset or liability for payments made less fair value earned. Expected vesting in respect of both service conditions and non-market performance conditions were reviewed at least annually and adjustments were made retrospectively to the cumulative expense recognised.

For the cash settled schemes 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.

For modifications to share schemes the revised awards are fair valued and expensed on a straight line basis over the vesting period, with the proportion of any increase in fair value relating to the service period already served expensed immediately.

#### 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.

#### 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.

## Notes to the Financial Statements

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) Investment in subsidiary**

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

### **g) Financial assets**

The Company's financial assets comprise cash and cash equivalents. Cash and cash equivalents consist of cash in hand and in bank, investments in highly liquid money market funds, and other short term deposits that are redeemable within 90 days.

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.

### **h) 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.

### **i) 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, 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.

### **j) 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.

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 £83.3 million from its subsidiary, Hastings Group Finance plc ("HGF"), (2019: £92.0 million).

## Notes to the Financial Statements

### 5. Expenses

	Year ended	
	31 December 2020 £m	31 December 2019 £m
<i>Profit before taxation is stated after charging:</i>		
Transaction costs	16.5	-
Employee benefits (Note 6)	8.6	5.4
Other administration and distribution costs	1.2	1.6
Other expenses	26.3	7.0
Depreciation of property and equipment (Note 8)	0.6	0.5
Amortisation and depreciation	0.6	0.5

Transaction costs relate to expenses incurred by the Company to effect the acquisition whereby Sampo and RMI acquired the entire issued share capital of the Company.

### 6. Employee benefits

Included in other operating expenses were the following employee benefits:

	Year ended	
	31 December 2020 £m	31 December 2019 £m
Salaries	3.9	3.3
Social security charges	0.7	0.6
Defined contribution pension plan costs	0.2	0.1
Share based payment charge	3.8	1.4
Total employee benefits	8.6	5.4

Key management personnel compensation is as follows:

	Year ended	
	31 December 2020 £m	31 December 2019 £m
Short term employee benefits	2.6	2.6
Post employment benefits	0.2	0.1
Share based payments	3.8	1.4
Total key management personnel compensation and Directors' emoluments	6.6	4.1

During the year, the average number of full-time equivalent support staff employed by the Company was five (2019: four).

## Notes to the Financial Statements

### 7. Taxation credit

	Year ended	
	31 December 2020 £m	31 December 2019 £m
<i>Current tax</i>		
Corporation tax on profits for the year	1.4	1.5
Adjustments for prior years	-	0.2
Current taxation credit / (expense)	1.4	1.7
<i>Deferred tax</i>		
Deferred taxation movement relating to temporary differences	0.5	(0.4)
Deferred taxation credit / (expense)	0.5	(0.4)
<b>Total taxation credit</b>	<b>1.9</b>	<b>1.3</b>

#### Factors affecting total taxation credit are:

	Year ended	
	31 December 2020 £m	31 December 2019 £m
Profit before tax	56.4	84.5
Applicable tax charge at the statutory tax rate of 19% (2019: 19%):	(10.7)	(16.1)
Non-taxable income	15.8	17.5
Adjustment relating to prior periods	-	0.2
Expenses and provisions not deductible for tax purposes	(3.2)	(0.3)
<b>Total taxation credit</b>	<b>1.9</b>	<b>1.3</b>

The UK Corporation tax rate applicable to the Company was 19% for the year ended 31 December 2020 (31 December 2019: 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. As at 31 December 2020 no legislation had been enacted to increase the rate to 25% and therefore the Company has applied the UK corporation tax rate of 19% in calculating its deferred tax balances (2019: 17%). The impact of the UK rate of corporation tax increasing to 25% from 1 April 2023 would not materially impact the Company's deferred tax assets.

Expenses and provisions not deductible for tax purposes comprises disallowed expenditure such as business entertainment expenses and certain expenditure deemed capital under tax legislation. In the year ended year ended this includes significant expense incurred due to the acquisition of the Hastings Group by Sampo and RMI.

## Notes to the Financial Statements

### 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 2019	0.5	0.5
Additions	1.4	1.4
Expiration of right of use asset	(0.5)	(0.5)
As at 31 December 2019	1.4	1.4
<i>Accumulated depreciation</i>		
As at 1 January 2019	0.5	0.5
Charge for the year	0.5	0.5
Expiration of right of use asset	(0.5)	(0.5)
As at 31 December 2019	0.5	0.5
Net book value as at 31 December 2019	0.9	0.9
<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

#### Lease liabilities

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

	As at	
	31 December 2020 £m	31 December 2019 £m
Within one year	0.4	0.6
Within two to five years	-	0.4
Total undiscounted lease liabilities	0.4	1.0

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

## Notes to the Financial Statements

### 9. Investment in subsidiary

	As at	
	31 December 2020 £m	31 December 2019 £m
As at 1 January	1,277.4	1,275.7
Share based payment charge	2.6	1.9
Subsidiary contribution to share based payment	(0.8)	(0.2)
As at 31 December	1,279.2	1,277.4

The increase in investment in subsidiary in the year comprises £1.8m (2019: £1.7m) 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 8.8% (2019: 7.1%). 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 deemed to be impaired.

The Company's subsidiaries are as follows:

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

\* Held indirectly



## Notes to the Financial Statements

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.

### 10. Deferred tax

	As at	
	31 December 2020 £'m	31 December 2019 £'m
<i>Deferred tax</i>		
Brought forward at start of year	0.1	0.6
Movement in year	0.5	(0.5)
Carried forward at end of year	0.6	0.1
Share based payments	0.6	0.1
Deferred tax at end of year	0.6	0.1

### 11. Receivables

	As at	
	31 December 2020 £m	31 December 2019 £m
Other receivables	0.1	0.1
Total receivables	0.1	0.1

### 12. Cash and cash equivalents

	As at	
	31 December 2020 £m	31 December 2019 £m
Cash at bank and in hand	0.1	0.1
Total cash and cash equivalents	0.1	0.1

### 13. Current liabilities

	As at	
	31 December 2020 £m	31 December 2019 £m
Accrued expenses	0.7	0.6
Lease liabilities	0.3	0.9
Intercompany payables	5.5	1.0
Other payables	3.0	-
Total current liabilities	9.5	2.5

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

## Notes to the Financial Statements

### 14. Share capital

	As at	
	31 December 2020 £m	31 December 2019 £m
<i>Authorised, issued and fully paid up Ordinary Share capital</i>		
662,217,197 Ordinary Shares of 2p (2019: 661,253,725)	13.2	13.2
<b>Total</b>	<b>13.2</b>	<b>13.2</b>

### 15. Share based payments

During the year 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 settled awards on similar terms. The total charge for share based payments recognised in the profit and loss during 2020 was £3.8m (2019: £1.4m) with £2.1m (2019: £nil) relating to modifications to the schemes. The shared based payment liability at 31 December 2020 was £3.0m.

#### Long Term Incentive Plan

Certain management personnel were eligible to participate in the Hastings Long Term Incentive Plan ('LTIP') awarding them free shares in the Company. Vesting is subject to a three year service period and the achievement of certain performance conditions in respect of total shareholder return and adjusted earnings per share over a three year period. For awards to certain individuals, considered key management personnel, there is an additional holding period of two years ('Executive grant').

During 2020, 1.7 million options were granted, with a fair value of £2.1m (2019: 1.2 million options with a fair value of £1.9m), of which 1.2 million were Executive grants with a fair value of £1.7m (2019: 1.0m options with a fair value of £1.5).

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

	2020 LTIP grant	2019 LTIP grant
Share price at grant date	183p	218p
Exercise price	0p	0p
Volatility	28%	26%
Average comparator volatility	35%	31%
Dividend yield	n/a	n/a
Risk free rate	0.14%	0.81%
Expected life	3 years	3 years

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.

The following table details the outstanding number of LTIP share awards that vested or replaced with cash settled awards upon acquisition. Those awards replaced with cash settled awards were kept on existing or improved terms with the fair value difference expensed immediately to the Profit or Loss:

## Notes to the Financial Statements

	Year ended	
	31 December 2020 (million)	31 December 2019 (million)
<i>Number of share options</i>		
Outstanding at 1 January	2.9	2.3
Granted during the year	1.7	1.2
Exercised during the year	(1.0)	(0.4)
Forfeited during the year	(1.9)	(0.2)
Transferred between companies	1.2	-
Transferred to cash awards	(2.9)	-
Outstanding at 31 December	-	2.9

There were cash awards with a value of £6.7m outstanding at 31 December 2020.

### Capital Appreciation Plan

On 21 December 2017, certain key management personnel were invited to participate in the Group's Capital Appreciation Plan ('CAP'), under which they may be awarded up to five free shares in the Company for every share that they place into trust. The awards are conditional upon total shareholder return over a five year period to 31 December 2022, with the number of awards dependent upon the level of return. There was also a cap on the number of shares which may be placed in the trust by each individual. Total entitlement to shares at the end of the performance period was to be released in three tranches; one third at the end of the performance period, a further third twelve months later, and the final third twelve months after that. Upon acquisition of the Company the CAP was terminated and as the performance criteria of the scheme were not met, the awards expired.

The awards were valued using the Monte Carlo pricing model with inputs as follows:

	As at 2017 CAP Grant
Share price at grant date	318p
Exercise price	.0p
Volatility	24%
Dividend yield	n/a
Risk free rate	0.8%
Expected life	5 years

The following table details the outstanding number of CAP share awards that expired upon acquisition:

	Year ended	
	31 December 2020 (m)	31 December 2019 (m)
<i>Number of share awards</i>		
Outstanding at 1 January	0.6	0.6
Expired during the year	(0.6)	-
Outstanding at 31 December	-	0.6

## Notes to the Financial Statements

### Restricted Stock Awards

Certain management personnel were granted RSA's under the LTIP, awarding them free shares in the Company. During the year 23,088 of RSA's conditional upon continued employment with the Hastings Group were granted with a value of £0m, due to be settled by the Company's Ordinary Shares in three equal tranches, on 8 April 2021 and annually on the 8 April for the two years following.

Upon acquisition of the Company, participants were granted replacement cash awards by HGCL. There were cash awards with a value of £0.9m outstanding at 31 December 2020.

### 16. 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 has a balance payable to Hastings Insurance Services Limited of £5.5m relating to payments made on its behalf (2019: payable of £1.1m).

### 17. Dividends

A final dividend in respect of the year ended 31 December 2019 amounting to £36.4m or 5.5p per share was paid on 29 May 2020 (2019: £59.5m).

On 4 August 2020, the Board declared an interim dividend in respect of the year ended 31 December 2020 of 4.5p per share, or £29.8m which was paid on 6 November 2020.

### 18. 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.