

ANNUAL
REPORT AND
ACCOUNTS

2019



HANSARD
GLOBAL PLC



Hansard is a specialist long-term savings provider that has been providing innovative financial solutions for international clients since 1987. We focus on helping financial advisors and institutions to provide their clients (individual and corporate investors) with saving and investment products in secure life assurance wrappers to meet long-term savings and investment objectives.

We administer assets in excess of £1 billion for just under 40,000 client accounts located in up to 155 countries.

Hansard Global plc Report and Accounts

For the year ended 30 June 2019



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Chairman's Statement

The Chairman reviews our performance, and the relevant issues affecting our business and how we operate.

Strategic Report

A narrative review of the Group's performance that includes an overview from the Chief Executive and details of our business. You can also find out about our approach to risk management.

Governance Information

In this section you can find out more on our Directors' background and experience, their specific responsibilities in relation to the Annual Report and Accounts, the key parts of our governance framework and how it was implemented during the year as well as reports from the various Board committees.

Financial Information

The Group's IFRS financial statements which include detailed analysis of the Group's performance, assets and liabilities. You will also find the Company financial statements in this section.

Shareholder Information

Further information for shareholders such as our financial calendar and how to get in touch.

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Chairman's Statement

Philip Gregory

2019 has seen the Hansard Group (“Hansard” or “the Group”) make a number of important strategic moves for the future direction of the business. The receipt of our Japanese investment management licence in June 2019 was a major milestone and the culmination of a number of years of hard work. We also successfully launched our new insurance subsidiary, Hansard Worldwide Limited (“Hansard Worldwide”) and streamlined the number of markets that we operate in and the distributors we use in those markets. Together with a major IT project to replace our back-office administration systems and a focus on cost efficiencies, we believe this offers a strong base to improve the profitability of the business in the coming years.



The highlight of the year was the continuing growth of our strategic relationship in the UAE.



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New business

New business for the 2019 financial year improved to £155.9m (in Present Value of New Business Premiums ("PVNBP") terms), up 6% from the 2018 figure of £146.6m.

The highlight of the year was the continuing growth of our strategic relationship in the UAE. This contributed significantly to new business in our Middle East and Africa region which increased 42% from the prior year. It was also pleasing to achieve a seamless transition of our international distribution to Hansard Worldwide. The Group is now more flexible and focussed in the markets and territories from which it sources business.

Financial performance

Our IFRS profit after tax for the year was £4.6m, down from £6.8m in 2018. This reflects a number of factors on both the revenue and cost side.

On the revenue side, fees and commissions were down £4.1m to £48.5m for the year (2018: £52.6m). Fees and commissions from Hansard International Limited ("Hansard International") were down by £3.2m primarily due to lower amortisation of income from prior years and lower surrender fee income as a result of improved retention levels (a benefit to future income levels). Fees and commissions from our closed book, Hansard Europe dac ("Hansard Europe"), continued to fall, as expected, and were £0.9m down on the prior year.

On the cost side, we have implemented a cost savings programme which will yield annualised savings of approximately £1.0m, primarily in the reduction of professional fees (some of which will be seen in the 2020 financial year). Offsetting this, however, we have and continue to incur increased costs for litigation defence, the operation of Hansard Worldwide, IT costs related to our administration system upgrade and premium collection costs. Overall, administrative and other expenses were £29.5m for the year (2018: £29.4m).

Further detail and analysis is contained in the Business and Financial Review on pages 13 to 21.

Capitalisation and solvency

The Group remains well capitalised to meet the requirements of regulators, contract holders, intermediaries and other stakeholders. On a risk-based capital basis, total Group Free Assets in excess of the Solvency Capital Requirements of our insurance subsidiaries were £86.8m (2018: £90.5m), a coverage of 233% (2018: 237%). We have maintained our prudent investment policy for shareholder assets, which minimises market risk and has provided a stable and resilient solvency position over many years.

Dividends

The Board has resolved to pay a final dividend of 2.65p per share (2018: 2.65p). The Board is of the view that the current net cash outflow is a temporary position that can be covered in advance of expected improvements in cash flow.

The dividend is subject to approval at the Annual General Meeting. If approved, this will represent total dividends for the financial year of 4.45p per share (2018: 4.45p). The final dividend will be paid on 14 November 2019. The ex-dividend date will be 3 October 2019 and the record date will be 4 October 2019.

The future

The key to significantly increased new business lies in our ability to take advantage of the opportunity available to us in Japan. We are planning to launch a new investment product for the Japanese market in 2020, distributed by local banks. Whilst the set-up costs in Japan will reduce the profitability of 2019/20, the Japanese market has the potential to be a significant source of future profitability.

Philip Gregory
Chairman
25 September 2019

Group Chief Executive Officer's Overview

Gordon Marr

2019 has seen positive progress on our ambition to build on our traditional international business with additional locally-licenced operations in highly attractive savings markets.

In June 2019 we announced that Hansard International had been granted an Investment Management licence in Japan, marking the first step to enable Hansard to enter the Japanese market with a new, innovative savings proposition. We have appointed a General Manager in Tokyo to help build on the opportunity that this licence presents and lead the development of local resource and distribution relationships. We believe this presents us with a very significant opportunity to achieve a step change in Hansard's future growth potential.

We have also adapted to changes in the regulatory landscape and split our business into a more flexible model. Hansard International in the Isle of Man will underwrite and reinsure all locally-licenced business, while Hansard Worldwide in The Bahamas will be the hub for our international and expatriate business. We have successfully launched Hansard Worldwide during the second half of the 2019 financial year and seamlessly managed the transition of our broker network and operational model.

During the year, we launched a major IT project to replace our back-office administration systems. Our current systems have served us well over the past 30 years but technology never stands still and we believe our new systems will both better support our next generation of products whilst also enabling us to implement significant annual cost savings. We expect the systems to be implemented in 2020 with savings to be realised from 2021.

We are conscious that our current financial returns do not yet reflect these positive developments. We remain confident however that we are taking the right steps to address both the revenue and expense lines for the long term future of the Group and that we have the right people and technology to execute upon the opportunities before us.





Results for the year under review

We believe that the following areas are the fundamental factors for the success of the Group:

- Sourcing significant flows of regular premium new business flows from diversified target markets;
- Managing our exposure to business risk;
- Positioning ourselves to incorporate ever-increasing levels of regulation into our business model;
- Leveraging our market-leading technology and systems, and;
- Managing our cash flows through the cycle to fund the appropriate balance of investment in new business and dividends.

I would draw your attention to the following items below. Additional information is contained in the Business and Financial Review on pages 13 to 21.

1. New Business distribution

The level of new business we earned during the financial year ("FY") was £155.9m (using the PVNBP metric), up from the FY 2018 figure of £146.6m.

Our Middle East and Africa region has been a highlight, driven primarily by the continuing growth of our strategic relationship in the UAE. New business in this region was up 42% for the full year.

Elsewhere, we have seen a highly competitive market place, particularly for single premiums where we have chosen not to pursue business where margins are too low.

2. Operational, Business and Financial Risks

Our business model involves the acceptance of a number of risks on a managed and controlled basis. The Group's Enterprise Risk Management ("ERM") Framework provides for the identification, assessment, management, monitoring and control of current and emerging risks, recognising that systems of internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The Group's internal control and risk management processes have operated satisfactorily throughout the year.

2.1. Litigation Risk

As explained more fully in the Business and Financial Review, on pages 13 to 21, we continue to manage complaints and litigation arising from our closed-book, Hansard Europe, where the performance of assets linked to a particular contract have suffered

or become illiquid. We continue to maintain that we do not give investment advice and are not party to the selection of the asset and therefore we believe that such claims have no merit.

As at 30 June 2019, the Group had been served with cumulative writs with a net exposure totalling €21.7m, or £19.4m in sterling terms (30 June 2018: €20.1m / £17.8m) arising from contract holder complaints and other asset performance-related issues. The primary driver of the increase has been in relation to additional claims in Italy related to funds which have been illiquid for a number of years.

During the year, the Group successfully defended 10 cases with net exposures of approximately €0.6m, or £0.5m, 8 of which have been appealed by the plaintiffs. These successes continue to affirm confidence in the Group's legal arguments.

We have also worked closely with our insurers during the year to clarify coverages where they may be applicable. While we cannot at this stage place a value on any recoveries and have not reduced any of the gross exposures above, we are comfortable that a number of our larger cases will be at least partly covered.

At this time it is not possible to put a reliable estimate on the ultimate liability of such writs. They continue to be treated as contingent liabilities within the Annual Report and Accounts.

3. Hansard Online

Hansard Online is a powerful sales and business administration tool that is used by independent financial advisors ("IFAs") and clients the world over. It is an integral part of the Group's operating model and allows us to better service IFAs and clients, embed process efficiencies and be flexible in operational deployment.

Hansard Online provides IFAs and clients with a reliable online self-service model which they can access 24/7 from anywhere around the world with an internet connection. It provides an important foundation to our strategic goal of delivery of excellent customer service.

Additional information concerning developments in Hansard Online is set out in the Business and Financial Review on pages 13 to 21.

Group Chief Executive Officer's Overview *continued*

Gordon Marr

4. Operating cash flows and dividends

The Group generates operating cash flows to fund investment in new business and support dividend payments.

As outlined in the Cash Flow analysis section of the Business and Financial Review, the Group generated £2.0m in overall net cash inflows before dividends (2018: inflows of £6.9m), after the investment of £17.5m (2018: £18.5m) in acquiring new business and £2.5m (2018: £0.9m) in IT software and equipment expenditure. Operating cash flows declined this year in line with overall earned fee income. Dividends of £6.0m were paid in the financial year (2018: £9.8m), reflecting the previously announced reduction in dividend rate while we seek to invest in the business.

A final dividend of 2.65p per share has been proposed by the Board and will be considered at the Annual General Meeting on 6 November 2019. When the final dividend is paid at this level, dividends will total 4.45p per share in respect of the full 2019 financial year.

Financial performance

Results for the year

Financial performance is summarised as follows. A detailed review of performance is set out in the Business and Financial Review that follows this report.

	2019 £m	2018 £m
New business sales – PVNBP	155.9	146.6
IFRS profit after tax	4.6	6.8
Underlying IFRS profit	6.1	8.6
Assets under Administration	1,079.7	1,036.0
Value of In-Force (regulatory basis)	139.9	141.6

IFRS results

IFRS profit after tax for the year was £4.6m, down from £6.8m in 2018. After eliminating litigation and non-recurring items, the underlying IFRS profit (a non-GAAP metric used by management) was £6.1m compared to £8.6m in 2018.

Fees and commissions were £48.5m for the year (2018: £52.6m). Fees from Hansard International were down by £3.2m to £44.6m from 2018, primarily due to lower amortisation of income from prior years and lower surrender fee income as a result of improved retention levels (a benefit to future income levels). Income from our closed book, Hansard Europe, has continued to fall, as expected, and is £0.9m down on the prior year.

Administrative and other expenses were £29.5m for the year, broadly in line with the 2018 level of £29.4m. During the year we instigated a number of cost saving initiatives, particularly in seeking to reduce external professional fees. These were offset by the additional costs of Hansard Worldwide, higher litigation defence costs, higher IT costs and increased costs of premium collection.

Further detail and analysis is contained in the Business and Financial Review.

Capitalisation and solvency

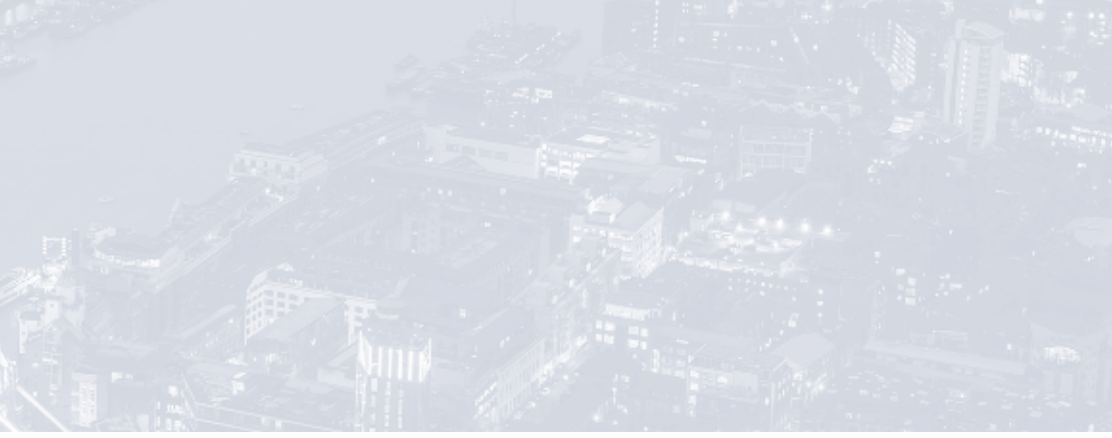
Our key financial objective is to ensure that the Group's solvency is managed safely through the economic cycle to meet the requirements of regulators, contract holders, intermediaries and shareholders. The Group continues to be well capitalised. Under risk-based capital methodologies, total Group Free Assets in excess of the Solvency Capital Requirements of our insurance subsidiaries were £86.8m (2018: £90.5m), a coverage of 233% (2018: 237%). Shareholder assets are typically held in a wide range of deposit institutions and in highly-rated money market liquidity funds. This prudent investment policy for shareholder assets minimises market risk and has provided a stable and resilient solvency position over recent years.

Our people

Our people are critical to our success. We have a dedicated dynamic workforce across a number of locations around the world. This year has seen the successful delivery of our licence in Japan after a number of years of hard work, perseverance and creative problem solving by many of our team. In the coming year we will deliver a significant administration system upgrade which will provide the platform for the next phase of our evolution and growth. None of this is possible without dedicated and talented people and I would like to offer my thanks for all their efforts this year.



G S Marr
Group Chief Executive Officer
25 September 2019



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Our Business Model and Strategy

Our Business Model and Strategy

Hansard is a specialist long-term savings provider that has been providing innovative financial solutions for international clients since 1987. We focus on helping financial advisors and institutions to provide their clients (individual and corporate investors) with savings and investment products in secure life assurance wrappers to meet long-term savings and investment objectives.

We administer assets in excess of £1 billion for just under 40,000 client accounts around the world.

Business Model

The Company's head office is in Douglas, Isle of Man, and its principal subsidiaries operate from the Isle of Man, The Bahamas and the Republic of Ireland.

Hansard International is regulated by the Financial Services Authority of the Isle of Man Government and has a branch in Malaysia, regulated by the Labuan Financial Services Authority, to support business flows from Asian growth economies. Through its relationship with a local insurer in the UAE, Hansard International reinsures business written in the UAE.

Launched in 2019, Hansard Worldwide underwrites international and expatriate business around the world. It is regulated by the Insurance Commission of The Bahamas.

Hansard Europe dac ("Hansard Europe", previously Hansard Europe Limited) is regulated by the Central Bank of Ireland. Hansard Europe ceased accepting new business with effect from 30 June 2013.

Our products are designed to appeal to affluent international investors, institutions and wealth-management groups. They are distributed exclusively through IFAs and the retail operations of financial institutions.

Our network of Account Executives provides local language-based support services to financial advisors in key territories around the world, supported by our multi-language online platform, Hansard Online.

Vision and Strategy

Our vision for the Hansard Group is:

"to share success with our clients by providing simple, understandable and innovative financial solutions".

To deliver this vision it is clear that client outcomes will be the central focus within our business and, consequently, we will need to evolve all aspects of our products, processes and distribution in order to constantly improve.

Our talented people are the foundation of our business. We have created an empowering culture, which values innovation, quality, integrity and respect.

Our strategy to improve, grow and future-proof our business will be delivered through three key areas of strategic focus:

- i. **Improve our business:** We will improve customer outcomes through the introduction of new disclosures, the provision of new products and services, focusing on the quality of our IFAs with whom we work with and continuing to drive up the engagement of our people within our business.
- ii. **Grow our business:** We have established a new life company in The Bahamas. We have acquired the necessary licence and approvals to access the Japanese market and we will continue to drive our strategic alliance with Union Insurance in the UAE. We hope to pursue opportunities to replicate this model in other targeted jurisdictions over the coming years.
- iii. **Future-proof our business:** We are actively testing innovative technologies, propositions and business models. It remains critical to support the online and digital needs of our clients alongside improving organisational efficiency and scalability.

We administer assets in excess of £1 billion for just under 40,000 client accounts located around the world



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Strategy Development

Our strategy team, led by Ollie Byrne our Chief Strategy Officer, has made significant progress against our strategic goals this year.

The strategy team has three main aims:

- i. to capitalise on near term strategic opportunities;
- ii. to ensure the Group is correctly positioned for future regulatory developments and change; and
- iii. to consider and plan for longer term industry and technological evolution.

During the past financial year, we have achieved the following key strategic steps:

- successfully launched our new Group insurance company in The Bahamas. This will service our international and expatriate customer base in an efficient manner, leveraging existing Group technology and administration capabilities;
- secured approval of our licence application in Japan. We are currently in the process of building out our branch in Japan, led by our recently recruited General Manager. We intend to bring products to market during the second half of the 2020 financial year;
- commenced a major project to replace and streamline our systems and IT infrastructure. This will support our next generation of products and significantly reduce our overall administration costs;
- streamlined our distribution network with a focus on closer relationships, quality of business and clear customer disclosures;
- streamlined our branch structure, closing a number of offices no longer central to our strategy. This saves costs and focusses our efforts in the right locations;
- continued to focus on medium term activities which include our next generation products, fund range offering and use of technology.

We expect the result of these activities will be to transform and grow the business through clearly identified onshore and international channels utilising market leading technology and systems.

Regulatory Change

The Isle of Man Financial Services Authority (the “Authority”) has continued its work to implement significant revisions to the framework for insurance regulation and supervision in order to maintain a high level of observance with the International Association of Insurance Supervisors Insurance Core Principles. The Authority has sought to develop and implement these revisions in a way which is appropriate and proportionate for the Island’s

diverse insurance sector whilst promoting regulatory best practice and preserving the continued reputation of the Isle of Man as a stable and well-regulated jurisdiction. The principal areas of change include:

- the development of a more sophisticated risk-based capital and solvency regime;
- enhanced regulatory reporting;
- additional conduct of business requirements;
- enhanced corporate governance, including enterprise risk management requirements;
- introduction of a Group Supervision framework;
- the proposed introduction of public disclosure requirements.

Significant milestones in the regulatory change agenda, which have been delivered during the year ended 30 June 2019 include implementation of the Insurance (Conduct of Business) (Long Term Business) Code and implementation of the enhanced Corporate Governance Code of Practice for Commercial Insurers.

We have continued our pro-active work to adapt the Hansard model and strategic and business plans in line with the intent and objectives of the regulatory changes, working transparently with our regulators to shape the practical implementation of the Roadmap and develop robust transition plans.

The Group has also successfully concluded the implementation of its project to achieve and maintain compliance with the provisions, requirements and obligations arising under the General Data Protection Regulation, which came into force on 25 May 2018 and which requires the principles of data protection to be met by design and by default. The project has further prepared the Group for continuing compliance with equivalent obligations arising under applicable local and international regimes.

Products

The Group’s products are unit-linked regular or single premium life assurance and investment contracts which offer access to a wide range of investment assets. The contracts are flexible, secure and held within “wrappers” allowing life assurance cover or other features depending upon the needs of the client. The contract benefits are directly linked to the value of those assets that are selected by, or on behalf of, the client and held within the wrapper. The Group does not offer investment advice. Contract holders bear the investment risk.

The Group’s products do not include any contracts with financial options and/or guarantees regarding investment performance and, hence, unlike the situation faced by some other life insurers, the Group carries no guarantee risk that can cause capital strain.

Our Business Model and Strategy *continued*

As a result of high levels of service, the nature of the Group's products, the functionality of Hansard Online, and the ability of the contract holder to reposition assets within a contract, we aim to retain the contract holder relationship over the long term.

Contract holder servicing and related activities are performed by Hansard Administration Services Limited, which is authorised by the Financial Services Authority of the Isle of Man Government to act as an Insurance Manager to both Hansard International and Hansard Europe.

Revenues

The main sources of income for the Group are the fees earned from the administration of insurance contracts. These fees are largely fixed in nature and amount. Approximately 30% of the Group's revenues, under IFRS, are based upon the value of assets under administration. The new business generated in a particular year is expected to earn income for an average period of 14 years. Our business is therefore long term in nature both from a contract holder perspective and with regards to the income that is generated.

From this income we meet the overheads of the business, invest in our business, invest to acquire new insurance contracts and pay dividends.

Managing Risk

Risk can arise from a combination of macro events and company specific matters. On the macro side, events such as the UK referendum result on EU membership, terrorist attacks and geo-political tensions can cause significant volatility to stock markets and foreign exchange markets. We therefore continue to maintain a robust, low risk balance sheet. We believe this prudent approach to be appropriate to meet the requirements of regulators, contract holders, intermediaries and shareholders.

We are conscious that managing operational risk is critical to our business and we are continuously developing our enterprise risk management system and controls. Further details of our approach to risk management and the principal risks facing the Group are outlined in the Risk Management and Internal Control Section on pages 22 to 27.

Hansard Online

Hansard Online is a powerful and secure tool that is used by our IFAs around the world. Available in multiple languages, it allows them to access information about their clients, to generate reports for their clients, to submit new business applications online, to place dealing and switch instructions online, to access all client correspondence and to access a library of forms and literature.

Almost all investment transactions are processed electronically by intermediaries, on behalf of their clients, using Hansard Online and over 90% of all new business applications are submitted via the platform.

The straight-through processing of contract holder instructions (whether received directly or through their appointed agents) reduces the Group's operational risk exposures, as does the ability of the Group to communicate electronically with contract holders and intermediaries, irrespective of geographical boundaries. Data validation happens in real-time to ensure there are no delays to the investment of client funds.

Hansard Online Lite provides prospective IFAs with easy access to a subset of the online system. Its purpose is to showcase our online proposition to prospective and new IFAs and to allow easy access to non-sensitive documents and functionality. Users can access our online document library, the Unit Fund Centre, company news and submit new business online.

The benefit of Hansard Online is recognised by many IFAs as market leading and our online proposition has been nominated for and won a number of independent industry awards, including in the Middle East, one of our most important markets.

Online Accounts

Whilst many of our IFAs are technologically sophisticated and have been utilising our online offering for years, our client base has typically lagged behind. However, we are now observing a growing trend amongst our clients to take more control of their financial wellbeing by embracing mobile technology to better monitor and manage their finances.

To support our commitment to delivering 'excellent customer service', we believe it is vital to provide our clients with a modern and secure online platform that allows them to access their finances easily and comprehensively, 24/7. We provide this through our client-facing version of Hansard Online, called Online Accounts. Similar to our IFA-facing online platform, the client's Online Account allows them to access all their policy information, valuation statements, transaction history, premium reports, switch funds online, access all correspondence, access a library of forms and literature, and more.

A large and increasing number of clients have signed up for this service which allows them to view all documentation and communications relating to their contracts via their Online Account as well as choosing to receive post electronically, rather than in hard-copy form. This not only provides a more secure, faster and cost efficient means of communication with clients but also the convenience to manage their own contract within a timeframe which is more suitable.



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Continuous Improvements to our Online Proposition

When it comes to improving how we operate and the proposition we offer, we value the views of our clients and IFAs. This means that we regularly seek feedback through surveys and office visits in order to identify ways in which we can improve our systems and processes to best meet their needs. However, it is not just functionality that is important, we also have running alongside a continuous programme to enhance the overall user experience, for both IFA's and our clients.

Cyber Security

As cyber crime continues to increase and target commercial and public enterprises alike, Hansard has continued to invest in its cyber security. This includes continuous upgrades to our firewall protection, encryption of data, tokenisation of sensitive data and annual external review and testing.

Excellent Customer Service

We strive to provide excellent customer service and turn-around times to our clients. Our service levels to IFAs have been recognised externally by IFAs in Malaysia, where we have won the International Life Award "Readers' Choice" award in 2017 and 2016.



Key Performance Indicators

Key Performance Indicators

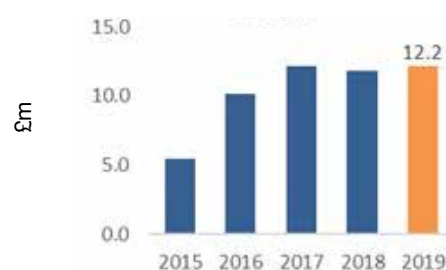
The Group's senior management team monitors a wide range of Key Performance Indicators, both financial and non-financial, that are designed to ensure that performance against targets and expectations across significant areas of activity are monitored and variances explained.

The following is a summary of the key indicators that were monitored during the financial year under review.

New Business – The Group's internal indicator of calculating new business production, Compensation Credit ("CC") reflects the amount of base commission payable to intermediaries. Incentive arrangements for intermediaries and the Group's Account Executives incorporate targets based on CC (weighted where appropriate).

New business levels are reported daily and monitored weekly against target levels. Modest business growth was achieved this year during a period of significant regulatory and structural change. Growth initiatives in 2020 will focus on commercialising the opportunity in Japan where significant upside exists.

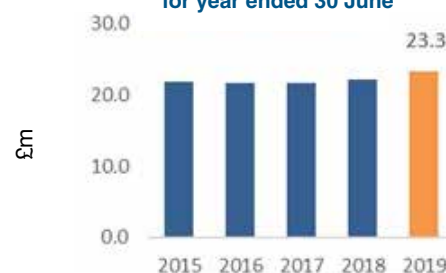
Issued CC for year ended 30 June



Administrative Expenses (excl. litigation and non-recurring items) – The Group maintains a rigorous focus on expense levels and the value gained from such expenditure. The objective is to develop processes to restrain increases in administrative expenses to the rates of inflation assumed in the charging structure of the Group's policies.

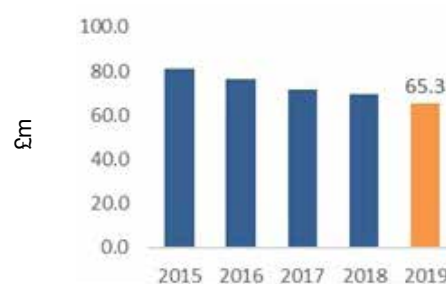
The Group's administrative and other expenses for the year (excl. litigation and non-recurring items) were £23.3m compared to £22.1m in the previous year. Further detail is contained in the section on Administrative and other expenses on page 17.

Group Admin and other expenses for year ended 30 June



Cash – Bank balances and significant movements on balances are reported monthly. The Group's liquid funds at the balance sheet date were £65.3m (2018: £69.4m). The change is reflective of the level of dividends paid and the level of new business written during the year which has an initial cash flow strain.

Total cash balances at 30 June



Business continuity – Maintenance of continual access to data is critical to the Group's operations. This has been achieved throughout the year through a robust infrastructure. The Group is pro-active in its consideration of threats to data, data security and data integrity. Business continuity and penetration testing is carried out regularly by internal and external parties.

Risk profile – The factors impacting on the Group's risk profile are kept under continual review. Senior management review operational risk issues at least monthly. The significant risks faced by the Group are summarised later in this Strategic Report.



New Business Flows – Year Ended 30 June 2019

The Group continues to focus on the distribution of regular and single premium products in a range of jurisdictions around the world, achieving well diversified new business growth.

New business performance for the year is summarised in the table below:

Basis	2019 £m	2018 £m	% change
Present Value of New Business Premiums	155.9	146.6	6.3%
Annualised Premium Equivalent	24.7	22.4	10.3%

In Present Value of New Business Premiums (“PVNBP”) terms, new business for the year to 30 June 2019 was £155.9m, 6.3% up on the prior year. The primary driver of growth in 2019 was our strategic relationship in the UAE.

Annualised Premium Equivalent (“APE”) shows a higher growth rate than PVNBP as the increased level of regular premiums written this year get a higher proportional credit under the APE metric.

■ Present Value of New Business Premiums (“PVNBP”)

New business flows on the PVNBP basis for the Group are further analysed as follows:

PVNBP by product type	2019 £m	2018 £m	% change
Regular premium	85.5	70.2	21.8%
Single premium	70.4	76.4	(7.9%)
Total	155.9	146.6	6.3%

PVNBP by region	2019 £m	2018 £m	% change
Middle East and Africa	57.4	40.5	41.7%
Rest of World	52.7	55.8	(5.6%)
Latin America	25.9	25.8	0.4%
Far East	19.9	24.5	(18.8%)
Total	155.9	146.6	6.3%

Our Middle East and Africa region continues to outperform, driven primarily by the continuing growth of our strategic relationship in the UAE. New business was up 41.7% for the full year. This business is predominantly regular premium, which can be seen in the overall regular premium growth of 21.8%.

The Rest of World region was slightly lower than a strong prior year comparative, primarily due to lower single premium business. We have seen the market for single premiums become increasingly competitive and have chosen not to pursue business where margins are too low.

In Latin America, sales for the full year were slightly up on the prior year, at £25.9m.

Our new business in our Far East region is down this year while we re-position towards locally licensed business in a similar manner to that successfully implemented in the Middle East.

We continue to receive business from a diverse range of financial advisors around the world. There has been no significant change in the currencies in which contractual premiums were received, with the majority denominated in US Dollars.

Currency denominations (as a percentage of PVNBP)	2019 %	2018 %
US dollar	68	68
Sterling	23	23
Euro	7	6
Other	2	3
	100	100

■ New business margins

New business margins (calculated on a PVNBP basis) are sensitive to sales levels and product mix (regular premium products and smaller single premium sizes typically have a higher margin). During FY 2019, the benefit of slightly higher sales and a higher proportion of regular premium sales was offset by some updates to methodology and experience assumptions. We have also seen strong competition in the marketplace this year with upward pressure on commission rates to win new business. Overall, our new business margin was -0.6 % for the year, compared to -0.7% for FY 2018.

Presentation of financial results

Our business is long term in nature. The nature of the Group's products means that new business flows have a limited immediate impact on current earnings reported under International Financial Reporting Standards as adopted by the European Union ("IFRS"), as initial fees and acquisition costs from the contracts sold are mostly deferred and amortised over the life of the contract. The benefit of sales to fee income levels are felt in future financial periods, noting also that our newer products have a longer earning period than our older products.

Results for the year

The following is a summary of key items to allow readers to better understand the results for the year. A small number of comparative figures have been restated in this section to ensure consistency of presentation. IFRS profit after tax for the year was £4.6m (2018: £6.8m).

IFRS profit in 2019 was lower than 2018 due to reduced surrender charge income and associated releases of deferred income, the on-going run-off of Hansard Europe, increased administration expenses and increased litigation expenses.

Operating profit prior to litigation and non-recurring items was £6.1m in 2019 compared to £8.6m in 2018.

Abridged consolidated income statement

The consolidated statement of comprehensive income presented under IFRS reflects the financial results of the Group's activities during the year. This income statement however, as a result of its method of presentation, incorporates a number of features that might affect an understanding of the results of the Group's underlying transactions. This relates principally to:

- investment gains during the year attributable to contract holder assets of £47.2m (2018: £20.4m); and
- fund management fees paid by the Group to third parties having a relationship with the underlying contract. In 2019, third party fund management fees attributable to contract holder assets were £4.7m (2018: £5.4). These are reflected in both income and expenses under the IFRS presentation on page 58.

An abridged non-GAAP consolidated income statement in relation to the Group's own activities is presented below, excluding the items of income and expenditure indicated above.





	2019 £m	2018 £m
Fees and commissions attributable to Group activities	43.8	47.2
Investment and other income	2.3	1.5
	46.1	48.7
Origination costs	(16.7)	(18.0)
Administrative and other expenses attributable to the Group, before litigation and non-recurring items	(23.3)	(22.1)
Operating profit for the year before litigation and non-recurring items	6.1	8.6
Litigation and non-recurring expense items	(1.5)	(1.7)
Profit for the year before taxation	4.6	6.9
Taxation	-	(0.1)
Profit for the year after taxation	4.6	6.8

Fees and commissions

Fees and commissions for the year attributable to Group activities were £43.8m, down 7% on the 2018 total of £47.2m.

Contract fee income totalled £31.3m for the year (2018: £33.3m). Contract fee income includes the amortised element of up-front income deferred under IFRS and contract-servicing charges. Such amortisation has been lower than 2018 as the income from more recent regular premium business is not of a sufficient level to replace the equivalent income from older higher margin business. Lower surrender levels this year compared to last have resulted in lower levels of surrender charges and lower releases of deferred income to revenue. The continuing run-off of Hansard Europe which closed to new business in 2013 resulted in lower contract fee income of £0.9m compared to 2018.

Fund management fees accruing to the Group and commissions receivable from third parties totalling £12.5m (2018: £13.9m) are related directly to the value of assets under administration and are therefore exposed to market movements, currency rates and valuation judgements. These fees were lower in 2019 primarily due to the 2018 figure containing an additional quarter of fees (and matching expenses) due to improved timeliness of external reporting in 2018. 2019 fees were also lower than 2018 due to declines in global stock markets in H1 2019.

A summary of fees and commissions is set out below:

	2019 £m	2018 £m
Contract fee income	31.3	33.3
Fund management fees accruing to the Group	7.8	9.0
Commissions receivable	4.7	4.9
	43.8	47.2

Included in contract fee income is £16.9m (2018: £17.3m) representing the amortisation of fees prepaid in previous years, as can be seen in the analysis set out below:

	2019 £m	2018 £m
Amortisation of deferred income	16.9	17.3
Income earned during the year	14.4	16.0
Contract fee income	31.3	33.3

Business and Financial Review *continued*

Investment and other income

Whilst interest rates have picked up marginally, historically low UK interest rates continue to result in relatively modest levels of interest income earned on the Group's deposits and money market funds.

	2019 £m	2018 £m
Bank interest and other income receivable	2.0	1.5
Foreign exchange gains on revaluation of net operating assets	0.3	-
	2.3	1.5

Origination costs

Under IFRS, new business commissions paid, together with the directly attributable incremental costs incurred on the issue of a contract, are deferred and amortised over the anticipated life of that contract to match the longer-term income streams expected to accrue from the contracts issued this year. Typical terms range between 6 years and 16 years, depending on the nature of the product. Other elements of the Group's new business costs, for example recruitment costs, which reflect investment in distribution resources in line with our strategy, are expensed as incurred.

With increased new business volumes in 2019 compared to 2018, current year origination costs incurred were similarly higher than the prior year. Consistent with the lower amortisation of deferred income, the amortisation of deferred origination costs was also lower for 2019, resulting in an overall expense to the consolidated statement of comprehensive income of £16.7m compared to £18.0m in 2018.

	2019 £m	2018 £m
Origination costs – deferred to match future income streams	18.0	17.0
Origination costs – expensed as incurred	2.9	3.2
Investment in new business in year	20.9	20.2
Net amortisation of deferred origination cost	(4.2)	(2.2)
	16.7	18.0

Amounts totalling £13.8m (2018: £14.8m) have been expensed to match contract fee income earned this year from contracts issued in previous financial years, as can be seen in the analysis below.

Summarised origination costs for the year were:

	2019 £m	2018 £m
Amortisation of deferred origination costs	13.8	14.8
Other origination costs incurred during the year	2.9	3.2
	16.7	18.0





Administrative and other expenses

We continue to manage our expense base robustly to control administrative expenses while supporting our strategic developments and other new business growth activities with targeted expenditure.

An analysis of administrative and other expenses is set out in notes 8 and 9 to the consolidated financial statements under IFRS. The following summarises some of the expenses attributable to the Group's own activities.

	2019 £m	2018 £m
Salaries and other employment costs	10.5	10.0
Other administrative expenses	7.8	6.8
Professional fees, including audit	3.2	3.3
Recurring administrative and other expenses	21.5	20.1
Growth investment spend	1.8	2.0
Administrative and other expenses, excl. litigation and non-recurring expense items	23.3	22.1
Litigation defence and settlement costs	1.4	1.2
Provision for branch closures	-	0.2
Provision for doubtful debts in respect of broker balances	0.1	0.3
Total administrative and other expenses	24.8	23.8

Salaries and other employment costs have increased by £0.5m or 5% to £10.5m, reflecting salary inflation, bonuses and the costs of short term contractors supporting key project initiatives.

The average Group headcount for the 2019 financial year was 191 people (2018: 196 people).

Other administrative expenses have increased from £6.8m to £7.8m primarily as a result of an increase in credit card related premium collection costs and contract holder reimbursement costs.

Professional fees including audit are down £0.1m as a result of a savings programme which was commenced during the year and will continue to be realised into 2020. This total include amounts totalling £0.6m paid to the Group's auditor (2018: £0.6m); £0.6m (2018: £0.5m) for administration, custody, dealing and other charges paid under the terms of the investment processing outsourcing arrangements; recruitment costs of £0.3m (2018: £0.1m), costs of investor relations activities of £0.3m (2018: £0.3m) and general legal and professional fees of £1.4m (2018: £1.8m).

Growth investment spend represents internal and external costs to generate opportunities for growth. This includes the costs of our strategy team, the costs associated with acquiring our Japanese licence and developing our proposition there, and systems development costs.

Litigation defence and settlement costs represent those costs incurred in defending Hansard Europe against writs taken against it, as described more fully in the Contingent Liabilities note to the consolidated financial statements.

Provision for doubtful debts relate to amounts due from brokers which are deemed to be irrecoverable.



Business and Financial Review *continued*

Cash flow analysis

The operational cash surplus (fees deducted from contracts and commissions received, less operational expenses paid) for the year was £20.6m (2018: £25.0m). Operating cash flows have decreased this year a result of the reduction in fee income levels, movements in debtors and creditors and the continuing run-off of Hansard Europe.

Writing new business, particularly regular premium business, produces a short-term cash strain as a result of the commission and other costs incurred at the inception of a contract. Annual management charges offset this strain and produce a positive return over time.

Future increases in new business levels can be funded where necessary by the Group's significant cash resources, but over time as the level of contract holder assets is built up, the annual management charges that are earned from the Group's newer products will become sufficient to sustain new business growth and dividends.

During 2019, the Group invested £2.5m as part of a project to replace its administration systems. These costs are capitalised as computer software on the Group balance sheet.

The following non-GAAP tables summarise the Group's own cash flows in the year. Overall cash and deposits have decreased from £69.4 at 30 June 2018 to £65.3m at 30 June 2019.

	2019 £m	2018 £m
Net cash surplus from operating activities	20.6	25.0
Interest received	1.4	1.3
Net cash inflow from operations	22.0	26.3
Net cash investment in new business	(17.5)	(18.5)
Purchase of property and computer equipment	(2.5)	(0.9)
Net cash inflow before dividends	2.0	6.9
Dividends paid	(6.0)	(9.8)
Net cash outflow	(4.0)	(2.9)

	2019 £m	2018 £m
Net cash outflow after dividends	(4.0)	(2.9)
Increase in amounts due to contract holders	0.6	0.9
Net Group cash movements	(3.4)	(2.0)
Group cash - opening position	69.4	71.6
Effect of exchange rate changes	(0.7)	(0.2)
Group cash - closing position	65.3	69.4

Bank deposits and money market funds

The Group holds its liquid assets in highly-rated money market liquidity funds and with a wide range of deposit institutions to minimise market risk. Deposits totalling £25.1m have original maturity dates typically greater than 3 months and are therefore excluded from the definition of "cash and cash equivalents" under IFRS as reflected in note 16 to the consolidated balance sheet (2018: £15.8m). The following table summarises the total shareholder cash and deposits at the balance sheet date.

	2019 £m	2018 £m
Money market funds and immediately available cash	40.2	48.9
Short-term deposits with credit institutions	-	4.7
Cash and cash equivalents under IFRS	40.2	53.6
Longer-term deposits with credit institutions	25.1	15.8
Group cash and deposits	65.3	69.4



Abridged consolidated balance sheet

The consolidated balance sheet on page 60 presented under IFRS reflects the financial position of the Group at 30 June 2019. As a result of its method of presentation, the consolidated balance sheet incorporates the financial assets held to back the Group's liability to contract holders, and also incorporates the net liability to those contract holders of £1,079.7m (2018: £1,036.0m). Additionally, that portion of the Group's capital that is held in bank deposits is disclosed in "cash and cash equivalents" based on original maturity terms, as noted above.

The abridged consolidated balance sheet presented below, adjusted for those differences in disclosure, allows a better understanding of the Group's own capital position.

	2019 £m	2018 £m
Assets		
Deferred origination costs	118.0	113.8
Other assets	10.1	8.0
Bank deposits and money market funds	65.3	69.4
	193.4	191.2
Liabilities		
Deferred income	133.2	130.3
Other payables	33.0	32.4
	166.2	162.7
Net assets	27.2	28.5
Shareholders' equity		
Share capital and reserves	27.2	28.5

Deferred origination costs

The deferral of origination costs reflects that the Group will earn fees over the long-term from contracts issued in a given financial year. These costs are recoverable out of future net income from the relevant contract and are charged to the consolidated statement of comprehensive income on a straight-line basis over the life of each contract.

The movement in value over the financial year is summarised below.

Carrying value	2019 £m	2018 £m
At beginning of financial year	113.8	111.6
Origination costs deferred during the year	18.0	17.0
Origination costs amortised during the year	(13.8)	(14.8)
	118.0	113.8



Business and Financial Review *continued*

Deferred income

The treatment of deferred income ensures that contract fees are taken to the consolidated statement of comprehensive income in equal installments over the longer-term, reflecting the services to be provided over the period of the contract. This is consistent with the treatment of deferred origination costs. Deferred income at the balance sheet date is the unamortised balance of accumulated initial amounts received on new business.

The proportion of income deferred in any one year is dependent upon the mix and volume of new business flows in previous years. The Group's focus on regular premium business means that these fees are received over the initial period of the contract, rather than being received up front, as is often the case with single premium contracts.

The majority of initial fees collected during the year relates to charges taken from contracts issued in prior financial years demonstrating the cash generative nature of the business. Regular premium contracts issued in this financial year will generate the majority of their initial fees over the next 18 months on average.

The movement in value of deferred income over the financial year is summarised below.

Carrying value	2019 £m	2018 £m
At beginning of financial year	130.3	129.2
Initial fees collected in the year and deferred	19.8	18.4
Income amortised during the year to fees income	(16.9)	(17.3)
	133.2	130.3

Contract holder assets under administration

In the following paragraphs, contract holder assets under administration ("AuA"), refers to net assets held to cover financial liabilities, as analysed in note 17 to the consolidated financial statements presented under IFRS.

The Group enjoys a stream of cash flows from the large number of regular premium contracts administered on behalf of clients around the world. The Group also acquires assets via lump sum single premium business which totalled £70.4m this year (2018: £78.1m). The majority of premium contributions are designated in currencies other than sterling, reflecting the wide geographical spread of those contact holders. Premium contributions during the year also includes additional contributions of approximately £2.9m (2018: £3.3m) relating to single and regular premium contracts issued by Hansard Europe in prior years.

These flows are offset by charges and withdrawals, by premium holidays affecting regular premium policies and by market valuation movements.

The currency composition of AuA at the balance sheet date is similar to that as at 30 June 2018, with 65% of AuA designated in US dollar (2018: 63%) and 13% in euro (2018: 14%).

The value of AuA at 30 June 2019 was £1,079.7m.

	2019 £m	2018 £m
Deposits to investment contracts – regular premiums	80.3	73.9
Deposits to investment contracts – single premiums	70.4	78.1
Withdrawals from contracts and charges	(154.2)	(186.1)
Effect of market and currency movements	47.2	20.4
Movement in year	43.7	(13.7)
Opening balance	1,036.0	1,049.7
	1,079.7	1,036.0

The analysis of AuA held by each Group subsidiary to cover financial liabilities is as follows:

Fair value of AuA at 30 June	2019 £m	2018 £m
Hansard International	965.4	913.6
Hansard Europe	114.3	122.4
	1,079.7	1,036.0

Assets acquired by Hansard Worldwide are administered by Hansard International and therefore are included within Hansard International's total AuA.

As expected the level of assets in Hansard Europe continues to decline after closing to new business in 2013.



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Dividends

An interim dividend of 1.8p per share was paid in April 2019. This amounted to £2.4m.

The Board has considered the results for the full year ended 30 June 2019, the Group's continued cash flow generation and its future expectations and has resolved to pay a final dividend of 2.65p per share (2018: 2.65p). This dividend will be paid on 14 November 2019.

Complaints and potential litigation

In valuation issues such as those referred to above, financial services institutions can be drawn into disputes in cases where the performance of assets selected directly by or on behalf of contract holders through their advisors fails to meet their expectations. This is particularly relevant in the case of more complex products distributed throughout Europe.

Even though the Group does not give any investment advice, as this is left to the contract holder directly or through an agent, advisor or an entity appointed at their request or preference, the Group has been subject to a number of complaints in relation to the performance of assets linked to contracts.

As at 30 June 2019, the Group had been served with cumulative writs with a net exposure totalling €21.7m, or £19.4m in sterling terms (30 June 2018: €20.1m / £17.8m) arising from contract holder complaints and other asset performance-related issues. The primary driver of the increase has been in relation to additional claims in Italy related to funds which have been illiquid for a number of years.

During the year, the Group successfully defended 10 cases with net exposures of approximately €0.6m, or £0.5m, 8 of which have been appealed by the plaintiffs. These successes continue to affirm confidence in the Group's legal arguments.

Our policy is to maintain contingent liabilities even where we win cases in the court of first instance if such cases have been subsequently appealed. This includes our largest single case in Belgium where the appeal has been deferred pending the outcome of a separate constitutional court case.

We have also worked closely with our insurers during the year to clarify coverages where they may be applicable. While we cannot at this stage place a value on any recoveries and have not reduced any of the gross exposures above, we are comfortable that a number of our larger cases will be at least partly covered.

While it is not possible to forecast or determine the final results of such litigation, based on the pleadings and advice received from the Group's legal representatives, we believe we have a strong chance of success in defending these claims. The writs have therefore been treated as contingent liabilities and are disclosed in note 26 to the consolidated financial statements.

Net asset value per share

The net asset value per share on an IFRS basis at 30 June 2019 is 19.8p (2018: 21.1p) based on the net assets in the Consolidated Balance Sheet divided by the number of shares in issue, being 137,557,079 ordinary shares (2018: 137,557,079).

Risk Management and Internal Control

Risk management and internal control

As with all businesses, the Group is exposed to risk in pursuit of its objectives. The Board of Hansard Global plc (“the Board”) has overall responsibility for the Group’s system of risk management and internal control and for reviewing its effectiveness. The schedule of powers reserved to the Board ensures that the Directors are responsible for determining, evaluating and controlling the nature and extent of the principal risks which the Board is willing to take in achieving its strategic objectives and the Board oversees the strategies for principal risks that have been identified.

The Executive Management Team works within the risk appetite established by the Board and the governance, risk management and internal control arrangements which constitute the Group Enterprise Risk Management (“ERM”) Programme. The ERM Programme directs the Group, including setting the cultural tone and expectations from the top, delegating authorities and monitoring compliance.

Having regard to the Financial Reporting Council’s ‘Guidance on Risk Management, Internal Control and Related Financial and Business Reporting’, the ERM Programme encompasses the policies, processes, tasks, behaviours and other aspects of the Group’s environment, which cumulatively:

- Facilitate the effective and efficient operation of the Group and its subsidiaries by enabling appropriate responses to be made to significant business, operational, financial, compliance and other risks to business objectives, so safeguarding the assets of the Group;
- Help to ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the Group;
- Seek to ensure compliance with applicable laws and regulations and also with internal policies with respect to the conduct of business.

Approach

The ERM Programme has been designed to be appropriate to the nature, scale and complexity of the Group’s business at both corporate and subsidiary level. The framework components have been reviewed and refined during the year ended 30 June 2019 to ensure that they remain fit for purpose in substance and form and continue to support the Directors’ assessment of the adequacy and effectiveness of the Group’s risk management and internal control systems. Such assessment depends upon the Board maintaining a thorough understanding of the Group’s risk profile, including the types, characteristics, interdependencies, sources and potential impact of those risks on an individual and aggregate

basis. The disciplines of the ERM framework seek to coordinate risk management in respect of the Group as a whole, including, notably, for the purpose of ensuring compliance with capital adequacy requirements, liquidity adequacy requirements and regulatory capital requirements in line with the transition to a risk-based capital regime under the Isle of Man Regulatory Roadmap.

The ERM Programme continues to be built upon the ‘three lines of defence’ model, which addresses how specific duties relating to risk management and internal control are assigned and coordinated between front line management (first line), risk and compliance monitoring functions (second line) and the independent assurance services of internal audit (third line). Each of the three lines plays a distinct role within the Group’s overarching governance framework.

The ERM Programme seeks to add value through embedding risk management and effective internal control systems as continuous and developing processes within strategy setting, programme level functions and day-to-day operating activities. The ERM Programme also acknowledges the significance of the Group’s operating culture and values in relation to risk management and their impact on the overall effectiveness of the internal control framework.

The ERM Programme promotes the pursuit of its overarching performance, information and compliance objectives through focus on five interrelated elements, which enable the management of risk at strategic, programme and operational level to be integrated, so that layers of activity support each other. The five interrelated elements are defined as:

- Management oversight and the control culture;
- Risk recognition and assessment;
- Control activities and segregation of duties;
- Information and communication;
- Monitoring activities and correcting deficiencies.

Risk management processes are undertaken on both a top-down and bottom-up basis. The top-down aspect involves the Board assessing, analysing and evaluating what it believes to be the principal risks facing the Group. The bottom-up approach involves the identification, review and monitoring of current and forward-looking risks on a continuous basis at functional and divisional levels, with analysis and formal reporting to the Executive Risk Committee, established by the Board, on a quarterly basis and onward analytical reporting to the Board. The terms of reference of the Committee are published on the Company’s website.

The system of internal control is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.



Review of risk management and internal control systems

The results of the risk management processes combine to facilitate identification of the principal business, financial, operational and compliance risks and any associated key risks at a subordinate level. Established reporting cycles enable the Board to maintain oversight of the quality and effectiveness of risk management and internal control activities throughout the year and ensure that the entirety of the governance, risk management and internal control frameworks, which constitute the ERM Programme, are operating as intended. These processes have been in place throughout the year under review and up to the date of this report.

Independently of the quarterly cyclical risk reporting arrangements and in accordance with provision C.2.1 of the UK Corporate Governance Code, the Board has conducted its annual review of the effectiveness of the Company's risk management and internal control systems including financial, operational and compliance controls. This review is undertaken in collaboration with the Audit Committee and is based upon analysis and evaluation of:

- attestation reporting from subsidiary companies of the Group as to the effective functioning of the risk management and internal control framework and the ongoing identification and evaluation of risk within each subsidiary;
- formal compliance declarations from senior managers at divisional level that key risks are being managed appropriately within the functional and operational areas falling under their span of control and that controls have been examined and are effective;
- the cumulative results of cyclical risk reporting by senior and executive management via the Executive Risk Committee, covering financial, operational and compliance controls;
- independent assurance work by the Group Internal Audit Department to identify any areas for enhancements to internal controls and work with Management to define associated action plans to deliver them.

The Board has determined that there were no areas for enhancement which constituted a significant weakness for the year under review and they are satisfied that the Group's governance, risk management and internal control systems are operating effectively and as intended.

Financial reporting process

The Group maintains a process to assist the Board in understanding the risks to the Group of failing to meet its objectives. This incorporates a system of planning and sensitivity analysis incorporating Board approval of forecast financial and other information. The Board receives regular representations from the senior executives.

Performance against targets is reported to the Board quarterly through a review of the Group's and Company's results based on accounting policies that are applied consistently throughout the Group. Financial and management information is prepared quarterly by the Chief Financial Officer ("CFO") and presented to the Board and Audit Committee. The members of the Audit Committee review the financial statements for the half year ended 31 December and for the full financial year and meet with the CFO to discuss and challenge the presentation and disclosures therein. Once the draft document is approved by the Audit Committee, it is reviewed by the Board before final approval at a Board meeting.

Outsourcing

The majority of investment dealing and custody processes in relation to contract holder assets are outsourced to Capital International Limited ("CIL"), a company authorised by the Isle of Man Financial Services Authority and a member of the London Stock Exchange.

These processes are detailed in a formal contract that incorporates notice periods and a full exit management plan. Delivery of services under the contract is monitored by a dedicated relationship manager against a documented Service Level Agreement and Key Performance Indicators.

CIL is required to confirm monthly that no material control issues have been identified in their operations; this is overseen via the delivery of services monitoring performed by the relationship manager. Each year CIL are required to confirm and evidence the adequacy and effectiveness of their internal control framework through an Assurance report, with an external independent review performed every second year. The last such report, which included an external independent review, was issued by CIL on 5 June 2018 and did not reveal any material control deficiencies in the relevant period.

Risks relating to the Group's financial and other exposures

Hansard's business model involves the controlled acceptance and management of risk exposures. Under the terms of the unit-linked investment contracts issued by the Group, the contract holder bears the investment risk on the assets in the unit-linked funds, as the policy benefits are directly linked to the value of the assets in the funds. These assets are administered in a manner consistent with the expectations of the contract holders. By definition, there is a precise match between the investment assets and the contract holder liabilities, and so the market risk and credit risk lie with contract holders.

The Group's exposure on this unit-linked business is limited to the extent that income arising from asset management charges and commissions is generally based on the value of assets in the funds, and any sustained falls in value will reduce earnings. In addition, there are certain financial risks (credit, market and liquidity risks) in relation to the investment of shareholders' funds. The Group's exposure to financial risks is explained in note 3 to the consolidated financial statements.

The Board believes that the principal risks facing the Group's earnings and financial position are those risks which are inherent to the Group's business model and operating environment. The regulatory landscape continues to evolve at both a local and international level and the risk management and internal control frameworks of the Group must remain responsive to developments which may change the nature, impact or likelihood of such risks.



Principal Risks

The following table sets out the principal inherent risks that may impact the Group's strategic objectives, profitability or capital and how such risks are managed or mitigated. The Board robustly reviews and considers its principal risks on at least an annual basis.

Risk	Risk factors and management
<p>Legal and regulatory risk attaching to the Group's business model</p>	<p>The scale and pace of change in regulatory and supervisory standards at an international level continue to drive developments at a jurisdictional level. The interpretation or application of regulation over time may impact market accessibility, broker relationships and / or competitive viability. If the Group fails to monitor the regulatory environment or adequately integrate the management of associated obligations within strategic, business model or business planning processes there may be material risk to the achievement of strategic objectives both in the short and longer term.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> ■ Robust strategic planning processes informed by analytical review of the external environment and consideration of associated risk in the short and longer term. ■ Continuous monitoring and review of developments in international law and regulation and proactive management of how such developments might shape jurisdictional specific reaction. ■ Active and transparent engagement with regulatory authorities and industry bodies on a multi-jurisdictional basis, including active engagement in and responding to regulatory consultation exercises. ■ Maintenance of robust governance, risk management and internal control arrangements to ensure that legal and regulatory obligations are substantively met on a continuing basis.
<p>Production and intermediary risk arising from market changes, technological advancement, or competitor activity</p>	<p>The business environment in which the international insurance industry operates is subject to continuous change as new market and competitor forces come into effect and as technology continues to evolve. Hansard may be unable to maintain competitive advantage in commercially significant jurisdictions, or market segments, or be unable to build and sustain successful distribution relationships.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> ■ Close monitoring of marketplaces and competitor activity for signs of threats to forecast new business levels. ■ Revised product and distribution strategies designed to add additional scale to the business, on a more diversified basis, through organic growth at acceptable levels of risk and profitability. ■ Continuous investment in and development of technology.
<p>Conduct risk arising from any failure of the Group's governance, risk management and internal control arrangements</p>	<p>Any failure to adequately assess, monitor, manage and mitigate risks to the delivery of fair customer outcomes, or to market integrity, can be expected to result in material detriment to the achievement of strategic objectives and could incur regulatory censure, financial penalty, contract holder litigation and / or reputational damage.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> ■ Developments in the Group's ERM framework continue to drive and deliver the integration of conduct risk management at both a cultural and practical level. ■ Business activities designed to manage the volume and velocity of regulatory change are fundamentally concerned with ensuring compliance with conduct risk obligations, managing conflicts of interest, preventing market abuse and building robust governance arrangements around new product development and product suitability processes. ■ The Group maintains regular dialogue with its regulatory authorities and with its advisors in relation to developments in the regulatory environment in which we operate.

Risk Management and Internal Control *continued*

Information Systems and cyber risk arising from the increased digitalisation of business activities and reliance upon technology

The increasing digitalisation of business activities incurs an inherent exposure to the risk of cybercrime together with the risk of significant, costly interruptions, customer dissatisfaction and regulatory censure in the event of any material failure in our core business systems, or business processes. If the Group fails to take adequate and appropriate measures to protect its systems and data from the inherent risk of attack, disruption and/or unauthorised access by internal or external parties could arise, resulting in confidential data being exposed and/or systems interruption. A significant cybercrime event could result in reputational damage, regulatory censure and financial loss.

How we manage the risk:

- Continuous focus on the maintenance of a robust, secure and resilient IT environment that protects customer and corporate data.
- Control techniques deployed to evaluate the security of systems and proactively address emerging threats both internally within the organisation and externally, through regular engagement with internet and technology providers and through industry forums.
- Maintenance of detailed and robust Business Continuity Plans, including full data replication at an independent recovery centre, which can be invoked when required.
- Frequent and robust testing of business continuity and disaster recovery arrangements.

Employee engagement and cultural risk arising from any failure to drive and support the right corporate culture and attract, develop, engage and retain key personnel

Delivery of the Group's strategy is dependent on attracting and retaining experienced and high-performing management and staff. The knowledge, skills, attitudes and behaviours of our employees are central to our success. We must attract, integrate, engage and retain the talent required to deliver our strategy and have the appropriate processes and culture in place. The inability to retain key people, and adequately plan for succession can be expected to negatively impact the performance of the Group.

How we manage the risk:

- Significant resources focussed on communicating strategy and desired cultural behaviours to all employees.
- Forums established for employees to provide feedback for continuous improvement.
- Employee engagement monitored and measured through periodic employee surveys.
- Group performance management system in place, which measures both hard and soft skills.
- Training and development strategy in place to manage talent, provide development opportunities and address any skill gaps.
- Remuneration models and trends monitored closely by the Group's Human Resources Department and the Remuneration Committee.
- Succession planning strategy in place, to manage and mitigate 'key person' risk.



Other Key Risks

In addition to the principal risks identified above, there are other key risks that the Group is subject to that derive from the nature of the business it operates. These are outlined below, together with how they are managed.

Risk	Risk factors and management
Market risk	<p>While the Group does not invest shareholder funds in assets subject to any significant market risk, the Group's earnings and profitability are influenced by the performance of contract holder assets and the fees derived from their value. Significant changes in equity markets and interest rates can adversely affect fee income earned.</p> <p>Extreme market conditions can influence the purchase of financial services products and the period over which business is retained.</p> <p>How we manage the risk – These risks are inherent in the provision of investment-linked products. We model our business plans across a broad range of market and economic scenarios and take account of alternative economic outlooks within our overall business strategy.</p>
Credit risk	<p>In dealing with financial institutions, banking, money market and settlement, custody and other counterparties the Group is exposed to the risk of financial loss and operational disruption of our business processes.</p> <p>How we manage the risk – These risks are inherent in the provision of investment-linked products. We model our business plans across a broad range of market and economic scenarios and take account of alternative economic outlooks within our overall business strategy.</p>
Liquidity risk	<p>If the Group does not have sufficient liquid assets available to pay its creditors, the Group may fail to honour its obligations as they fall due, or may have to incur significant loss or cost to do so.</p> <p>How we manage the risk – The Group maintains highly prudent positions in accordance with its risk appetite and investment policies which ensures a high level of liquidity is available in the short term at all times. Generally, shareholder assets are invested in cash or money market instruments with highly rated counterparties.</p>
Currency risk	<p>The Group operates internationally and earns income in a range of different currencies. The vast majority of its operational cost base is denominated in Sterling. The movement of Sterling against US Dollars is the most significant exposure to reported income levels.</p> <p>How we manage the risk – We seek to match currency assets and liabilities to mitigate against currency movements to the extent possible. As the Group's products are long term products, over time currency movements tend to even out, reducing the need for active hedging policies. Long term trends are monitored however and considered in pricing models.</p>

Further detail around financial risks is outlined in note 3 (Financial Risk Management) to the consolidated financial statements.

Philip Gregory
Chairman
25 September 2019

Board of Directors

We recognise our obligations to adopt a responsible attitude towards our stakeholders. The Board believes that the Group continues to demonstrate such an attitude but recognises that the Group is a relatively small organisation.

Board of Directors

The Directors serving at the date of approval of this Report and Accounts are as follows:



Philip Gregory

Non-executive Chairman

Chairman of Nominations Committee. Member of Remuneration Committee.

Philip was appointed Chairman of the Board with effect from 30 June 2014. He was appointed an independent non-executive Director with effect from 1 October 2011.

Philip is a chartered accountant. He has been CEO of HSBC Insurance Brokers Limited, Tullett & Tokyo Liberty plc, Municipal Mutual Insurance Limited; CFO of Marsh – Europe, Middle East and Africa and Sema Group plc; and is an Independent non-executive Director of CFC Group Limited.



Gordon Marr

Group Chief Executive Officer

Gordon was appointed Group Chief Executive Officer with effect from 1 January 2013. He has previously served as Managing Director and Group Counsel. He joined the Group in 1988.

Gordon is a Solicitor and a member of the Law Society.

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Tim Davies



Group Chief Financial Officer

Tim was appointed as Chief Financial Officer with effect from 8 April 2015 and subsequently appointed as an executive Director with effect from 1 December 2015. He is a Fellow of Chartered Accountants Ireland.

Prior to joining the Company, Tim was Managing Director of

HSBC Life (Europe) Limited in Ireland, having joined as Finance Director in 2004. Prior to that he was a Senior Manager with PricewaterhouseCoopers in both Dublin and Boston, having worked for nine years within its insurance and financial services division.



Maurice Dyson

Senior Independent non-executive Director

Chairman of Audit and Remuneration Committees. Member of Nominations Committee.

Maurice was appointed the Senior Independent Director with effect from 30 June 2014, having been appointed

an independent non-executive Director on 24 November 2006. Maurice is currently a Director and Trustee of several companies and trusts involved with corporate re-construction, investment and pensions. He is a Fellow of the Institute of Actuaries, and an Associate of the CFA Society of the UK. Previously he was Deputy Chairman and Managing Director of Aon's consulting division in the UK, was the Head of the Actuarial Practice at Alexander Clay & Partners and a Partner in the actuarial firm, Clay & Partners.



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Graeme Easton

Independent non-executive Director

Member of Audit, Nominations and Remuneration Committees.

Graeme was appointed an independent non-executive Director with effect from 1 July 2019. Graeme is a Fellow of the Institute and Faculty of Actuaries, holds

the Institute of Directors' Diploma in Company Direction and has a Mathematics degree from Cambridge University. He is a non-executive director of SMP High Income Fund PLC and SMP Sterling Roll-Up Fund PLC.

He has over 30 years' experience in financial services, initially with Sun Life (which became AXA) in the UK and then AXA, Zurich and Canada Life in the Isle of Man. He has held a number of senior roles including Appointed Actuary, Compliance Officer, Chief Financial Officer and Executive Director. He is a past Chairman of the Manx Actuarial Society.



Marc Polonsky

Non-executive Director

Marc was appointed as a non-executive director on 26 September 2018, having previously served as an alternate director to Dr Polonsky since 26 September 2013. He is managing trustee of The Polonsky Foundation, a UK-registered charity supporting cultural heritage and

humanities education. He is Retired Partner of Counsel with international law firm White & Case, and a solicitor qualified in England and Wales.



Andy Frepp

Independent non-executive Director

Member of Audit, Nominations and Remuneration Committees.

Andy was appointed an independent non-executive Director with effect from 1 January 2014. He is a Fellow of the Faculty of Actuaries and is currently the

Managing Director responsible for Moody's Analytics software business. Having joined Barrie & Hibbert in 2007, Andy was the Chief Executive Officer until Barrie & Hibbert was acquired by Moody's in 2012.

Prior to Barrie & Hibbert, Andy held numerous roles at Scottish Widows from 1988 to 2007. From 2003 to 2007 he was the Director of Sales and Marketing for Scottish Widows Investment Partnership, the asset management company of Scottish Widows.

Directors' Report

Financial statements

The Directors have pleasure in submitting their Annual Report on the affairs of the Company and the Group together with the financial statements and the auditor's report for the year ended 30 June 2019. Where the context requires "the Group" means Hansard Global plc and its wholly owned subsidiaries.

Hansard Global plc is the holding company of the Group and has a Premium Listing on the London Stock Exchange. The Company is a limited liability company incorporated and domiciled in the Isle of Man.

Activities

The principal activity of the Company is to act as the holding company of the Hansard Group of companies. The activities of the principal operating subsidiaries include the transaction of life assurance business and related activities.

Principal operating subsidiaries

The following companies are wholly-owned subsidiaries of the Company and represent its principal operating subsidiaries at the balance sheet date and at the date of this report. All companies are incorporated in the Isle of Man with the exception of Hansard Worldwide and Hansard Europe. Hansard Europe is incorporated in the Republic of Ireland. Hansard Europe was closed to new business with effect from 30 June 2013. Hansard Worldwide is incorporated in The Bahamas and commenced trading in the current financial year.

Company	Business
Hansard International Limited*	Life Assurance
Hansard Europe Designated Activity Company	Life Assurance
Hansard Worldwide Limited	Life Assurance
Hansard Administration Services Limited**	Administration services
Hansard Development Services Limited	Marketing and development services

* Hansard International Limited has two overseas branches in Labuan and Japan.

** Hansard Administration Services Limited has a branch in Ireland.

Results and dividends

The results of trading of the Group for the year under IFRS are set out in the consolidated statement of comprehensive income on page 58. The consolidated financial statements have been prepared under IFRS. The financial statements of the parent company have been prepared under UK Generally Accepted Accounting Practice ("UK GAAP"), including Financial Reporting Standard 102.

Additionally, certain information relating to Own Funds and Risk Based Capital is presented in the "Other Information" section of this report on pages 92 and 93. The Board believes that such information provides additional meaningful information on the financial position and performance of the Group in a particular financial year than that provided by IFRS reporting alone.

Results under IFRS

Profit after tax for the year was £4.6m, compared with a profit for the prior year of £6.8m.

Dividends totalling £6.0m were paid during the year (2018: £9.8m).

Proposed final dividend

The Board has resolved to pay a final dividend of 2.65p per share on 14 November 2019, subject to approval at the Annual General Meeting "AGM", to shareholders on the register on 4 October 2019 (with the ex-dividend date being 3 October 2019). If approved, this would bring the total dividends in respect of the year ended 30 June 2019 to 4.45p per share.

Business review and future developments

A full review of the Group's activities during the year, recent events and future developments is contained in the Chairman's Statement on pages 2 and 3, the Chief Executive Officer's Review on pages 4 to 6, and the Business and Financial Review on pages 13 to 21.

Principal risks and uncertainties

The Board has established a process for identifying, evaluating and managing the significant risks the Group faces. A summary of the principal risks and uncertainties can be found on pages 25 and 26.

Corporate governance and corporate social responsibility

The Corporate Governance Report on pages 36 to 41 provides full details on the efforts made by the Group in the areas of corporate governance and corporate social responsibility within the business.

Directors' remuneration

Details of Directors' remuneration for the year can be found in the Report of the Remuneration Committee on pages 48 to 53.



Directors

Details of Board members at the date of this report, together with their biographical details, are set out on pages 28 and 29. Except where otherwise noted, all Board members served throughout the financial year and to the date of this report. Dr Polonsky resigned as a director on 26 September 2018 having served as non-executive director during the year until that date. He maintains the honorary title of President to reflect his role having founded the Group in 1970.

In accordance with the Articles of Association all of the Directors will retire at the AGM and, where applicable and eligible, shall seek election or re-election.

Share Capital

At 30 June 2019, the Company's issued Share Capital comprised 137,557,079 ordinary shares of 50 pence each. As at 30 June 2019, the total voting rights of the Company were 137,557,079. There have been no changes to the issued Share Capital and total voting rights during the period from 30 June 2019 until the date of this Report.

Further details of the issued share capital together with details of authorised share capital and movements during the year are included in note 21 to the consolidated financial statements. The Company has one class of share in issue, ordinary shares of 50 pence each, all of which are fully paid.

Each ordinary share in issue carries equal rights including one vote per share on a poll at general meetings of the Company, subject to the terms of the Company's Articles of Association and applicable laws. Votes may be exercised by shareholders attending or otherwise duly represented at general meetings. Deadlines for the exercise of voting rights by proxy on a poll at a general meeting are detailed in the notice of meeting and proxy cards issued in connection with the relevant meeting. There are no restrictions on voting rights or on the transfer of shares.

At the Company's AGM in 2018, shareholders renewed the authority for the Company to make market purchases of up to 5,000,000 of its own ordinary shares. As at 30 June 2019, and to the date of this report, none of this authority had been exercised. This authority will expire at the conclusion of, and renewal will be sought at, the AGM to be held on 6 November 2019. The Company does not have any current intention to purchase any of its own ordinary shares, however, in order to retain flexibility, the Company will propose a resolution at the forthcoming AGM to renew this authority.

Substantial shareholdings

At 30 June 2019 the Company had been notified of the following holdings in its share capital.

Name	Shares (millions)	% holding
Dr L S Polonsky CBE *	50.8	36.9
Aberforth Partners LLP	19.8	14.5
The Polonsky Foundation	8.5	6.2
Mr M A L Polonsky *	7.8	5.7
Miton Asset Management Limited	6.9	5.0

*Including holdings of spouse

There have been no other significant changes in these holdings between the balance sheet date and the date of this report.



Employee Benefit Trusts

An Employee Benefit Trust ("EBT") was established in November 2011 with a gift of 400,000 Hansard Global plc shares from Dr Polonsky. The EBT was dissolved on 28 September 2018 with the 860,820 shares held by the EBT (860,820 shares held as at 30 June 2018) reverting to the Polonsky Foundation. The EBT was originally established to reward long serving employees but has since been replaced by alternative reward schemes.

A new EBT was established on 16 February 2018 for the purpose of providing share-based reward in future years. As at 30 June 2019 a total of 585,000 shares were held (2018: 585,000). No further transactions have been made since the year end.

Share incentive schemes

Save As You Earn programme

A Save As You Earn share save programme allows eligible employees to have the opportunity of acquiring an equity interest in the Company. The Save As You Earn programme was renewed for a further ten years at the 2017 AGM.

At the balance sheet date 838,196 options remain outstanding (2018: 1,492,979 options), details of which can be found in the Report of the Remuneration Committee.

Information about securities carrying voting rights

The following information is disclosed in accordance with DTR 7.2.6 of the FCA's Disclosure Guidance and Transparency Rules:

- the Company's capital structure and voting rights are summarised on page 31;
- details of the Company's substantial shareholders of the Company are detailed on page 31;
- there are no restrictions concerning the transfer of securities in the Company; no restrictions on voting rights; no special rights with regard to control attached to securities; and no agreements between holders of securities regarding the transfer to the Company;
- an amendment to the Company's Articles of Association and the giving of powers to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders. Proposals to grant powers to the Board to issue and buy back shares are set out in the notice of the AGM;
- the Company may alter its Articles of Association by special resolution at a general meeting of the Company; and
- the appointment and replacement of Directors is governed by the Company's Articles of Association. The Articles provide that the Directors may be appointed by ordinary resolution of the Shareholders or by the Board. The Company must have not less than two, or more than 12 Directors. Where Directors are appointed by the Board, they may only hold office until the next

AGM of the Company where they will be eligible for election. Each Director must then retire from office at each AGM. The Company may remove a Director by ordinary resolution.

Powers of directors

Subject to the Articles of Association, the Isle of Man Companies Acts 1931 to 2004 and related legislation and any directions given by resolution of Shareholders, the business of the Company will be managed by the Board which may exercise all the powers of the Company.

Directors' interests

Directors' interests in shares in the Company and in options granted under the Save As You Earn programme are disclosed in the Report of the Remuneration Committee on pages 48 to 53 together with details of their contractual arrangements with the Group.

Controlling Shareholder

Dr Polonsky is the controlling shareholder of the Group. To ensure compliance with independence provisions set out in Listing Rule 6.5.4 a summary of the most recent written and legally binding agreement, dated 22 September 2014, governing his relationship with the Group (the "Agreement") is set out in the Report of the Remuneration Committee on pages 48 to 53.

Other than as mentioned below, there were no significant transactions between the Group and Dr Polonsky during the year.

- Dr Polonsky received fees of £11,875 (2018: £50,000) until his retirement from the Board on 26 September 2018 for services provided to the Group under the terms of his service agreement dated 22 September 2014. This fee represents the standard arm's length fee paid to each of the Group's non-executive directors.
- Dr Polonsky has an investment contract issued by the Group on terms available to employees in general. During the year withdrawals of £1.6m were made from this contract. At 30 June 2019 the contract had a fair value of £0.9m (2018: £2.4m).

In accordance with Listing Rule 9.8.4 R (14), since entering into the Agreement, the Company has fully complied with the independence provisions included within this Agreement, and, so far as the Company is aware, the controlling shareholder and its associates have also complied with the independence and procurement provisions set out in Listing Rule 6.5.4 during the period under review.

Company Secretary

The Company Secretary at 30 June 2019 was Hazel Stewart who was appointed on 1 April 2019 following the resignation of Manoj Patel.



Forward-looking statements

The Chairman's statement, the Group Chief Executive Officer's overview, the Business and Financial Review and other sections of this Annual Report and Accounts may contain forward-looking statements about the Group's current plans, goals and expectations on future financial conditions, performance, results, strategy and objectives. Statements containing the words: 'believes', 'intends', 'expects', 'plans', 'seeks', 'anticipates' and other words of similar meaning are forward-looking. All forward-looking statements involve risk and uncertainty. This is because they relate to future events and circumstances that are beyond the Group's control.

As a result, the Group's future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements. The Company will not undertake any obligation to update any of the forward-looking statements in this Annual Report and Accounts.

Annual General Meeting

The AGM of the Company will be held on 6 November 2019 at the Company's registered office.

A copy of the notice of the AGM will be circulated with this Annual Report and Accounts to shareholders. As well as the business normally conducted at such a meeting, shareholders will be asked to:

- renew the authority for the Directors to make market purchases of the Company's shares;
- renew the general authority of the Directors to allot shares and dis-apply pre-emption rights and;
- elect or re-elect all Directors except Maurice Dyson and Andy Frepp.

The Directors consider that all the resolutions to be put to the AGM are in the best interests of the Company and its shareholders as a whole and will be voting in favour of them. The Board undertakes to apply the Listing Rules in relation to the re-appointment of the independent non-executive directors. This requires that re-election is by majority of votes cast by independent shareholders as well as by majority of all shareholders.

The Company further confirms, as required by the Listing Rules, that it has an agreement in place with Dr Polonsky as the controlling shareholder and that the Company has complied with the requirements of the agreement throughout the year to 30 June 2019.

The notice of the AGM and the Annual Report and Accounts are also available at www.hansard.com. As required by the UK Corporate Governance Code, copies of the Letters of Appointment for the non-executive Directors, will be available for inspection at the Company's registered office during normal business hours and the AGM venue 15 minutes prior to the AGM until the conclusion of the AGM.

In accordance with the Group's normal practice, the total number of proxy votes lodged at the meeting on each resolution (categorised as for; against; and votes withheld) will be made available both at the meeting and subsequently on the Company's website.

Political donations

The Group did not make any political donations during the year (2018: £nil).

Adequacy of the information supplied to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The Company's auditor, PricewaterhouseCoopers LLC ("PwC"), has indicated its willingness to continue in office. The Audit Committee has recommended that PwC be reappointed as the Company's auditor. Accordingly, a resolution to reappoint PwC as auditor to the Company, and to authorise the Directors to determine its remuneration, will be proposed at the AGM.

We announced last year that we would be conducting an audit tender process to appoint a new auditor. Following the recent completion of this tender process, the Board elected to appoint KPMG Audit LLC ("KPMG") to succeed PwC as auditor. Subject to approval by shareholders at the Company's 2020 AGM, KPMG will assume the role of auditor for the financial year ending 30 June 2021. Further details can be found in the Report of the Audit Committee on page 42 to 44.

Going concern

As shown within the Business and Financial Review, the Group's capital position is strong and considerably in excess of regulatory requirements. The long-term nature of the Group's business results in considerable cash generated from existing business. The Directors believe that the Group is well placed to manage its business risks successfully.

The Directors are satisfied that the Company and the Group have adequate resources to continue to operate as a going concern for the foreseeable future, being a period of 12 months from the approval of the Annual Report and Accounts, and have prepared the financial statements on that basis.

Post balance sheet events

There have been no material post-balance sheet events, which would require disclosure in, or adjustment to, these consolidated financial statements.

Longer-term viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code and Listing Rule 9.8.6, the Directors have assessed the prospects of the Group over a five year period and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of assessment.

The assessment of prospects is considered over a five-year period as this matches the period over which business plans are considered by the Board. The Board also considers it a reasonable period in light of rapidly changing regulation, competitive landscape and IT advancements.

The Group's business plan and associated scenario modelling includes projections of the Group's profit, capital, liquidity and solvency. Scenario and stress testing considers the Group's capacity to absorb or respond to potential economic, contract holder activity or operational stresses. These include for example material investment market declines, interest rate movements, mass surrenders by contract-holders and operational losses. Reverse stress tests are also considered to provide insight into the level of stress needed to breach regulatory solvency requirements.

The Group's insurance subsidiaries are required to maintain at all times minimum regulatory solvency capital levels based on the size and nature of business written.

In making its overall assessment, the Board has also considered the principal risks and associated mitigating strategies which it has identified and outlined on page 22 to 26. The Directors confirm that their assessment of the principal risks facing the Group was robust.

Statement of Directors responsibilities in respect of the Report and the financial statements

The Directors are responsible for preparing the Annual Report and 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 Group financial statements in accordance with IFRS as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102).

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group 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 and prudent;
- state whether IFRS as adopted by the European Union and applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.



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The Directors are responsible for keeping proper 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 the Group and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing the Directors' report, the Report of the Remuneration Committee and a Corporate Governance Report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the Group's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Annual Report and Accounts confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Business and Financial Review referenced to in the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By Order of the Board

Hazel Stewart
Company Secretary
25 September 2019



Corporate Governance Report

Compliance with Companies Acts

As an Isle of Man incorporated company, the Company's primary obligation is to comply with the Isle of Man Companies Acts 1931 to 2004. The Board confirms that the Company is in compliance with the relevant provisions of the Companies Acts.

Compliance with the UK Corporate Governance Code 2016 ("the Code")

The Board believes high standards of corporate governance are integral to the delivery of the Group strategy and so the Board maintains a strong commitment to achieving the highest standards of corporate governance. During the year under review, the Group applied the provisions and principles of the UK Corporate Governance Code 2016 (the "Code"). A copy of the Code is available on the Financial Reporting Council website at www.frc.org.uk. The Group is reviewing its Corporate Governance Framework and will report on its application of the UK Corporate Governance Code 2018 in next year's annual report.

Details on how we have applied the provisions and principles of the Code to our activities throughout the financial year and to the date of this report are set out in this Corporate Governance Report, in the Directors' Report on pages 28 to 34 and/or in the Report of the Remuneration Committee on pages 48 to 53 and/or in the Report of the Nominations Committee on pages 46 and 47 and/or in the Report of the Audit Committee on pages 42 to 44.

The Board is of the opinion that the Board composition and governance frameworks are sufficient to maintain compliance with the principles of the Code and there are no exceptions to the Code to bring to the reader's attention.

Compliance with the Market Abuse Regulation

In order to ensure compliance with the Market Abuse Regulation ('MAR'), the Company maintains internal policies, procedures and controls in respect of market abuse, market manipulation and insider dealing. A Share Dealing Code is in place which all employees must adhere to. The Company has complied with this Share Dealing Code and MAR throughout the period.

Role of the Board of Directors and its principal Committees

The primary role of the Board is to provide leadership of the Company. The Company is directed and controlled both by its Board of Directors and through systems of delegation and escalation, in order to achieve its business objectives in accordance with high standards of transparency, probity and accountability.

It achieves these goals by making decisions relating to a number of key areas for the business, by overseeing the activities of the executive management team, and by delegating certain matters

for resolution through the principal Board Committees, namely the Audit Committee, the Executive Committee, the Executive Risk Committee, the Remuneration Committee and the Nominations Committee.

The specific duties of the Board are clearly set out in a Board Procedures Manual that addresses a wide range of corporate governance issues and lists those items that are specifically reserved for decision by the Board.

The primary responsibilities of the Board include, but are not limited to:

- formulation of medium and long-term direction and strategy for the Group;
- establishment of capital structure and dividend policy;
- ensuring the Group's operations are well managed and proper succession plans are in place;
- review of major transactions or initiatives proposed by management;
- implementation of policy and procedures to support the governance framework of the Group;
- regular review of the results and operations of the Group;
- ensuring that proper accounting records are maintained and adequate controls are in place to safeguard the assets of the Group from fraud and other significant risks;
- regular evaluation of board performance;
- oversight of the Group's Enterprise Risk Management framework and;
- decisions regarding the Group's policy on charitable and political donations.

The duties of the principal Board Committees are detailed in the relevant terms of reference, which are reviewed annually and are available on the Company's website, www.hansard.com.

Board composition and key roles

At the date of this report the Board comprises the non-executive Chairman, three independent non-executive Directors, one non-executive Director, the Group Chief Executive Officer and the Group Chief Financial Officer.

Graeme Easton was appointed as an independent non-executive Director as part of succession planning for the expected future retirement of Maurice Dyson. The Code requires that the Boards of "smaller companies" should comprise at least two independent non-executive Directors, excluding the Chairman. Having considered directors' independence, the Board confirms that it is in compliance with the Code in this respect.



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As required by the Articles of Association, the full Board (other than Maurice Dyson and Andy Frepp as noted above) will offer themselves for election or re-election at the forthcoming AGM.

The Board supports greater transparency in regard to the election and re-election of independent non-executive directors. In compliance with the Listing Rules, the Company operates a dual voting structure for any resolutions on the election and re-election of the independent non-executive Directors. The results from the AGM votes on any such resolutions, together with other information normally circulated following the conclusion of the meeting, will be disclosed through the Regulatory Information Services following the conclusion of the Meeting. In the event that the majority of independent shareholders are shown to have voted against these resolutions, a further vote will be called after 90 days.

Chairman

Philip Gregory was appointed the Company's non-executive Chairman with effect from 30 June 2014 and as required by the Code, was considered independent upon appointment. He leads the Board within a solid governance framework, and he ensures that the Board provides effective leadership for the Group including strategy and direction. As part of the appointment process the time commitments required for this role were considered.

Group Chief Executive Officer

Gordon Marr was appointed the Group Chief Executive Officer ("CEO") with effect from 1 January 2013. As CEO, he leads the senior executive team in the day-to-day running of the Group's business, including execution of the Group's business plans and objectives and communicating its decisions and recommendations to the Board.

The division of responsibilities between the Chairman and the CEO is clearly defined and has been approved by the Board. The Chairman has no day-to-day involvement in the management of the Group. The CEO has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group.

Senior Independent Director

As recommended by provision A.4.1 of the Code, the Board appointed Maurice Dyson as the Senior Independent Director on 30 June 2014. Maurice Dyson plans to retire from the Board at the Company's 2019 AGM.

Non-executive Directors

Maurice Dyson, Graeme Easton and Andy Frepp are considered by the Board to be independent non-executive Directors in accordance with the Code definition. Graeme Easton was appointed on 1 July 2019. Philip Gregory, as non-executive Chairman was considered independent on appointment. Dr Polonsky, a non-executive director

until 26 September 2018 and in his continuing position as President of the Group, was not considered to be independent for the purposes of the Code. Marc Polonsky, a non-executive director since 26 September 2018, is not considered to be independent for the purposes of the Code due to close family ties with Dr Polonsky and representing the Polonsky family shareholding.

The non-executive Directors fulfil a critical role to constructively challenge all recommendations presented to the Board for approval and to provide the benefit of their experience and expertise to manage risk within the Group and enhance delivery of the overall strategy.

Board independence

The Board's policy is to appoint and retain independent non-executive Directors who can apply their wider knowledge and experiences to their understanding of the Group. The process for appointing new Directors is conducted by the Nominations Committee.

It is the Board's view that an independent non-executive Director also needs to be able to present an objective, rigorous and constructive challenge to management. To be effective, an independent non-executive Director needs to acquire a sound understanding of the industry and the Company so as to be able to evaluate properly the information provided.

Each independent non-executive Director serves for a fixed term not exceeding three years that may be renewed by mutual agreement and subject to shareholder approval at the AGM. Subject to the Board being satisfied with a Director's performance, independence and commitment, there is no specified limit regarding the number of terms an independent non-executive Director may serve, subject to any explanation, if required under the provisions of B.1.1 of the Code.

A review of the arrangements affecting all non-executive directors who served during the year covering the current term of appointment and review of their independence (where relevant) was undertaken by the Nominations Committee. The Committee was satisfied that based on their performance during the year, including their input (based on their respective experience) both Maurice Dyson and Andy Frepp (who was first elected to the Board in January 2014) remain independent. The Nominations Committee meeting also discussed Mr Dyson's retirement at the Company's AGM. Recruitment consultants were engaged during the year to find a suitably qualified candidate to replace Maurice Dyson and following the recruitment process, Graeme Easton was appointed as an Independent non-executive Director on 1 July 2019.

Philip Gregory, as Chairman, was considered independent upon appointment.

Board meeting attendance

The Board meets regularly to determine the Company's strategic direction, to review the Company's operating and financial performance and to provide oversight that the Company is adequately resourced and effectively controlled.

The Company requires Directors to devote sufficient time to the Company in order to perform their duties. If Directors are not able to attend a meeting they have the opportunity to submit their comments in advance to the Chairman or the Company Secretary. If necessary, they can follow up with the Chairman of the meeting.

The attendance of the Directors at the Board and Committee meetings held during the year (and the maximum number of meetings that each Director could have attended) were as follows:

	Board	Audit	Nominations	Remuneration
Number of meetings	4	4	5	5
Dr Leonard Polonsky*	n/a	n/a	n/a	n/a
Maurice Dyson	4/4	4/4	5/5	5/5
Andy Frepp	4/4	4/4	4/5	4/5
Philip Gregory	4/4	4/4	5/5	5/5
Marc Polonsky~	4/4	n/a	n/a	n/a
Gordon Marr	4/4	n/a	n/a	n/a
Tim Davies	4/4	n/a	n/a	n/a

+ Resigned as a Director 26 September 2018

~ Alternate to Dr Polonsky until 26 September 2018. Appointed as a Director 26 September 2018.

Board committees

The Board has established a number of standing committees to oversee important issues of policy and maintain such oversight outside the main Board meetings. Each committee operates within defined terms of reference, which can be accessed on the Company's website. The committee positions held by the Directors during the financial year are summarised below:

- Audit Committee (Chair: Maurice Dyson. Members: Andy Frepp, Philip Gregory *);
- Executive Committee (Chair: Gordon Marr. Member: Tim Davies);
- Executive Risk Committee (Members: Gordon Marr, Tim Davies);
- Nominations Committee (Chair: Philip Gregory. Members: Maurice Dyson, Andy Frepp);
- Remuneration Committee (Chair: Maurice Dyson. Members: Andy Frepp, Philip Gregory).

* As Chairman of the Board, Philip Gregory stood down from the Audit Committee on 30 June 2019 in order to comply with the UK Corporate Governance Code 2018.

Graeme Easton joined the Audit Committee, Nominations Committee and Remuneration Committee from 1 July 2019.

Reports from the Audit, Nominations and Remuneration Committees are set out in this Annual Report and Accounts, together with a summary of their activities during the year. The activities of the Executive Risk Committee are summarised in the Risk Management and Internal Control Report on pages 22 to 27.

The Executive Committee is chaired by the Group Chief Executive Officer and currently meets weekly. The Executive Committee has responsibility for the day-to-day management of the Group, and other items as delegated from time-to-time by the Board. In addition to Gordon Marr and Tim Davies, the Executive Committee is currently comprised of Ollie Byrne (Chief Strategy Officer), Karen Corran (Head of Human Resources), Angela McCraith (Head of Group Risk and Compliance), Graham Morrall (Global Sales and Marketing Director), Ailish Sherlin (Group Chief Actuary) and Hazel Stewart (Company Secretary).

The Executive Risk Committee is chaired by the Head of Group Risk and Compliance and meets on a quarterly basis. The Executive Risk Committee is currently comprised of Gordon Marr, Tim Davies, Will Andrews (Secretary), Ollie Byrne, Ciaran Cormican (General Manager, Hansard Europe dac), Karen Corran, Angela McCraith, Graham Morrall, Ailish Sherlin and Hazel Stewart.

Board processes

The agenda for each Board and Committee meeting is considered by the Chairman or Committee Chairman and the papers for each meeting are distributed by the Company Secretary to the Board or Committee members beforehand. As a standard agenda item during the scheduled Board meetings, the Chairman and non-executive Directors meet without the executives present. The Chairman maintains regular contact with the CEO and with the non-executive Directors, outside of Board meetings or calls, in order to discuss specific issues.

Board evaluation and effectiveness

The effectiveness of the Board is vital to the success of the Group. The Company undertakes an evaluation each year in order to assess the performance of the Board, its Committees, the Directors and the Chairman. The Board conducted an internal board evaluation in the year. The evaluation took the form of a questionnaire, where Directors were required to rate certain aspects of the Board's and Committees' performance. The questionnaire also gave Directors



the opportunity to provide comments on areas of focus, which included the structure of the Board, effectiveness of the Board, and committee-specific questions.

The responses to the evaluation of the Board and the Committees were collated and analysed by the Company Secretary. The results indicated that the Board continues to work well and there were no significant concerns among the Directors about the Board's effectiveness. Additional focus will be given to succession planning and strategic initiatives.

As part of the Chairman's evaluation the independent non-executive Directors meet separately under the leadership of the Senior Independent Director who, in turn, engages in reviews with the Chairman.

Following these reviews, the Directors have concluded that the Board and its Committees operate effectively. Additionally, the Chairman and the Senior Independent Director have concluded that each Director contributes effectively and demonstrates full commitment to his duties.

Remuneration of Directors

The principles and details of Directors' remuneration, as well as the composition and working of the Remuneration Committee, are contained in the Report of the Remuneration Committee on pages 48 to 53.

Insurance

The Company maintains insurance cover with respect to the liabilities of Directors and Officers within the Group. In addition, qualifying third party indemnity arrangements are in force for the benefit of the Directors within the Group and were in force for the benefit of former Directors of the Group during the year under review.

Board support

Directors are fully briefed in advance of Board and Committee meetings on all matters to be discussed. The Company Secretary is responsible for following Board procedures and advising the Board, through the Chairman, on governance matters. All Directors have access to her advice and services.

The Board has adopted a procedure whereby Directors may, in the performance of their duties, seek independent professional advice at the Company's expense if considered appropriate.

Directors of the life companies are required to complete a number of mandatory training sessions during each year, for example on Anti-Money Laundering responsibilities (provided by the MLRO). Training and support is also provided on any other key topics that the Board feel appropriate in addition to their individual professional Continuing Professional Development requirements.

Risk management and internal controls

The Board has overall responsibility for the Group's systems of risk management and internal control, and for reviewing their effectiveness. The Board recognises that the governance risk management and internal control arrangements which constitute the ERM Programme are intended to reduce, although cannot eliminate, the range of possibilities which might cause detriment to the Group. Similarly, the ERM Programme cannot provide protection with certainty against any failure of the Group to meet its business objectives, or guard against material errors, losses, fraud, or breaches of laws and regulations. Taking all of these factors into account the ERM Programme is intended to provide reasonable, but not absolute, assurance against material misstatement or losses and / or the breach of any laws or regulations.

The primary responsibility for developing and implementing internal control and risk management procedures covering all aspects of the business lies with the Executive Management Team. As part of the reporting processes from the ERM Programme, the Board regularly receives written reports covering all such aspects in addition to overseeing controls and risk management procedures via the Audit Committee.

Individual managers have primary responsibility for ensuring compliance with Group policies, principles and compliance obligations within their respective span of control. This includes the identification, evaluation, monitoring, management and reporting of risks within their areas of responsibility. The substance and form of risk management activities and the quality of their application are regularly reviewed by the Executive Risk Committee and objectively analysed and evaluated by the Group's Internal Audit function, with oversight by and reporting to the Audit Committee, which is ultimately responsible for reporting on the same to the Board.

Processes for identifying, evaluating and managing the risks faced by the Group have been in place throughout the year under review and up to the date of this report. They are regularly reviewed by the Board, with the assistance of the Audit and Risk Committees.

The Board (through the Audit Committee) has reviewed the effectiveness of the Company's risk management and internal control systems including financial, operational and compliance controls.

The Board has further undertaken a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, in accordance with C.2.1. of the UK Corporate Governance Code. Additional information on the principal risks and uncertainties faced by the Group, together with steps taken to manage them, can be found in the Strategic Report on pages 25 and 26.

Corporate Governance Report *continued*

Financial reporting process

The Group maintains a process to assist the Board in understanding the risks to the Group failing to meet its objectives. This incorporates a system of planning and sensitivity analysis incorporating Board approval of forecast financial and other information. Operational management reports monthly to the Executive Committee on a wide range of key performance indicators and other significant matters. The Board receives regular representations from the senior executives. Performance against targets is reported to the Board quarterly through a review of the Group's and Company's results based on accounting policies that are applied consistently throughout the Group. Draft management financial statements are prepared quarterly by the Chief Financial Officer ("CFO").

The members of the Audit Committee review the draft financial statements for the half year ended 31 December and for the full financial year, and meet with the CFO to discuss and challenge the presentation and disclosures therein. Once the draft document is approved by the Audit Committee, it is reviewed by the Board before final approval at a Board meeting.

Financial reporting

The statement on the responsibilities of the Directors in relation to the preparation of the accounts and the Directors' evaluation of the business as a going concern is contained in the Directors' Report on pages 28 to 35.

The Directors as at the date of this report consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Human resources

The Group's principal administrative operations are performed in the Isle of Man. Management of Hansard Europe Designated Activity Company and certain support functions are located in the Republic of Ireland. Account Executives and related market development resources are based in local markets to support IFAs and other intermediaries that introduce business to the Group. The principal locations at 30 June 2019 are the Middle East and Africa, the Far East, and Latin America.

At 30 June, the number of the Group's employees by location was as follows:

Location	Number 2019	Number 2018
Isle of Man	159	155
Republic of Ireland	17	16
Other	16	16
	192	187

The gender profile of the Group at 30 June 2019 is split with a total of 103 male and 89 female employees (2018: 103 male and 84 female). Within the executive management team, there were 4 male executives and 3 female executives. At 30 June 2019, the Board comprised six male Directors.

Environmental responsibility

The Group continues its efforts to reduce and restrain our carbon footprint both in relation to daily operations, and in our communications. At the Group's locations we have regard to energy efficiency and ensure that appropriate waste is recycled. Whenever possible we conduct meetings using video conferencing facilities installed at the Group's offices to reduce travel requirements.

Online propositions provide increasing electronic access to information and allow us to be more creative with printing requirements, including deliberately keeping the print runs to a minimum. Provision of an electronic version of the Annual Report and Accounts, where shareholders have chosen this option, and other market information has reduced the need to publish and distribute copies. In order to support this, shareholders are asked to contact the Registrar and elect the electronic option for future receipt of the Annual Report and Accounts.

Corporate and social responsibility

Hansard is committed to being a socially responsible employer and member of the corporate community in all jurisdictions in which we have offices. The Group seeks to act fairly, responsibly and transparently in its operations and relationships with stakeholders.

Our community

As a major employer, we recognise the importance of supporting our local community. We encourage employees in their efforts to support local causes, through collections in the office, financial top-ups to funds raised by our people and time off to support the community.

The Group has also supported a number of initiatives to support young people in education. Examples include providing work experience placements and internships, apprenticeships and supporting our people to act as mentors to students, particularly in the IT space.

During the year the Company maintained its primary charity focus of 'Inspiring Young People through Sport', as well as supporting other worthwhile causes and groups. The Company continues to support many sports clubs based on the Isle of Man, including youth netball,



football, rugby, enabling the facilitation, continuation and growth of these clubs across the island. The Company has also extended this support focus further afield to the UAE, supporting football and rugby clubs via its relationship with Union Insurance. The Company also continued with its support of International Nurses Day on the Isle of Man ensuring that nursing professionals are celebrated and thanked for all that they do for the community. Some of the charities we have supported this year have included Relay for Life (Cancer Research UK), The Manx Heart Foundation, Samaritan's Purse (Operation Christmas Child), The Lisa Lowe Centre (Mental Health) and The Manx Breast Cancer Support Group. This has resulted in over £7,500 being donated during the year ending 30 June 2019.

Our People

We recognise that our team of people play a key role in delivering the strategic objectives of the business. Our core values of Innovation, Quality, Integrity and Respect were defined by our people and are central to our culture. We believe all of our people can make a difference and we continually work to ensure that they are appropriately developed, engaged, rewarded and retained.

Communications with stakeholders

We recognise our obligations to adopt a responsible attitude towards our stakeholders. The Board believes that the Group continues to demonstrate such an attitude but recognises that the Group is a relatively small organisation. The Board believes that Hansard's policies and actions fulfil the Group's obligations.

Engagement with shareholders

The Board is accountable to the shareholders for creating and delivering value through the effective governance of the business. The Group places considerable importance on developing its relationships with our shareholders and it aims to achieve this by way of the following regular communication activities:

- regular dialogue with major institutional shareholders, both directly and through the Company's advisors;
- market announcements, corporate presentations and other Company information which are available on our website at www.hansard.com and;
- the Annual Report and Accounts issued to all registered shareholders, either in hard copy or electronically for those that have elected to receive it in that form.

There have been regular meetings with the investor community, major shareholders and analysts during the financial year. This included formal meetings with investors, analysts and media at various points throughout the year.

In addition the Chairman is available to meet with and has met major shareholders to discuss any areas of concern not resolved through normal channels of investor communication. Arrangements can be made to meet with the Chairman through the Chief Financial Officer or Company Secretary.

The Board is equally interested in communications with private shareholders and the Chief Financial Officer oversees communication with these investors. All information reported to the regulatory information services is simultaneously published on the Company's website, affording the widest possible access to Company announcements.

The Board receives regular feedback on the views of shareholders on the Company from its executive management team after meetings with those shareholders, as well as from reports from the Company's corporate brokers, the Chairman and the Senior Independent Director.

By Order of the Board

Hazel Stewart
Company Secretary
25 September 2019

Report of the Audit Committee

Purpose and terms of reference

This report provides details of the role of the Group Audit Committee and the work it has undertaken during the year. The role, responsibilities and work of the Committee can best be understood by reference to its written terms of reference. These are published on the Company's website, www.hansard.com.

A summary is set out below:

- advising the Board on the Group's interim and annual financial statements, its accounting policies and compliance with accounting standards to ensure that the financial and non-financial information supplied to shareholders provides a fair, balanced and understandable assessment of the Group's position;
- monitoring the effectiveness and objectivity of the internal and external auditors and;
- keeping under review the effectiveness of the systems of internal control and risk management.

Composition and structure

During the year the members of the Committee were the Group Chairman, Philip Gregory, and the Group's independent non-executive Directors being Maurice Dyson and Andy Frepp. Maurice Dyson is the Chairman of the Committee. The Board is satisfied that all members of the Committee have considerable recent and relevant financial experience. All members served on the Committee throughout the year and have competence relevant to the sector in which the company operates. In order to comply with the UK Corporate Governance Code 2018, Philip Gregory ceased to be a member of the Audit Committee on 30 June 2019. Graeme Easton was appointed to the Committee with effect from 1 July 2019 and will replace Maurice Dyson as Chairman of the Committee following his retirement at the AGM.

The Company Secretary acts as the secretary to the Committee. The Chairman of the Committee reports to each subsequent meeting of the Board on the Committee's work and the Board receives a copy of the minutes of each meeting of the Committee.

Meetings and frequency

The Committee met on four occasions during the financial year. The members' attendance record is set out in the Corporate Governance Report.

During the year, the Chairman invited the Chief Financial Officer, representatives from the Group Internal Audit function and PwC (the external auditor) to attend all meetings of the Committee. Other members of senior management, including the Group Chief Executive Officer, the Appointed Actuary, the Group Chief Actuary and the Head of Group Risk and Compliance were also invited to attend as appropriate.

It is the Committee's practice to meet separately, at least once a year, with both the Internal Audit function and with the engagement partner of the external auditor, without any members of management being present. In addition, outside the structure of formal meetings, Maurice Dyson (as Chairman of the Committee) has had separate meetings throughout the year directly with the external auditor and the Internal Audit function. He also meets and has regular contact with the Group Chief Executive Officer, the Chief Financial Officer, the Group Chief Actuary and the Head of Group Risk and Compliance.

In performing its duties, the Committee has access to the services of the Internal Audit Function, the Company Secretary and, if required, external professional advisers.

Subsidiary company audit committees

Each of the Group's life assurance subsidiaries has established an audit committee that provides an oversight role for its own business. The chairman of each of those committees is an independent non-executive director of the relevant company. Each committee operated throughout the financial year and considered specifically the reporting of outsourced services and the valuation of contract holder liabilities, having regard to the opinion of the independent Appointed Actuary/Head of Actuarial Function.

The minutes of the meetings of those committees are circulated to the Group Audit Committee which monitors in particular the adherence of the subsidiaries to regulatory requirements.

Committee activities during the financial year

1. Review of accounting and reporting

During the financial year the Committee:

- agreed the annual audit plan with the external auditor, considered the auditor's reports and monitored management actions in response to the issues raised;
- reviewed the annual and half-yearly report and accounts, including the external auditor's reports, and associated announcements;
- reviewed the reports of the reviewing actuaries and considered disclosure and the recommendations for improvements;
- monitored the submission of key regulatory returns;
- monitored compliance with the relevant parts of the UK Corporate Governance Code, the effectiveness of internal controls and reporting procedures for risk management processes;
- continued to monitor the application of the Group's policy on whistle-blowing; and
- reviewed other Stock Exchange reporting prior to publication of each announcement.



Whilst reviewing the annual and half-yearly report and accounts, the Committee focussed on the following areas where significant financial judgements were required:

- the accounting principles, policies, assumptions and practices adopted, including the impact of IFRS 9 and 15;
- judgements exercised in the production of the financial results including, the valuation of certain financial investments, deferred origination costs and deferred income, and the appropriateness of key actuarial assumptions within financial and regulatory reporting and;
- the status of known or potential claims against the Group.

To assist the Committee's review of key judgements, expert input was received from actuarial and legal advisors.

2. Review of Internal Audit

The Head of Internal Audit reports to the Audit Committee on the effectiveness of the Group's systems of risk management and internal control, the adequacy of those systems to manage business risk and to safeguard the Group's assets and resources. The Internal Audit Department provides objective assurance on risks and controls to the Committee.

The plans, the level of resources and the budget of the Internal Audit Department are reviewed at least annually by the Committee. During the financial year the Committee monitored and reviewed the effectiveness of the Internal Audit Department, including consideration of the plan of assurance and consulting activities (including changes thereof) and results from completed audits and concluded that the Department was fit for purpose.

3. Review of External Audit

PricewaterhouseCoopers LLC ("PwC") is the appointed external auditor for the Group. The Group has in place a policy to ensure the independence and objectivity of the external auditor.

During the year, the Committee performed its annual review of the independence, effectiveness and objectivity of PwC, assessing the audit firm, the audit partner and the audit teams. This is performed through written documentation provided by PwC which is discussed and challenged where appropriate by the Committee. In relation to independence, the Committee considered confirmations concerning rotation of the engagement partners and senior members of the team. The current audit partner has served since the 2016 financial year audit.

The Committee considered auditor rotation and was satisfied in regard to its compliance with the Code and other relevant legislation for the year ended 30 June 2019.

Based on the Committee's review and with input from Group management and Internal Audit, the Committee concluded that the audit service of PwC was fit for purpose and provided a robust overall examination of the Group's business and the risks involved.

The Committee has therefore recommended to the Board that PwC be re-appointed as the Group's auditor for the financial year ending 30 June 2020 and that auditor remuneration and terms of engagement also be recommended.

The Committee monitored compliance with the Group policy for the provision of non-audit services by the external auditor. This policy aims to ensure that external auditor objectivity and independence is safeguarded and sets out the categories of non-audit services which the external auditor is allowed to provide to the Group. Financial limits for non-audit related advice and consultancy work by the external audit firm apply to each company in the Group with a limit of £25,000 per company per year. Non-audit assignments exceeding the agreed limits, either individually or cumulatively, must have the prior approval of the Group Audit Committee. During the year, the Committee approved audit related assurance services relating to Solvency II and the Isle of Man's risk based solvency regime.

Details of the amount paid to the external auditors during the year for audit and non-audit related services are set out in note 8 to the consolidated financial statements.

4. Audit tender

We stated in last year's Annual Report and Accounts that we would be conducting an audit tender process in order to implement a future rotation of audit firm. In making a recommendation to the Board for the provision of audit services the Committee considered the following key factors:

- experience of the insurance and wealth management industry;
- experience and local availability of the proposed audit partner and engagement team personnel;
- fee level;
- proposed audit approach; and
- ability to deliver regulatory and taxation services to all subsidiaries.

Following the completion of this tender process and recommendation by the Committee, the Board elected to appoint KPMG Audit LLC ("KPMG") to succeed PwC as auditor. Subject to approval by shareholders at the Company's AGM in 2020, KPMG will assume the role of auditor for the financial year ending 30 June 2021.

Report of the Audit Committee *continued*

5. Review of internal controls

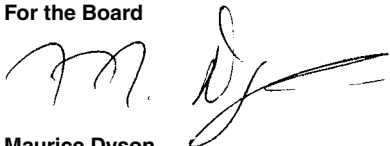
The Committee has reported to the Board regarding the review of the Group's risk management and internal control systems in accordance with provision C.2.3 of the Code.

The Committee took into account events during the year and to the date of signing of the Annual Report and Accounts, including internal reporting structures together with reporting from internal audit, external audit and the Group's reporting actuaries.

6. Review of Committee performance

As part of the internal Board evaluation this year, the performance of the Audit Committee was reviewed. There were no areas of significant concern and it was concluded that the Committee had effectively fulfilled its role.

For the Board



Maurice Dyson
Chairman of the Audit Committee
25 September 2019



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Report of the Nominations Committee

This report provides details of the role of the Nominations Committee and the work it has undertaken during the year.

Purpose and terms of reference

The role, responsibilities and work of the Committee can best be understood by reference to its written terms of reference. These are published on the Company's website. A summary is set out below:

- to regularly review the structure, size and composition required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- to give full consideration to succession planning for Directors and other senior executives and;
- to be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The Committee keeps under review the balance of skills on the Board and the knowledge, experience, length of service and performance of the Directors. It also reviews their external interests with a view to identifying any actual, perceived or potential conflicts of interests, including the time available to commit to their duties to the Company.

The Group ensures that each of its companies is compliant with relevant applicable legislation relating to Health and Safety, employment legislation including sex, race and other discrimination rules, in striving to be an equal opportunity employer. The Group's recruitment process seeks to find candidates most suited for the job.

The Group respects the dignity of individuals and their beliefs and does not tolerate any sexual, racial, physical or any other form of harassment of staff nor tolerate any discrimination in the workplace.

Membership

During the year the members of the Committee were the independent non-executive Directors being Maurice Dyson and Andy Frepp and the non-executive Group Chairman, Philip Gregory. Philip Gregory is Chairman of the Committee. All members served on the Committee throughout the year and to the date of this report. Graeme Easton was appointed to the Committee with effect from 1 July 2019.

The Company Secretary acts as the secretary to the Committee. The Chairman of the Committee reports to each subsequent meeting of the Board on the Committee's work and the Board receives a copy of the minutes of each meeting of the Committee.

Activities of the Committee during the year

The Committee met on five occasions during the year. The members' attendance record is set out in the Corporate Governance Report.

During the year the Committee considered the following:

- noted the appointment of Hazel Stewart as Legal Manager;
- noted the appointment of Hansard Europe's General Manager;
- considered and accepted the resignation of Dr Polonsky as Non-Executive Director and considered and accepted the nomination and appointment of Marc Polonsky as Non-Executive Director and representative of the Polonsky family shareholding;
- considered and approved the appointment of Hazel Stewart as Company Secretary;
- considered succession planning in relation to the planned retirement of Maurice Dyson in November 2019 and after a competitive interview process assisted by Search and Select, who have no connection with the Company, considered and approved the appointment of Graeme Easton as an Independent non-executive Director and;
- considered the requirements under the UK Corporate Governance Code 2018 and agreed to the recruitment of an additional Independent non-executive Director. Nurole Limited, who have no connection with the Company, are providing support in this regard.

Diversity

The Committee and Board acknowledges the importance of diversity, including gender diversity, for the Company.

The Board has established the following objectives in relation to the Board:

- all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective;
- any long lists of potential directors to include diverse candidates of appropriate merit;
- when engaging with executive search firms, the Company will seek to engage with those firms who have signed up to the voluntary Code of Conduct on gender diversity and best practice.



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Review of Committee performance

As part of the internal Board evaluation this year, the performance of the Nominations Committee was reviewed. There were no areas of significant concern and it was concluded that the Committee was operating effectively and provided robust challenge to the business on issues within its remit. Actions arising for the Committee from the evaluation of both the Board and the Committee are detailed on pages 38 and 39.

Philip Gregory had regular meetings during the year with the Group Chief Executive Officer, Group Chief Financial Officer and the non-executive Directors. In addition, after each Board meeting, the Chairman held informal sessions with the full Board (without management being present) and also with only the independent non-executive Directors in attendance (without executive directors being present). An evaluation of the performance of the Chairman is performed by the non-executive Directors led by the Senior Independent Director.

For the Board

Philip Gregory

Chairman of the Nominations Committee

25 September 2019

Report of the Remuneration Committee

This report provides details of the role of the Committee and the work it has undertaken during the year.

Purpose and terms of reference

The main purpose of the Committee is to determine the overall remuneration policy and the remuneration packages and service contracts of the executive Directors, the Company Secretary and such other members of the executive management as it considers appropriate, including the operation of incentive schemes. The Committee aims to set remuneration at an appropriate level to promote the long-term success of the Group.

As such the remuneration policy is designed to:

- recognise the need to be competitive in an international market, though taking account of the local knowledge and packages in the UK and the Isle of Man;
- support key business strategies and create a strong, performance-orientated environment;
- attract, motivate and retain talent; and
- be aligned to proper risk management consistent with risk tolerance set out by the Board as part of its strategy.

The role, responsibilities and work of the Committee can best be understood by reference to its terms of reference. These are published on the Company's website.

Membership

During the year the members of the Committee were the independent non-executive Directors being Philip Gregory and Andy Frepp and the non-executive Group Chairman, Maurice Dyson. All members served on the Committee throughout the year and to the date of this report.

Maurice Dyson was Chairman of the Committee throughout the year. Graeme Easton was appointed to the Committee with effect from 1 July 2019.

The Company Secretary acts as the secretary to the Committee. The Chairman of the Committee reports to each subsequent meeting of the Board on the Committee's work and the Board receives a copy of the minutes of each meeting of the Committee.

Activities of the Committee during the year

During the year there were five meetings of the Committee. The members' attendance record is set out in the Corporate Governance Report.

At the request of the Committee, Gordon Marr, the Group Chief Executive Officer, also attends meetings and makes recommendations to the Committee regarding changes to particular remuneration packages (excluding himself) or to policy generally. Such recommendations are discussed by the Committee and

adopted or amended as it sees fit. The Head of Human Resources ("HR") provides all necessary support to the Remuneration Committee in executing their duties.

At the request of the Committee, the Head of HR engaged with Vantage HBA to provide benchmarking data on remuneration. Vantage HBA has no connection with the Company.

During the year the Committee addressed a number of issues concerning remuneration and incentive schemes implemented by the Group, in particular:

- agreed an annual cash bonus scheme for staff;
- agreed a deferred bonus scheme for the Executive Committee;
- having regard to market data, considered and approved reviews in remuneration for senior management effective from 1 July 2018;
- agreed bonuses for Executive Committee members, based on individual performance targets;
- reviewed staff benefits and agreed certain changes in benefit providers; and
- reviewed Directors' fees.

Incentive Schemes

Cash-settled bonus scheme

The Committee approved the continuation of a bonus scheme for all employees. The terms of the scheme that became effective from 1 July 2018 incorporate targets for both company and individual performance. Bonuses earned will be paid in the October following the end of the financial year.

Long-term Incentive Plan

The deferred bonus scheme was approved at the AGM on 8 November 2016 and incorporates targets for both company and individual performance. Awards were generated for some members of the 2018 scheme and allocated based on individual performance. Awards for the year ending 30 June 2019 were agreed in August 2019 again based on individual performance. There was no allocation for Company performance based on the metrics of the scheme.

The criteria for the 2020 financial year were agreed in September 2019.



SAYE Share-save Programme

No options over shares were exercised under the Scheme rules during the year (2018: 112,287). At the date of this report, the following options remain outstanding under each tranche:

Scheme year	2019 No. of options	2018 No. of options
2014	-	21,686
2015	170,731	512,985
2016	10,714	81,848
2017	89,578	134,326
2018	567,173	742,134
	838,196	1,492,979

The scheme was renewed for a further 10 years at the AGM in 2017.

Employee Benefit Trusts

An Employee Benefit Trust ("EBT") was established in November 2011 with a gift of 400,000 Hansard Global plc shares from Dr Polonsky. The EBT was dissolved on 28 September 2018 with the 860,820 shares held by the EBT (860,820 shares held as at 30 June 2018) reverting to the Polonsky Foundation. The EBT was originally established to reward long serving employees but has since been replaced by alternative reward schemes.

An additional Employee Benefit Trust was established on 16 February 2018 in order to provide certain discretionary share-based awards as part of an overall compensation and retention package. As at 30 June 2019 the new EBT holds 585,000 shares (2018: 585,000). Any applicable distributions under the EBT will first be made during 2020 and are subject to the satisfaction of the award criteria.

Directors' employment terms and conditions

In accordance with the Articles of Association all Directors are subject to annual re-election. All Directors serving on 7 November 2018 were re-elected at the AGM held at that date.

The key terms and benefits of the contractual arrangements between each Director and the Company are as follows:

Dr Leonard Polonsky – Non-executive director (up until 26 September 2018) – President.

The letter of appointment effective from 22 September 2014 reflects Dr Polonsky's appointment as a non-executive Director and then as President and incorporates the requirements of the Listing Rules in relation to Dr Polonsky as controlling shareholder of the Group.

A summary of the agreement, dated 22 September 2014, governing his relationship with the Group is available for inspection at the Company's registered office and will be made available to shareholders at the AGM. In order to maintain effective corporate governance the agreement contains the following terms:

- all transactions between Dr Polonsky and the Group are to be conducted at arm's length and on normal commercial terms;
- Dr Polonsky will take no actions which would prevent the Company from complying with its obligations under the Listing Rules, or propose a resolution to circumvent the proper application of the Listing Rules;
- Dr Polonsky will exercise his voting rights to ensure a requisite number of independent non-executive directors are appointed to and retained by the Board and;
- Dr Polonsky will consult with independent non-executive directors where proposals have been made by the Board in relation to its composition.

Consistent with other non-executive Directors, Dr Polonsky, until his retirement from the Board on 26 September 2018, received a fee for his participation on the Board of £50,000 per annum.

There were no significant transactions between the Group and Dr Polonsky during the year under review, except as noted in the Director's Report.

Gordon Marr – Group Chief Executive Officer. Housing allowance; company contribution into personal pension arrangements; private health insurance for himself and his spouse; permanent health insurance; life assurance; full-pay sick leave for a maximum of eight weeks of absence, whether or not consecutive, in any 12-month period due to illness or injury and 30 days annual leave in addition to public holidays. Other than the right to receive a payment in lieu of notice upon termination, his service agreement dated 24 November 2006 does not provide for any benefits upon termination of employment. The notice period (by either party) is 12 months.

Gordon Marr was appointed to the Board on 27 April 2005 and last re-elected on 7 November 2018.

Gordon Marr is a member of the deferred bonus scheme which is based on Company and individual performance. Mr Marr's potential earnings under the scheme range from nil to 50% of salary. Under the 2018 Employee Benefit Trust and subject to fulfilling the criteria he is entitled to receive 75,000 shares in July 2020. Additionally he has been granted an option to require the Company to acquire a residential property from him for the sum of £481,000. Gordon Marr purchased the property in July 2011 for £501,000.

Report of the Remuneration Committee *continued*

Tim Davies – Group Chief Financial Officer. Company contribution into personal pension arrangements; private health insurance for himself, his spouse and dependent children; permanent health insurance; life assurance; full-pay sick leave for a maximum of eight weeks of absence, whether or not consecutive, in any 12-month period due to illness or injury and 30 days annual leave in addition to public holidays. Other than the right to receive a payment in lieu of notice upon termination, his service agreement dated 3 March 2015 does not provide for any benefits upon termination of employment. The notice period (by either party) is six months.

Tim Davies was appointed to the Board on 1 December 2015.

Tim Davies is a member of the deferred bonus scheme which is based on Company and Individual Performance. Tim Davies potential earnings under the scheme range from nil to 50% of salary. Under the 2018 Employee Benefit Trust and subject to fulfilling the criteria he is entitled to receive 50,000 shares in July 2020.

Non-executive Directors. The appointment of each non-executive Director has been confirmed by an individual letter of appointment which includes a one month notice provision. The non-executive Directors do not have service contracts or any benefits-in-kind arrangements and do not receive any performance-related remuneration..

Policy on salary of Executive Directors

It is the policy of the Committee to pay base salaries to the Executive Directors at broadly market rates (taking account of the Isle of Man location where relevant) compared with those of executives of companies of a similar size and international scope, whilst also taking into account the executives' personal performance

and the performance of the Group. In addition reliance is placed on the Human Resource function to provide appropriate benchmarking data.

CEO salary

The CEO's salary was reviewed during 2018 and 2019. After due care and consideration the Committee determined that the salary was appropriate for the size and scope of the role and therefore this was not increased following the review.

Name	Salary as at 30 June 2019	Salary as at 30 June 2018	Increase
Gordon Marr	325,000	325,000	0%

The Committee will continue to review salaries on a regular basis and may make increases in future years as roles develop.

Policy on fees for non-executive Directors

It is our policy to set the fees for each non-executive Director so that they reflect the time commitment in preparing for and attending meetings, the responsibility and duties of the position and the contribution that is expected from them. Our policy is to pay a market rate which is set annually by the Board.





Directors' remuneration and other benefits in the financial year ended 30 June 2019

The following table, which includes audited information, has been prepared in accordance with regulatory requirements, sets out the elements of aggregate emoluments for the year ended 30 June 2019 for each Director who served during that year.

The timing of the Remuneration Committee considering bonus awards for Gordon Marr and Tim Davies was brought forward during the 2019 financial year compared to previous years. The awards stated below relate to the 2019 financial year and will be paid in October 2019. Gordon Marr and Tim Davies also received bonus awards of £32,500 and £20,000 respectively in relation to the 2018 financial year which were paid in October 2018. In previous annual reports, the bonus figures stated related to performance in the prior financial year but paid in that current year.

Name	Salary and fees 2019 £	Pension 2019 £	Bonus ⁴ 2019 £	Other ⁵ 2019 £	Aggregate 2019 £	Aggregate 2018 £
Executive Directors						
Gordon Marr (CEO) ¹	322,300	48,200	65,000	37,174	472,674	407,684
Tim Davies (CFO) ¹	175,750	27,750	25,000	1,468	229,968	202,480
Non-executive Directors						
Maurice Dyson ²	68,000	–	–	–	68,000	68,000
Andy Frepp	50,000	–	–	–	50,000	50,000
Philip Gregory	69,167	–	–	–	69,167	68,750
Dr L S Polonsky ³	11,875	–	–	–	11,875	50,000
Marc Polonsky ³	38,125	–	–	–	38,125	–
Total	735,217	79,950	90,000	38,642	939,809	846,914

1 Salary amounts are net of any amounts elected to be transferred to pension.

2 Maurice Dyson receives additional fees in relation to his position as Chairman of the Board of Hansard International Limited.

3 Dr Polonsky resigned as a Director on 26 September 2018 and was replaced on that date by Marc Polonsky.

4 Gordon Marr's cash bonus of £65,000 is to be paid 50% (£32,500) in October 2019 and 50% (£32,500) in July 2021, subject to the rules of the scheme.

5 "Other" includes healthcare benefits and in respect of Gordon Marr, contractual benefits relating to accommodation costs of £36,000 per annum.

For the year Philip Gregory's fee as Chairman was agreed at £85,000, however Philip Gregory agreed to waive £15,833 of his fees based on new business levels (waived in 2018: £16,250).



Report of the Remuneration Committee *continued*

Directors' salaries and fees for the financial year ending 30 June 2020

The following table sets out the salary and fee levels approved by the Remuneration Committee for the year ending 30 June 2020 for each Director, as agreed by the Board. There have been no changes in relation to non-salary benefits applicable to any Director.

Name	Salary and fees 2020 £
Executive Directors	
Gordon Marr (CEO)	325,000
Tim Davies (CFO)	185,000
Non-executive Directors	
Maurice Dyson ¹	24,000
Andy Frepp	12,500
Philip Gregory ²	85,000
Marc Polonsky	50,000
Graeme Easton ³	60,000
Total	741,500

- ¹ Maurice Dyson receives additional fees in relation to his position as Chairman of the Board of Hansard International Limited. Maurice Dyson is expected to retire at the AGM on 6 November 2019.
- ² Chairman of the Group Board. Philip Gregory's fees for the year as Chairman is £85,000, however he has agreed to waive fees ranging from nil to £20,000 based on a sliding scales relating to new business volumes.
- ³ Appointed as independent non-executive director on 1 July 2019.

Bonus and incentive arrangements for 2020 for Gordon Marr and Tim Davies remain as outlined in the Incentive Schemes section earlier in this report.





Directors' interests in share capital

The following information, including the table below, includes audited information.

There are no requirements for any Director to have a shareholding in the Company.

At 30 June 2019 Dr Polonsky beneficially held 50,446,319 shares in the Company's share capital, or 36.7% (2018: 36.3%) and an additional 400,000 shares are held by his wife.

The Polonsky Foundation (a UK Registered Charity of which Dr Polonsky and Mr Marc Polonsky are among the trustees) has a beneficial interest in 8,547,708 shares in the Company's share capital, or 6.2% (2018: 5.6%).

The table set out below shows the beneficial interests of other Directors and their spouses in the Company's share capital, at 30 June 2019 and at 30 June 2018.

Number of shares	Direct	Indirect	Total 2019	Direct	Indirect	Total 2018
Executive Director						
Gordon Marr ^{1,2&3}	–	530,494	530,494	–	530,494	530,494
Tim Davies ⁴	54,850	–	54,850	23,000	–	23,000
Non-executive Directors						
Maurice Dyson	32,500	–	32,500	32,500	–	32,500
Philip Gregory ¹	15,462	–	15,462	15,462	–	15,462
Marc Polonsky ^{1&5}	7,800,000	–	7,800,000	7,800,000	–	7,800,000

- 1 Direct holdings include shares held by spouse.
- 2 Held by self-invested pension plan where Mr Marr is a trustee for the relevant scheme.
- 3 Gordon Marr participated in the 2018 Employee Benefit Trust whereby 75,000 shares will be available on maturity in July 2020.
- 4 Tim Davies participated in the 2018 Employee Benefit Trust whereby 50,000 shares will be available on maturity in July 2020.
- 5 Alternate Director to Dr Polonsky until 26 September 2018. Appointed as a Director 26 September 2018.

There have been no other significant changes in these holdings between the balance sheet date and the date of this report.

For the Board

Maurice Dyson

Chairman of the Remuneration Committee

25 September 2019

Requirements of the Listing Rules

The following table provides references to where the information required by Listing Rule 9.8.4R is disclosed

Listing Rule requirement	Location in annual report
A statement of the amount of interest capitalised during the period under review and details of any related tax relief.	Not applicable
Information required in relation to the publication of unaudited financial information.	Not applicable
Details of any long-term incentive schemes.	Report of the Remuneration Committee, pages 48 to 53
Details of any arrangements under which a director has waived emoluments, or agreed to waive any future emoluments, from the company.	Report of the Remuneration Committee, pages 48 to 53
Details of any non pre-emptive issues of equity for cash.	No such share allotments
Details of any non pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking.	Not applicable
Details of any contract of significance in which a director is or was materially interested.	Not applicable
Details of any contract of significance between the company (or one of its subsidiaries) and a controlling shareholder.	Directors' Report, pages 30 to 35
Details of waiver of dividends by a shareholder.	Not applicable
Board statement in respect of relationship agreement with the controlling shareholder.	Report of the Remuneration Committee, pages 48 to 53



Independent auditor's report to the members of Hansard Global plc

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, Hansard Global plc's consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 30 June 2019 and of its profit and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004.

What we have audited

Hansard Global plc's consolidated financial statements (the 'financial statements') comprise:

- the consolidated balance sheet as at 30 June 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented in the Report of the Remuneration Committee, rather than in the notes to the consolidated financial statements. These are cross-referenced from the consolidated financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements of the United Kingdom Financial Reporting Council's Ethical Standard that are relevant to our audit of the consolidated financial statements in the Isle of Man. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the United Kingdom Financial Reporting Council's Ethical Standard.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter - Litigation and claims

Refer to the Directors' Report, note 2.2 and note 26 to the consolidated financial statements.

The Group is subject to a number of legal claims from policyholders in relation to the performance of assets linked to investment contracts and other asset-related issues. As set out in note 26, the cumulative exposure totalled GBP£19.4m at 30 June 2019.

Management evaluate each legal claim, taking into consideration the assessment and advice of external legal counsel.

It is the Group's position that all such legal claims will be contested. This is on the basis that the Group does not provide investment advice and that any investment advice received by the policyholder would have been provided by a professional intermediary appointed by the policyholder. Based on legal advice management and the directors believe that the Group has strong defences and is more likely than not to be successful in contesting all such legal claims.

On the basis of the above assessment the legal claims are disclosed as contingent liabilities in the consolidated financial statements and no amounts have been provided for.

The cumulative exposure at 30 June 2019 is material to the consolidated financial statements and the key judgment as to whether the Group is more likely than not to be successful in contesting these claims is highly subjective.

Independent auditor's report to the members of Hansard Global plc *continued*

How our audit addressed the key audit matter

We obtained a listing of ongoing legal claims from the Group. To assess the completeness of the listing we performed procedures including, reviewing the legal expenses ledgers, the complaints register and regulatory correspondence, reading minutes of meetings, and comparing the listing to prior year.

We gained an understanding of the status of individual cases, along with the case developments during the year and understood managements' and the directors' assessment of the likelihood of success in defending the individual legal claims.

The Group engages external legal counsels to advise and assist in the defence of the legal claims. We understood the status of the legal claims through discussions with management and the directors and obtained confirmation letters from external legal counsels.

We understood the Group's process for determining the value of the exposure for each legal claim and agreed a sample of these values to the underlying policy data.

We challenged the judgements regarding whether the Group was more likely than not to be successful in contesting the legal claims.

We satisfied ourselves that managements' and the directors' conclusion that a successful outcome "is more likely than not" is supportable based on the legal assessments.

Key audit matter - Risk of fraud in revenue recognition

Risk of fraud in revenue recognition

Refer to the Directors' Report, note 2.2, note 5 and note 7 to the consolidated financial statements.

The Group earns fees and charges on investment contracts. Determining revenue for the year can be complex where the fee calculation includes judgement or a high degree of manual preparation together with the related expenses.

We focussed on areas of revenue where the recognition can be judgemental. These areas relate to the estimated average investment contracts life over which upfront fees and origination costs are deferred and revenue is earned and expenses recognised.

We also focussed on fees earned on certain investment contracts that are calculated manually rather than by the Group's policy administration system.

How our audit addressed the key audit matter

We tested the effectiveness of management's controls over the amounts of fees and charges recorded and recognised.

We independently assessed the judgements relating to the determination of the expected investment contracts life and hence the reasonableness of the amortisation period over which upfront fees and origination costs are deferred and recognised as revenue and expenses. Specifically we considered the Group's experience on the investment contracts (e.g. lapses and surrenders) and re-performed the amortisation calculation with respect to the deferred income and origination costs.

For fees which are calculated by the actuarial function, we independently re-calculated a sample of fees based on the underlying policy information.

We noted no material exceptions in our testing and concluded that the judgements applied by management and the directors were supported by the evidence available.

Other information

The other information comprises all of the information in the Annual Report and Accounts other than the parent company and consolidated financial statements and our auditor's reports thereon. The directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 the directors for the financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and Isle of Man law, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group and the wider economy.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report, including the opinion, has been prepared for and only for the parent company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received

Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you by exception if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper books of account have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us;
- the consolidated financial statements are not in agreement with the books of account and returns; and
- certain disclosures of directors' loans and remuneration specified by law have not been complied with.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 34, in relation to going concern and longer term viability; and
- the parts of the Corporate Governance Statement relating to the Group's compliance with the eleven provisions of the UK Corporate Governance Code specified for our review.

We have no exceptions to report arising from these responsibilities.

Other matter

We have reported separately on the parent company financial statements of Hansard Global plc for the year ended 30 June 2019.

Nicholas Mark Halsall, Responsible Individual
For and behalf of PricewaterhouseCoopers LLC
Chartered Accountants, Douglas, Isle of Man
25 September 2019

Consolidated Statement of Comprehensive Income for the year ended 30 June 2019

	Notes	Year ended 30 June 2019 £m	Year ended 30 June 2018 £m
Fees and commissions	5	48.5	52.6
Investment income	6	48.8	21.5
Other operating income		0.7	0.6
		98.0	74.7
Change in provisions for investment contract liabilities		(47.2)	(20.4)
Origination costs	7	(16.7)	(18.0)
Administrative and other expenses	8	(29.5)	(29.4)
		(93.4)	(67.8)
Profit before taxation		4.6	6.9
Taxation	10	-	(0.1)
Profit and total comprehensive income for the year after taxation		4.6	6.8

Earnings per share

	Note	2019 (p)	2018 (p)
Basic	11	3.3	4.9
Diluted	11	3.3	4.9

The notes on pages 62 to 81 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2019

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2017	68.7	(48.3)	11.3	31.7
Profit and total comprehensive income for the year after taxation	-	-	6.8	6.8
Share based payments reserve	-	0.1	-	0.1
Reserve for own shares held within EBT	-	(0.4)	-	(0.4)
Transactions with owners				
Shares allotted	0.1	-	-	0.1
Dividends paid	-	-	(9.8)	(9.8)
At 30 June 2018	68.8	(48.6)	8.3	28.5

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2018	68.8	(48.6)	8.3	28.5
Profit and total comprehensive income for the year after taxation	-	-	4.6	4.6
Share based payments reserve	-	0.1	-	0.1
Transactions with owners				
Dividends paid	-	-	(6.0)	(6.0)
At 30 June 2019	68.8	(48.5)	6.9	27.2

The notes on pages 62 to 81 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 30 June 2019

	Notes	30 June 2019 £m	30 June 2018 £m
Assets			
Intangible assets	13	3.0	0.5
Property, plant and equipment	13	0.7	1.0
Deferred origination costs	14	118.0	113.8
Financial investments			
Equity securities		30.4	25.3
Investments in collective investment schemes		928.4	905.8
Fixed income securities		37.5	24.8
Deposits and money market funds		110.2	97.6
Other receivables	15	4.7	4.8
Cash and cash equivalents	16	40.2	53.6
Total assets		1,273.1	1,227.2
Liabilities			
Financial liabilities under investment contracts	17	1,079.7	1,036.0
Deferred income	18	133.2	130.3
Amounts due to investment contract holders		24.2	23.7
Other payables	19	8.8	8.7
Total liabilities		1,245.9	1,198.7
Net assets		27.2	28.5
Shareholders' equity			
Called up share capital	21	68.8	68.8
Other reserves	22	(48.5)	(48.6)
Retained earnings		6.9	8.3
Total shareholders' equity		27.2	28.5

The notes on pages 62 to 81 form an integral part of these financial statements.

The financial statements on pages 58 to 81 were approved by the Board on 25 September 2019 and signed on its behalf by:



G S Marr
Director



T N Davies
Director

Consolidated Cash Flow Statement for the year ended 30 June 2019

	2019 £m	2018 £m
Cash flow from operating activities		
Profit before tax for the year	4.6	6.9
Adjustments for:		
Depreciation	0.4	0.4
Dividends receivable	(3.8)	(4.3)
Interest receivable	(1.4)	(1.0)
Movement in share based payments reserve	0.1	-
Foreign exchange gains	0.7	0.2
Changes in operating assets and liabilities		
(Increase)/decrease in other receivables	(0.1)	0.4
Dividends received	3.8	4.3
Interest received	1.4	0.9
Increase in deferred origination costs	(4.2)	(2.2)
Increase in deferred income	2.9	1.1
Increase in creditors	0.6	1.5
(Increase)/decrease in financial investments	(53.0)	13.0
Increase/(decrease) in financial liabilities	43.7	(13.7)
Cash flow (used in)/from operations	(4.3)	7.5
Corporation tax paid	-	-
Cash flow (used in)/from operations after taxation	(4.3)	7.5
Cash flows from investing activities		
Issue of share capital	-	0.1
Investment in property, plant and equipment	(2.5)	(0.9)
Proceeds from sale of investments	0.1	0.2
Purchase of investments	-	(0.1)
Purchase of own shares	-	(0.4)
Cash flows used in investing activities	(2.4)	(1.1)
Cash flows from financing activities		
Dividends paid	(6.0)	(9.8)
Cash flows used in financing activities	(6.0)	(9.8)
Net decrease in cash and cash equivalents	(12.7)	(3.4)
Cash and cash equivalents at beginning of year	53.6	57.2
Effect of exchange rate changes	(0.7)	(0.2)
Cash and cash equivalents at year end	40.2	53.6

The notes on pages 62 to 81 form an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 30 June 2019

1 General information

Hansard Global plc (“the Company”) is a limited liability company, incorporated in the Isle of Man, whose shares are publicly traded. The principal activity of the Company is to act as the holding company of the Hansard group of companies. The activities of the principal operating subsidiaries include the transaction of life assurance business and related activities.

The registered office of the Company is Harbour Court, Lord Street, Box 192, Douglas, Isle of Man, IM99 1QL.

The Company has its primary listing on the London Stock Exchange.

1.1 Principal accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below or, in the case of accounting policies that relate to separately disclosed values in the primary statements, within the relevant note to these consolidated financial statements. These policies have been consistently applied, unless otherwise stated.

1.2 Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs”), International Financial Reporting Standards Interpretations Committee (“IFRSIC”) interpretations, and with the Isle of Man Companies Acts 1931 to 2004. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial investments and financial liabilities at fair value through profit or loss. The Group has applied all International Financial Reporting Standards adopted by the European Union and effective at 30 June 2019. Certain comparative figures have been disaggregated to conform with current year’s presentation.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

Except where otherwise stated, the financial statements are presented in pounds sterling, the functional currency of the Company, rounded to the nearest one hundred thousand pounds.

The following amended standards, which the Group has adopted as of 1 July 2018, have not had any material impact on the Group’s reported results:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Annual Improvements 2014-2016 cycle
- Transfers to Investment Property – Amendments to IAS 40
- Interpretation 22 Foreign Currency Transactions and Advance Consideration

IFRS 9 ‘Financial Instruments’ incorporates:

- new classification and measurements requirements for financial assets and liabilities;
- the introduction of an expected credit loss impairment model;
- new hedge accounting requirements; and
- enhanced disclosures in the financial statements.

There have been no reclassification effects on the adoption of IFRS 9. The Group does not use hedge accounting.

The provisioning methodology for financial assets not held at fair value through profit and loss has changed from an incurred loss to an expected loss basis. Moving from an incurred loss to an expected loss impairment model impacts the assessment of any impairment provision which may be required in the statement of financial position, such as amounts due from funds and brokers. The expected loss

model for these amounts has been built based on the levels of loss experienced, with due consideration given to forward looking information. Upon transition to IFRS 9, the provision determined under the expected credit loss model was not materially different to the provision previously recognised under IAS 32/39 and as such, no adjustment was made to the opening statement of financial position. The impact to the statement of financial position and the statement of comprehensive income for the period ended 30 June 2019 was also not materially different to the previous accounting policy.

The new accounting policy to reflect this requirement of IFRS 9 is outlined below.

Impairment of Financial Assets

Financial assets held at amortised cost are impaired using an expected credit loss model. The model splits financial assets into those which are performing, underperforming and non-performing based on changes in credit quality since initial recognition. At initial recognition financial assets are considered to be performing. They become underperforming where there has been a significant increase in credit risk since initial recognition, and non-performing when there is objective evidence of impairment. Twelve months of expected credit losses are recognised in the statement of comprehensive income and netted against the financial asset in the statement of financial position for all performing financial assets, with lifetime expected credit losses recognised for underperforming and non-performing financial assets.

Expected credit losses are based on the historic levels of loss experienced for the relevant financial assets, with due consideration given to forward looking information.

Trade receivables are designated as having no significant financing component. The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables by using a lifetime expected loss allowance.

The below table summarises the different classes of assets and liabilities and their treatment under IFRS 9 compared to IAS 39.

	Measurement Category		Difference in Valuation
	Original (IAS 39)	New (IFRS 9)	
Equity securities	Fair value through profit or loss	Fair value through profit or loss	Nil
Collective investment schemes	Fair value through profit or loss	Fair value through profit or loss	Nil
Fixed Income securities	Fair value through profit or loss	Fair value through profit or loss	Nil
Deposits and money market funds	Fair value through profit or loss	Fair value through profit or loss	Nil
Other receivables	Amortised cost	Amortised cost	Nil
Cash and cash equivalents	Amortised cost	Amortised cost	Nil
Financial liabilities under investment contracts	Fair value through profit or loss	Fair value through profit or loss	Nil
Amounts due to investment contract holders	Amortised cost	Amortised cost	Nil
Other payables	Amortised cost	Amortised cost	Nil

The adoption of IFRS 15 has not had any impact on the Group as the way the Group's revenue from contracts with customers was recognised under the previous accounting standard, IAS 18, satisfies the requirements of IFRS 15 without modification.

The following new standards and interpretations are in issue but not yet effective and have not been early adopted by the Group:

- IFRS 16, 'Leases', effective for accounting periods from 1 July 2019
- IFRS 17, 'Insurance contracts', not yet endorsed by the EU

Based on the work performed to date, the adoption of the above standards is not expected to have any material impact on the Group's results.

IFRS 16 is not expected to result in any material impact on the Group's statement of comprehensive income or the Group's net assets, however it is expected to result in the recognition of both additional assets and liabilities of circa £0.9m as at June 2020, based on current contractual arrangements.

There are no other standards, amendments or interpretations to existing standards that are not yet effective, that would have a material impact on the Group's financial statements.

1.3 Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and the results of the Company and of its subsidiary undertakings. Subsidiaries are those entities in which the Company directly or indirectly has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, accounting policies applied by subsidiary companies have been adjusted to present consistent disclosures on a consolidated basis. Intra-group transactions, balances and unrealised gains and losses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements.

1.4 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. As shown within the Business and Financial Review, the Group's capital position is strong and well in excess of regulatory requirements. The Directors believe that the Group is well placed to manage its business risks successfully. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2. Critical accounting estimates and judgements in applying accounting policies

Estimates, assumptions and judgements are used in the application of accounting policies in these financial statements. Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. Estimates, assumptions and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from assumptions and estimates made by management.

2.1 Accounting estimates and assumptions

The principal areas in which the Group applies accounting estimates and assumptions are in deciding the type of management expenses that are treated as origination costs and the period of amortisation of deferred origination costs and deferred income. Estimates are also applied in determining the recoverability of deferred origination costs.

2.1.1 Origination costs

Management expenses have been reviewed to determine the relationship of such expense to the issue of an investment contract. Certain expenses vary with the level of new business production and have been treated as origination costs. Other expenses are written off as incurred.

2.1.2 Amortisation of deferred origination costs and deferred income

Deferred origination costs and deferred income are amortised on a straight-line basis over the life of the underlying investment contract.

2.1.3 Recoverability of deferred origination costs

Formal reviews to assess the recoverability of deferred origination costs on investment contracts are carried out at each balance sheet date to determine whether there is any indication of impairment based on the estimated future income levels.

If, based upon a review of the remaining contracts, there is any other indication of irrecoverability or impairment, the contract's recoverable amount is estimated. Impairment losses are reversed through the consolidated statement of comprehensive income if there is a change in the estimates used to determine the recoverable amount. Such losses are reversed only to the extent that the contract's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation where applicable, if no impairment loss had been recognised.

2.2 Judgements

The primary areas in which the Group has applied judgement in applying accounting policies are as follows:

- The classification of contracts between insurance and investment business. All contracts are treated as investment contracts as they do not transfer significant insurance risk;
- The fair value of certain financial investments. Where the Directors determine that there is no active market for a particular financial instrument, fair value is assessed using valuation techniques based on available relevant information and an appraisal of all associated risks. This process requires the exercise of significant judgement on the part of Directors, as is discussed further in note 3.5 to these consolidated financial statements and;
- To determine whether a provision is required in respect of any pending or threatened litigation, which is addressed in note 26.

3. Financial risk management

Risk management objectives and risk policies

The Group's objective in the management of financial risk is to minimise, where practicable, its exposure to such risk, except when necessary to support other objectives. The Group seeks to manage risk through the operation of unit-linked business whereby the contract holder bears the financial risk. In addition, shareholder assets are invested in highly rated investments.

Overall responsibility for the management of the Group's exposure to risk is vested in the Board. To support it in this role, an enterprise risk management framework is in place comprising risk identification, risk assessment, control and reporting processes. Additionally, the Board and the Boards of subsidiary companies have established a number of Committees with defined terms of reference. These are the Actuarial Review, Audit, Executive, Investment and Risk Committees. Additional information concerning the operation of the Board Committees is contained in the Corporate Governance section of this Annual Report and Accounts.

The more significant financial risks to which the Group is exposed are set out below. For each category of risk, the Group determines its risk appetite and sets its investment, treasury and associated policies accordingly.

3.1 Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, analysed between price, interest rate and currency risk. The Group adopts a risk averse approach to market risk, with a stated policy of not actively pursuing or accepting market risk except where necessary to support other objectives. However, the Group accepts the risk that the fall in equity or other asset values, whether as a result of price falls or strengthening of sterling against the currencies in which contract holder assets are denominated, will reduce the level of annual management charge income derived from such contract holder assets and the risk of lower future profits.

Sensitivity analysis to market risk

The Group's business is unit-linked and the direct associated market risk is therefore borne by contract holders (although there is a secondary impact as shareholder income is dependent upon the fair value of contract holder assets). Financial assets and liabilities to support Group capital resources held outside unitised funds primarily consist of units in money market funds, cash and cash equivalents, and other assets and liabilities. Cash held in unitised money market funds and at bank is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements.

As a result of these combined factors, the Group's financial assets and liabilities held outside unitised funds are not materially subject to market risk, and movements at the reporting date in interest rates and equity values have an immaterial impact on the Group's profit after tax and equity. Future revenues from annual management charges may be affected by movements in interest rates, foreign currencies and equity values.

(a) Price risk

Unit linked funds are exposed to securities price risk as the investments held are subject to prices in the future which are uncertain. The fair value of financial assets (designated at fair value through profit or loss) exposed to price risk at 30 June 2019 was £996.3m (2018: £956.3m). In the event that investment income is affected by price risk then there will be an equal and opposite impact on the value of the changes in provisions for investment contract liabilities in the same accounting period. The impact on the profit or loss before taxation in a given financial year is negligible.

An overall change in the market value of the unit-linked funds would affect the annual management charges accruing to the Group since these charges, which are typically 1% per annum, are based on the market value of contract holder assets under administration. The approximate impact on the Group's profits and equity of a 10% change in fund values, either as a result of price, interest rate or currency fluctuations, is £1.5m (2018: £1.6m).

(b) Interest rate risk

Interest rate risk is the risk that the Group is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates.

The Group is primarily exposed to interest rate risk on the balances that it holds with credit institutions and in money market funds. A change of 1% p.a. in interest rates will result in an increase or decrease of approximately £0.6m (2018: £0.7m) in the Group's annual investment income and equity.

A summary of the Group's liquid assets at the balance sheet date is set out in note 3.2.

(c) Currency risk

Currency risk is the risk that the Group is exposed to higher or lower returns as a direct or indirect result of fluctuations in the value of, or income from, specific assets and liabilities arising from changes in underlying exchange rates.

(c) (i) Group foreign currency exposures

The Group is exposed to currency risk on the foreign currency denominated bank balances, contract fees receivable and other liquid assets that it holds to the extent that they do not match liabilities in those currencies. The impact of currency risk is minimised by frequent repatriation of excess foreign currency funds to sterling. The Group does not hedge foreign currency cash flows. At the balance sheet date the Group had exposures in the following currencies:

	2019 US\$m	2019 €m	2019 ¥m	2018 US\$m	2018 €m	2018 ¥m
Gross assets	15.3	4.2	234.2	16.3	4.7	191.2
Matching currency liabilities	(10.3)	(3.8)	(204.6)	(11.2)	(3.3)	(175.3)
Uncovered currency exposures	5.0	0.4	29.6	5.1	1.4	15.9
Sterling equivalent (£m)	3.9	0.3	0.2	3.9	1.3	0.1

The approximate effect of a 5% change: in the value of US dollars to sterling is £0.2m (2018: £0.2m); in the value of the euro to sterling is less than £0.1m (2018: £0.1m); and in the value of the yen to sterling is less than £0.1m (2018: less than £0.1m).

(c) (ii) Financial investments by currency

Certain fees and commissions are earned in currencies other than sterling, based on the value of financial investments held in those currencies from time to time.

The sensitivity of the Group to the currency risk inherent in investments held to cover financial liabilities under investment contracts is incorporated within the analysis set out in (a) above.

At the balance sheet date the analysis of financial investments by currency denomination is as follows, US dollars: 64% (2018: 69%); euro: 13% (2018: 14%); sterling: 22% (2018: 21%); other: 1% (2018: 2%).

3.2 Credit risk

Credit risk is the risk that the Group is exposed to lower returns or loss if another party fails to perform its financial obligations to the Group. The Group has adopted a risk averse approach to such risk and has a stated policy of not actively pursuing or accepting credit risk except when necessary to support other objectives.

The clearing and custody operations for the Group's security transactions are mainly concentrated with one broker, namely Capital International Limited, a member of the London Stock Exchange. At 30 June 2019 and 2018, substantially all contract holder cash and cash equivalents, balances due from broker and financial investments are placed in custody with Capital International Limited. These operations are detailed in a formal contract that incorporates notice periods and a full exit management plan. Delivery of services under the contract is monitored by a dedicated relationship manager against a documented Service Level Agreement and Key Performance Indicators, and attested periodically by external advisors. Investment risk is borne by the contract holder.

The Group has an exposure to credit risk in relation to its deposits with credit institutions and its investments in unitised money market funds. To manage these risks; deposits are made, in accordance with established policy, with credit institutions having a short-term rating of at least F1 and P1 from Fitch IBCA and Moody's respectively and a long-term rating of at least A and A3. Investments in unitised money market funds are made only where such fund is AAA rated. Additionally maximum counterparty exposure limits are set both at an individual subsidiary company level and on a Group-wide basis.

These assets are considered to have a high degree of credit worthiness and no assets of a lower credit worthiness are held.

There have been no changes in the assets in the year ended 30 June 2019 attributable to changes in credit risk (30 June 2018: nil).

At the balance sheet date, an analysis of the Group's own cash and cash equivalent balances and liquid investments was as follows (an analysis by maturity date is provided in note 3.4) In the table below Investments in money market funds includes all immediately available cash, other than specific short term deposits:

	2019 £m	2018 £m
Deposits with credit institutions	25.1	20.5
Investments in money market funds	40.2	48.9
	65.3	69.4

3.3 Liquidity risk

Liquidity risk is the risk that the Group, though solvent, does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost. The Group is averse to liquidity risk and seeks to minimise this risk by not actively pursuing it except where necessary to support other objectives.

The Group's objective is to ensure that it has sufficient liquidity over short- (up to one year) and medium-term time horizons to meet the needs of the business. This includes liquidity to cover, amongst other things, new business costs, planned strategic activities, servicing of equity capital as well as working capital to fund day-to-day cash flow requirements.

Liquidity risk is principally managed in the following ways:

- Assets of a suitable marketability are held to meet contract holder liabilities as they fall due.
- Forecasts are prepared regularly to predict required liquidity levels over both the short- and medium-term.

The Group's exposure to liquidity risk is considered to be low since it maintains a high level of liquid assets to meet its liabilities.

3.4 Undiscounted contractual maturity analysis

Set out below is a summary of the undiscounted contractual maturity profile of the Group's assets.

	2019 £m	2018 £m
Maturity within 1 year		
Deposits and money market funds	65.3	69.4
Other assets	5.3	2.6
	70.6	72.0
Maturity from 1 to 5 years		
Other assets	-	-
	-	-
Assets with maturity values	70.6	72.0
Other shareholder assets	121.7	118.0
Shareholder assets	192.3	190.0
Gross assets held to cover financial liabilities under investment contracts	1,080.8	1,037.2
Total assets	1,273.1	1,227.2

There is no significant difference between the value of the Group's assets on an undiscounted basis and the balance sheet values.

Assets held to cover financial liabilities under investment contracts are deemed to have a maturity of up to one year since the corresponding unit-linked liabilities are repayable and transferable on demand. In certain circumstances the contractual maturities of a portion of the assets may be longer than one year, but the majority of assets held within the unit-linked funds are highly liquid. The Group actively monitors fund liquidity.

The contractual maturity analyses of financial and other liabilities are included in notes 17 and 19 to the consolidated balance sheet.

3.5 Fair value of financial assets and liabilities

The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where the directors determine that there is no active market for a particular financial instrument, for example where a particular collective investment scheme is suspended from trading, fair value is assessed using valuation techniques based on available, relevant, information and an appraisal of all associated risks. When a collective investment scheme recommences regular trading, the value would be transferred back to Level 1. This process requires the exercise of significant judgement on the part of Directors.

Due to the linked nature of the contracts administered by the Group's insurance undertakings, any change in the value of financial assets held to cover financial liabilities under those contracts will result in an equal and opposite change in the value of contract liabilities. The separate effect on financial assets and financial liabilities is included in investment income and investment contract benefits, respectively, in the consolidated statement of comprehensive income.

IFRS 13 requires the Group to classify fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring that fair value. The hierarchy is as follows

- Level 1: fair value is determined as the unadjusted quoted price for an identical instrument in an active market.
- Level 2: fair value is determined using observable inputs other than unadjusted quoted prices for an identical instrument and that does not use significant unobservable inputs.
- Level 3: fair value is determined using significant unobservable inputs.

The following table analyses the Group's financial assets and liabilities at fair value through profit or loss, at 30 June 2019:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss				
Equity securities	30.4	-	-	30.4
Collective investment schemes	901.6	-	26.8	928.4
Fixed income securities	37.5	-	-	37.5
Deposits and money market funds	110.2	-	-	110.2
Total financial assets at fair value through profit or loss	1,079.7	-	26.8	1,106.5

Transfers into and out of Level 3 in 2019

During this financial year ended 30 June 2019, no assets were transferred from Level 2 to Level 1. Assets with a fair value of £0.1m were transferred from Level 1 to Level 3, due to the change in market for the related assets.

In total, assets with a fair value of £26.8m are classified as Level 3 as the Directors believe that valuations can no longer be obtained for these assets from an observable market price due to suspension in trading or the asset becoming illiquid. The Directors value these assets at the latest available NAV of the investment unless there is more appropriate information which indicates a reduction to the fair value.

No assets were transferred from Level 3 to Level 1 or Level 2 during the financial year.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss	-	1,079.7	-	1,079.7

The following table analyses the Group's financial assets and liabilities at fair value through profit or loss, at 30 June 2018:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss				
Equity securities	25.3	-	-	25.3
Collective investment schemes	874.6	-	31.2	905.8
Fixed income securities	24.8	-	-	24.8
Deposits and money market funds	97.6	-	-	97.6
Total financial assets at fair value through profit or loss	1,022.3	-	31.2	1,053.5

Transfers into and out of Level 3 in 2018

During this financial year ended 30 June 2018, no assets were transferred from Level 2 to Level 1. Assets with a fair value of £3.2m were transferred from Level 1 to Level 3, due to the change in market for the related assets. Assets with a value of £2.9m have been removed from Level 3 as a result of being realised. The remaining movement in the financial year represents movements in the valuation of assets.

In total, assets with a fair value of £31.2m are classified as Level 3 as the Directors believe that valuations can no longer be obtained for these assets from an observable market price due to suspension in trading or the asset becoming illiquid. During the year ended 30 June 2018, illiquid assets within this category were subject to a net reduction of fair value of approximately £39.1m as a result of updated information on the assets in question, including certain collective investment scheme holdings being ordered into liquidation. The Directors value these assets at the latest available NAV of the investment unless there is more appropriate information which indicates a reduction to the fair value.

No assets were transferred from Level 3 to Level 1 or Level 2 during the financial year.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss	-	1,036.0	-	1,036.0

4 Segmental information

Disclosure of operating segments in these financial statements is consistent with reports provided to the Chief Operating Decision Maker ("CODM") which, in the case of the Group, has been identified as the Executive Committee of Hansard Global plc.

In the opinion of the CODM, the Group operates in a single reportable segment, that of the distribution and servicing of long-term investment products. New business development, distribution and associated activities undertaken by its Irish subsidiary, Hansard Europe Designated Activity Company, ceased with effect from 30 June 2013. All other activities of the Group are continuing.

The Group's Executive Committee uses two principal measures when appraising the performance of the business: Net Issued Compensation Credit ("NICC") (weighted where appropriate by product line) and expenses. NICC is the amount of basic initial commission payable to intermediaries for business sold in a period and is calculated on each piece of new business. It excludes override commission paid to intermediaries over and above the basic level of commission.

The following table analyses NICC geographically and reconciles NICC to origination costs incurred during the year as set out in the Business and Operating Review section of this Annual Report and Accounts.

	2019 £m	2018 £m
Middle East and Africa	4.5	3.5
Rest of the World	2.7	3.5
Far East	1.7	1.7
Latin America	2.4	2.3
Net Issued Compensation Credit	11.3	11.0
Other commission costs paid to third parties	5.0	4.8
Enhanced unit allocations	1.1	1.2
Direct origination costs incurred during the year	17.4	17.0

Revenues and expenses allocated to geographical locations contained in sections 4.1 to 4.4 below reflect the revenues and expenses generated in or incurred by the legal entities in those locations.

4.1 Geographical analysis of fees and commissions by origin

	2019 £m	2018 £m
Isle of Man	44.6	47.8
Republic of Ireland	3.9	4.8
The Bahamas	-	-
	48.5	52.6

4.2 Geographical analysis of profit before taxation

	2019 £m	2018 £m
Isle of Man	5.1	7.2
Republic of Ireland	(0.5)	(0.3)
The Bahamas	-	-
	4.6	6.9

4.3 Geographical analysis of gross assets

	2019 £m	2018 £m
Isle of Man*	1,131.5	1,077.3
Republic of Ireland	140.9	149.9
The Bahamas	0.7	-
	1,273.1	1,227.2

*Includes assets held in the Isle of Man in connection with policies written in The Bahamas.

4.4 Geographical analysis of gross liabilities

	2019 £m	2018 £m
Isle of Man	1,117.1	1,067.7
Republic of Ireland	122.7	131.0
The Bahamas	6.1	-
	1,245.9	1,198.7

5 Fees and commissions

Fees are charged to the contract holders of investment contracts for contract administration services, investment management services, payment of benefits and other services related to the administration of investment contracts. Fees are recognised as revenue as the services are provided. Initial fees that exceed the level of recurring fees and relate to the future provision of services are deferred in the balance sheet and amortised on a straight-line basis over the life of the relevant contract. These fees are accounted for on the issue of a contract and on receipt of incremental premiums on existing single premium contracts.

Regular fees charged to contracts are recognised on a straight-line basis over the period in which the service is provided. Transactional fees are recorded when the required action is complete.

Commissions receivable arise principally from fund houses with which investments are held. Commissions are recognised on an accruals basis in accordance with the relevant agreement.

	2019 £m	2018 £m
Contract fee income	31.3	33.3
Fund management charges	12.5	14.4
Commissions receivable	4.7	4.9
	48.5	52.6

6 Investment income

Investment income comprises dividends, interest and other income receivable, realised and unrealised gains and losses on investments. Movements are recognised in the consolidated statement of comprehensive income in the period in which they arise. Dividends are accrued on the date notified. Interest is accounted for on a time proportion basis using the effective interest method.

	2019 £m	2018 £m
Interest income	1.2	0.9
Dividend income	3.8	4.3
Gains on realisation of investments	32.6	41.3
Movement in unrealised gains /(losses)	11.2	(25.0)
	48.8	21.5

7 Origination costs

Origination costs include commissions, intermediary incentives and other distribution-related expenditure. Origination costs which vary with, and are directly related to, securing new contracts and incremental premiums on existing single premium contracts are deferred to the extent that they are recoverable out of future net income from the relevant contract. Deferred origination costs are amortised on a straight-line basis over the life of the relevant contracts. Origination costs that do not meet the criteria for deferral are expensed as incurred.

	2019 £m	2018 £m
Amortisation of deferred origination costs	13.8	14.8
Other origination costs	2.9	3.2
	16.7	18.0

8 Administrative and other expenses

Included in administrative and other expenses are the following:

	2019 £m	2018 £m
Auditors' remuneration:		
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	0.1	0.1
- Fees payable for the audit of the Company's subsidiaries pursuant to legislation	0.4	0.4
- Other services provided to the Group	0.1	0.1
Employee costs (see note 9)	11.0	11.1
Directors' fees	0.3	0.3
Fund management fees	4.7	4.2
Renewal and other commission	1.2	1.2
Professional and other fees	3.2	3.3
Provision for doubtful debts	0.5	0.3
Litigation fees and settlements	1.4	1.2
Operating lease rentals	0.7	0.7
Licences and maintenance fees	1.4	1.1
Insurance costs	1.3	1.2
Depreciation of property, plant and equipment	0.4	0.4
Communications	0.4	0.5

9 Employee costs

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Group pays fixed pension contributions on behalf of its employees (defined contribution plans). Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

The Group operates an annual bonus plan for employees. An expense is recognised in the consolidated statement of comprehensive income when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

9.1 The aggregate remuneration in respect of employees (including sales staff and executive Directors) was as follows:

	2019 £m	2018 £m
Wages and salaries	10.7	11.1
Social security costs	1.0	1.0
Contributions to pension plans	0.9	1.0
	12.6	13.1

Total salary and other staff costs for the year are incorporated within the following classifications:

	2019 £m	2018 £m
Administrative and other expenses	11.0	11.1
Origination costs	1.6	2.0
	12.6	13.1

The above information includes Directors' remuneration (excluding non-executive directors' fees). Details of the Directors' remuneration, share options, pension entitlements and interests in shares are disclosed in the Report of the Remuneration Committee on pages 48 to 53.

9.2 The average number of employees during the year was as follows:

	2019 No.	2018 No.
Administration	140	137
Distribution and marketing	18	25
IT development	33	34
	191	196

10 Taxation

Taxation is based on profits and income for the period as determined with reference to the relevant tax legislation in the countries in which the Company and its subsidiaries operate. Tax payable is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised in equity. Tax on items relating to equity is recognised in equity.

The corporation tax expense for the Group for 2019 was nil (2018: £0.1m). Corporation tax is charged on any profits arising at the following rates depending on location of the company or branch:

Isle of Man	0% (2018: 0%)
Republic of Ireland	12.5% (2018: 12.5%)
Japan branch	23.4% (2018: 23.4%)
Labuan	3% (2018: 3% or MYR 20,000)
The Bahamas	0% (2018: n/a)

No deferred tax asset is currently being recorded in relation to losses arising in Hansard Europe.

There is no material difference between the current tax charge in the consolidated statement of comprehensive income and the current tax charge that would result from applying standard rates of tax to the profit before tax.

11 Earnings per share

	2019	2018
Profit after tax (£m)	4.6	6.8
Weighted average number of shares in issue (millions)	137.6	137.6
Basic and diluted earnings per share in pence	3.3	4.9

The Directors believe that there is no material difference between the weighted average number of shares in issue for the purposes of calculating either basic or diluted earnings per share. Earnings under either measure is 3.3p per share (2018: 4.9p).

12 Dividends

Interim dividends payable to shareholders are recognised in the year in which the dividends are paid. Final dividends payable are recognised as liabilities when approved by the shareholders at the Annual General Meeting.

The following dividends have been paid by the Group during the year:

	Per share 2019 p	Total 2019 £m	Per share 2018 p	Total 2018 £m
Final dividend in respect of previous financial year	2.65	3.60	5.30	7.30
Interim dividend in respect of current financial year	1.80	2.40	1.80	2.50
	4.45	6.00	7.10	9.80

The Board has resolved to pay a final dividend of 2.65p per share on 14 November 2019, subject to approval at the Annual General Meeting, based on shareholders on the register on 4 October 2019.

13 Intangible and tangible assets and property, plant and equipment

Intangible Assets

The historical cost of computer software is the purchase cost and the direct cost of internal development. Computer software is recognised as an intangible asset.

Depreciation is calculated so as to amortise the cost of intangible assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned and is included in administration and other expenses in the consolidated statement of comprehensive income.

The carrying amount, residual value and useful life of the Group's computer software is reviewed annually to determine whether there is any indication of impairment, or a change in residual value or expected useful life. If there is any indication of impairment, the asset's carrying value is revised.

The economic lives used for this purpose are:

Computer software	3 to 10 years
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The cost of computer software at 30 June 2019 is £3.7m (2018: £1.2m), with a net book value of £3.0m (2018: £0.5m). In the 30 June 2018 financial statements, these costs were presented within property, plant and equipment.

The increase in computer software relates to capitalised costs associated with the development of a replacement policy administration system. This development is expected to be completed and put into use in 2020 at which point depreciation will commence over an expected life of 10 years.

The cost of computer software includes £2.7m of externally generated costs and £1.0m of internally generated costs.

Accumulated depreciation at 30 June 2019 is £0.7m (2018: £0.7m).

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and any impairment. The historical cost of property, plant and equipment is the purchase cost, together with any incremental costs directly attributable to the acquisition.

Depreciation is calculated so as to amortise the cost of tangible assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned and is included in administration and other expenses in the consolidated statement of comprehensive income.

The carrying amount, residual value and useful life of the Group's plant and equipment is reviewed annually to determine whether there is any indication of impairment, or a change in residual value or expected useful life. If there is any indication of impairment, the asset's carrying value is revised.

The economic lives used for this purpose are:

Freehold property	50 years
Computer equipment	3 to 5 years
Fixtures and fittings	4 years

The cost of property, plant and equipment at 30 June 2019 is £10.0m (2018: £10.0m), with a net book value of £0.7m (2018: £1.0m).

Accumulated depreciation at 30 June 2019 is £9.3m (2018: £9.0m).

14 Deferred origination costs

Amortisation of deferred origination costs is charged within the origination costs line in the consolidated statement of comprehensive income.

Formal reviews to assess the recoverability of deferred origination costs on investment contracts are carried out at each balance sheet date to determine whether there is any indication of impairment. If there is any indication of irrecoverability or impairment, the asset's recoverable amount is estimated. Impairment losses are reversed through the consolidated statement of comprehensive income if there is a change in the estimates used to determine the recoverable amount. Such losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation where applicable, if no impairment loss had been recognised.

The movement in value over the financial year is summarised below.

	2019 £m	2018 £m
At beginning of financial year	113.8	111.6
Origination costs incurred during the year	18.0	17.0
Origination costs amortised during the year	(13.8)	(14.8)
	118.0	113.8

	2019 £m	2018 £m
Carrying value		
Expected to be amortised within one year	12.2	11.2
Expected to be amortised after one year	105.8	102.6
	118.0	113.8

15 Other receivables

Other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

	2019 £m	2018 £m
Commission receivable	1.7	2.7
Other debtors	1.8	1.2
Prepayments	1.2	0.9
	4.7	4.8
Estimated to be settled within 12 months	4.7	4.7
Estimated to be settled after 12 months	-	0.1
	4.7	4.8

There are no receivables overdue but not impaired (2018: £nil). Due to the short-term nature of these assets the carrying value is considered to reflect fair value.

16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with a minimal cost to be converted to cash, typically with original maturities of three months or less, net of short-term overdraft positions where a right of set-off exists. In the below table, Money market funds includes all immediately available cash, other than specific short term deposits.

	2019 £m	2018 £m
Money market funds	40.2	48.9
Short-term deposits with credit institutions	-	4.7
	40.2	53.6

17 Financial liabilities under investment contracts

17.1 Investment contract liabilities, premiums and benefits paid

17.1.1 Investment contract liabilities

Investment contracts consist of unit-linked contracts written through subsidiary companies in the Group. Unit-linked liabilities are measured at fair value by reference to the underlying net asset value of the Group's unitised investment funds, determined on a bid basis, at the balance sheet date.

The decision by the Group to designate its unit-linked liabilities at fair value through profit or loss reflects the fact that the liabilities are calculated with reference to the value of the underlying assets.

17.1.2 Investment contract premiums

Investment contract premiums are not included in the consolidated statement of comprehensive income but are reported as deposits to investment contracts and are included in financial liabilities in the balance sheet. On existing business, a liability is recognised at the point the premium falls due. The liability for premiums received on new business is deemed to commence at the acceptance of risk.

17.1.3 Benefits paid

Withdrawals from policy contracts and other benefits paid are not included in the consolidated statement of comprehensive income but are deducted from financial liabilities under investment contracts in the balance sheet. Benefits are deducted from financial liabilities and transferred to amounts due to investment contract holders on the basis of notifications received, when the benefit falls due for payment or, on the earlier of the date when paid or when the contract ceases to be included within those liabilities.

17.2 Movement in financial liabilities under investment contracts

The following table summarises the movement in liabilities under investment contracts during the year:

	2019 £m	2018 £m
Deposits to investment contracts	150.7	152.0
Withdrawals from contracts and charges	(154.2)	(186.1)
Change in provisions for investment contract liabilities	47.2	20.4
Movement in year	43.7	(13.7)
At beginning of year	1,036.0	1,049.7
	1,079.7	1,036.0
	£m	£m
Contractually expected to be settled within 12 months	29.1	30.6
Contractually expected to be settled after 12 months	1,050.6	1,005.4
	1,079.7	1,036.0

The change in provisions for investment contract liabilities includes dividend and interest income and net realised and unrealised gains and losses on financial investments held to cover financial liabilities. Dividend income, interest income and gains and losses are accounted for in accordance with note 6.

17.3 Investments held to cover liabilities under investment contracts

The Group classifies its financial assets into the following categories: financial investments and loans and receivables. Financial investments consist of units in collective investment schemes, equity securities, fixed income securities and deposits with credit institutions. All financial investments are designated at fair value through profit or loss.

The decision by the Group to designate its financial investments at fair value through profit or loss reflects the fact that the investment portfolio is managed, and its performance evaluated, on a fair value basis.

The Group recognises purchases and sales of investments on trade date. Investment transaction costs are written off in administration expenses as incurred.

All gains and losses derived from financial investments, realised or unrealised, are recognised within investment income in the consolidated statement of comprehensive income in the period in which they arise.

The value of financial assets at fair value through profit or loss that are traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price for financial assets held by the Group is the current bid price. Investments in funds are valued at the latest available net asset valuation provided by the administrators or managers of the funds and companies, unless the directors are aware of good reasons why such valuations would not be the most appropriate or indicative of fair value. Where necessary, the Group uses other valuation methods to arrive at the stated fair value of its financial assets, such as recent arms' length transactions or reference to similar listed investments.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables consist, primarily, of contract fees receivable, long-term cash deposits (i.e. with an original maturity duration in excess of three months) and cash and cash equivalents.

The following investments, cash and cash equivalents, other assets and liabilities are held to cover financial liabilities under investment contracts. They are included within the relevant headings on the consolidated balance sheet.

	2019 £m	2018 £m
Equity securities	30.4	25.3
Investments in collective investment schemes	927.8	905.4
Fixed income securities	37.5	24.8
Deposits and money market funds	85.1	81.7
Total assets	1,080.8	1,037.2
Other payables	(1.1)	(1.2)
Financial investments held to cover financial liabilities	1,079.7	1,036.0

The other receivables and other payables fair value approximates amortised cost.

18 Deferred income

Fees charged for services related to the management of investment contracts are recognised as revenue as the services are provided. Initial fees which exceed the level of recurring fees and relate to the future provision of services are deferred. These are amortised over the anticipated period in which services will be provided.

The movement in value of deferred income over the financial year is summarised below.

	2019 £m	2018 £m
At beginning of financial year	130.3	129.2
Income received and deferred during the year	19.8	18.4
Income recognised in contract fees during the year	(16.9)	(17.3)
	133.2	130.3

	2019 £m	2018 £m
Carrying value		
Expected to be amortised within one year	13.0	12.9
Expected to be amortised after one year	120.2	117.4
	133.2	130.3

19 Other payables

Other payables are initially recognised at fair value and subsequently measured at amortised cost. They are recognised at the point where service is received but payment is due after the balance sheet date.

	2019 £m	2018 £m
Commission payable	1.9	1.4
Other creditors and accruals	6.9	7.3
	8.8	8.7

All payable balances, including amounts due to contract holders, are deemed to be current. Due to the short-term nature of these payables the carrying value is considered to reflect fair value

20 Capital management

It is the Group's policy to maintain a strong capital base in order to:

- satisfy the requirements of its contract holders, creditors and regulators;
- maintain financial strength to support new business growth and create shareholder value;
- match the profile of its assets and liabilities, taking account of the risks inherent in the business and;
- generate operating cash flows to meet dividend requirements.

Within the Group each subsidiary company manages its own capital. Capital generated in excess of planned requirements is returned to the Company by way of dividends. Group capital requirements are monitored by the Board.

The Company monitors capital on two bases:

- the total shareholder's equity, as per the balance sheet
- the capital requirement of the relevant supervisory bodies, where subsidiaries are regulated.

The Group's policy is for each company to hold the higher of:

- the company's internal assessment of the capital required; or
- the capital requirement of the relevant supervisory body, where applicable.

There has been no material change in the Group's management of capital during the period and all regulated entities exceed significantly the minimum solvency requirements at the balance sheet date.

The capital held within Hansard Europe is considered not to be available for dividend to Hansard Global plc until such time as the legal cases referred to in note 26 are resolved.

21 Share capital

	2019 £m	2018 £m
Authorised:		
200,000,000 ordinary shares of 50p	100.0	100.0
Issued and fully paid:		
137,557,079 (2018: 137,557,079) ordinary shares of 50p	68.8	68.8

No shares (2018: 112,287) were issued in the year under the terms of the share save scheme.

22 Other reserves

Other reserves comprise the merger reserve arising on the acquisition by the Company of its subsidiary companies on 1 July 2005, the share premium account and the share save reserve. The merger reserve represents the difference between the par value of shares issued by the Company for the acquisition of those companies, compared to the par value of the share capital and the share premium of those companies at the date of acquisition.

	2019 £m	2018 £m
Merger reserve	(48.5)	(48.5)
Share premium	0.1	0.1
Share based payments reserve	0.2	0.1
Share save reserve	0.1	0.1
Reserve for own shares held within EBT	(0.4)	(0.4)
	(48.5)	(48.6)

Included within other reserves is an amount representing 585,000 ordinary shares held by the Group's employee benefit trust ('EBT') which were acquired at a cost of £0.4m (see note 23.2). The ordinary shares held by the trustee of the Group's employee benefit trust are treated as treasury shares in the consolidated balance sheet in accordance with IAS 32 "Financial Instruments: Presentation".

This reserve arose when the Group acquired equity share capital under its EBT, which is held in trust by the trustee of the Group's employee benefit trust. Treasury shares cease to be accounted for as such when they are sold outside the Group or the interest is transferred in full to the employee pursuant to the terms of the incentive plan. See note 23.2 for further details.

23 Equity settled share-based payments

The Company has established a number of equity-based payment programmes for eligible employees. The fair value of expected equity-settled share-based payments under these programmes is calculated at date of grant using a standard option-pricing model and is amortised over the vesting period on a straight-line basis through the consolidated statement of comprehensive income. A corresponding amount is credited to equity over the same period.

At each balance sheet date, the Group reviews its estimate of the number of options expected to be exercised. The impact of any revision in the number of such options is recognised in the consolidated statement of comprehensive income so that the charge to the consolidated statement of comprehensive income is based on the number of options that actually vest. A corresponding adjustment is made to equity.

The estimated fair value of the schemes and the imputed cost for the period under review is not material to these financial statements.

23.1 SAYE programme

This is a standard scheme approved by the Revenue authorities in the Isle of Man that is available to all employees where individuals may make monthly contributions over three or five years to purchase shares at a price not less than 80% of the market price at the date of the invitation to participate.

At the date of this report, the following options remain outstanding under each tranche:

Scheme year	2019 No. of options	2018 No. of options
2014	-	21,686
2015	170,731	512,985
2016	10,714	81,848
2017	89,578	134,326
2018	567,173	742,134
	838,196	1,492,979

A summary of the transactions in the existing SAYE programmes during the year is as follows:

	2019		2018	
	No. of options	Weighted average exercise price (p)	No. of options	Weighted average exercise price (p)
Outstanding at the start of year	1,492,979	67	1,126,193	78
Granted	-	-	772,617	62
Exercised	-	-	(112,287)	69
Forfeited	(654,783)	69	(293,544)	74
Outstanding at end of year*	838,196	65	1,492,979	67

*None of these options are exercisable as at 30 June 2019

There were no new options granted during the current financial year.

23.2 Incentive Plan Employee Benefit Trust

An Employee Benefit Trust was established in February 2018 to hold shares awarded to employees as an incentive on a deferred basis.

Shares awarded under the scheme are purchased by the Trust in the open market and held until vesting. Awards made under the scheme would normally vest after three years. There were no awards which vested during the year (2018: £nil).

The Trust was funded with a loan of £446,000 during 2018. At the date of this Annual Report and Accounts, the loan to the Trust had an outstanding balance of £446,000 (2018: £446,000) and the Trust holds 585,000 shares (2018: 585,000). The shares held by the Trust as at 30 June 2019 represent awards made which vest in July 2020.

24 Financial commitments

Operating leases are defined as leases in which the lessor retains a significant proportion of the risks and rewards. Costs in respect of operating leases, less any incentives received from the lessor, are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

The total of future minimum lease payments under non-cancellable operating leases for property rental is as follows:

	2019 £m	2018 £m
Amounts due:		
Within one year	0.5	0.6
Between two and five years	0.9	1.0
After five years	-	-
	1.4	1.6

25 Related party transactions

25.1 Intra-group transactions

Various subsidiary companies within the Group perform services for other Group companies in the normal course of business. The financial results of these activities are eliminated in the consolidated financial statements.

25.2 Key management personnel compensation

Key management consists of 12 individuals (2018: 12), being members of the Group's Executive Committee and executive Directors of direct subsidiaries of the Company.

The aggregate remuneration paid to key management as at 30 June 2019 is as follows:

	2019 £m	2018 £m
Salaries, wages and bonuses	2.2	2.1

The total value of investment contracts issued by the Group and held by key management is zero (2018: zero).

25.3 Transactions with controlling shareholder

Dr L S Polonsky is regarded as the controlling shareholder of the Group, as defined by the Listing Rules of the Financial Conduct Authority. Except as reported below, there were no significant transactions between the Group and Dr Polonsky during the year under review.

- Up until his retirement from the Company's Board on 26 September 2018, Dr Polonsky received fees for services provided to the Group under the terms of his service agreement. Such fees (£50,000 per annum) represent the standard arm's length fee paid to each of the Group's non-executive directors.
- Dr Polonsky has an investment contract issued by the Group on terms available to employees in general. As at 30 June 2019 Dr Polonsky's contract had a fair value of £0.9m (30 June 2018: £2.4m).
- The Employee Benefit Trust ("EBT"), established in November 2011 by way of a number of share contributions from Dr Polonsky, was dissolved on 28 September 2018 with the 860,820 shares reverting to the Polonsky Foundation. The EBT was originally established to reward long serving employees but has since been replaced by alternative reward schemes.

25.4 Employee Benefit Trust

An Employee Benefit Trust was established in February 2018 to hold shares awarded to employees as an incentive on a deferred basis. The Trust was funded with a loan of £446,000 during 2018. At the date of this Annual Report and Accounts, the loan to the Trust had an outstanding balance of £446,000 (2018: £446,000) and the Trust holds 585,000 shares (2018: 585,000). There were no awards which vested during the year (2018: £nil).

25.5 Other related party transactions

The Company entered into a contract in July 2011 with Mr. Gordon Marr, the Group Chief Executive Officer, to purchase a residential property for the sum of £481,000, exercisable at his discretion. Mr. Marr purchased the property in July 2011 for £501,000. The contract has not been exercised at the date of this Annual Report and Accounts.

In the current financial year, the Group entered into a contract with CCC Consulting for the purposes of professional services. CCC Consulting is owned by Mr Graham Morrall, a member of the Executive Committee. The amount paid to CCC Consulting in the current year was £58,330.

26 Contingent liabilities

26.1 Litigation

The Group does not give any investment advice. Investment decisions are taken either by the contract holder directly or through a professional intermediary appointed by the contract holder. Contract holders bear the financial risk relating to the investments underpinning their contracts, as the policy benefits are linked to the value of the assets. Notwithstanding the above, financial services institutions are frequently drawn into disputes in cases where the value and performance of assets selected by or on behalf of contract holders fails to meet their expectations. At the balance sheet date a number of fund structures remain affected by liquidity or other issues that hinder their sales or redemptions on normal terms with a consequent adverse impact on policy transactions.

As reported previously, the Group has been subject to a number of complaints in relation to the selection and performance of assets linked to contracts. The Company has been served with a number of writs arising from such complaints and other asset-related issues.

As at 30 June 2019, the Group had been served with cumulative writs with a net exposure totalling €21.7m, or £19.4m in sterling terms (30 June 2018: €20.1m / £17.8m) arising from contract holder complaints and other asset performance-related issues. The primary driver of the increase has been in relation to additional claims in Italy related to funds which have been illiquid for a number of years.

During the year, the Group successfully defended 10 cases with net exposures of approximately €0.6m, or £0.5m, 8 of which have been appealed by the plaintiffs. These successes continue to affirm confidence in the Group's legal arguments.

Our policy is to maintain contingent liabilities even where we win cases in the court of first instance if such cases have been subsequently appealed. This includes our largest single case in Belgium where the appeal has been deferred pending the outcome of a separate constitutional court case.

We have also worked closely with our insurers during the year to clarify coverages where they may be applicable. While we cannot at this stage place a value on any recoveries and have not reduced any of the gross exposures above, we are comfortable that a number of our larger cases will be at least partly covered.

While it is not possible to forecast or determine the final results of pending or threatened legal proceedings, based on the pleadings and advice received from the Group's legal representatives, the Directors believe that the Group has strong defences to such claims. Notwithstanding this, there may be circumstances where in order to avoid the expense and distraction of protracted litigation the Board may consider it in the best interests of the Group and its shareholder to reach a commercial resolution with regard to certain of these claims. Such cases totalled less than £0.1m (2018: £0.2m) during the year. It is not possible at this time to make any further estimates of liability.

26.2 Isle of Man Policyholders Compensation Scheme

The Group's principal subsidiary, Hansard International is a member of the Isle of Man Policyholders Compensation Scheme governed by the Life Assurance (Compensation of Policyholders) Regulations 1991. The objective of the Scheme is to provide compensation for policyholders should an authorised insurer be unable to meet its liabilities to policyholders. In the event of a levy being charged by the Scheme members, Hansard International would be obliged to meet the liability arising at the time. The maximum levy payable in accordance with the regulations of the Scheme in respect of the insolvency of the insurer is 2% of long term business liabilities. Hansard International's products include a clause in their terms and conditions permitting it to recover any monies paid out under the Scheme from contract holders.

27 Foreign exchange rates

The Group's presentational and functional currency is pounds sterling, being the currency of the primary economic environment in which the Group operates.

Foreign currency transactions are translated into sterling using the applicable exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date, and the gains or losses on translation are recognised in the consolidated statement of comprehensive income.

Non-monetary assets and liabilities that are held at historical cost are translated using exchange rates prevailing at the date of transaction; those held at fair value are translated using exchange rates ruling at the date on which the fair value was determined.

The closing exchange rates used by the Group for the conversion of significant consolidated balance sheet items to sterling were as follows:

	2019	2018
US Dollar	1.27	1.32
Japanese Yen	137.0	146.4
Euro	1.12	1.13

Independent auditor's report to the members of Hansard Global plc

Report on the audit of the parent company financial statements

Our opinion

In our opinion, Hansard Global plc's parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 30 June 2019 and of its cash flows for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in accordance with the provision of the Isle of Man Companies Act 1982; and
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004.

What we have audited

Hansard Global plc's parent company financial statements (the "financial statements") comprise:

- the parent company balance sheet as at 30 June 2019;
- the parent company statement of changes in equity for the year then ended;
- the parent company cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented elsewhere in the Annual Report and Accounts, rather than in the notes to the parent company financial statements. These are cross-referenced from the parent company financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the parent company financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements of the United Kingdom Financial Reporting Council's Ethical Standard that are relevant to our audit of the parent company financial statements in the Isle of Man. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the United Kingdom Financial Reporting Council's Ethical Standard.

Other information

The other information comprises all of the information in the Annual Report and Accounts other than the parent company and consolidated financial statements and our auditor's reports thereon. The directors are responsible for the other information.

Our opinion on the parent company financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the parent company financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the parent company financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 the directors for the parent company financial statements

The directors are responsible for the preparation of the parent company financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards and Isle of Man law, and for such internal control as the directors determine is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, the directors are responsible for assessing the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the parent company's financial reporting process.

Auditor's responsibilities for the audit of the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 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 parent company financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company to cease to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the parent company and the wider economy.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the parent company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received

Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you by exception if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper books of account have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us;
- the parent company financial statements are not in agreement with the books of account and returns; and
- certain disclosures of directors' loans and remuneration specified by law have not been complied with.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the consolidated financial statements of Hansard Global plc for the year ended 30 June 2019.

**Nicholas Mark Halsall, Responsible Individual
for and on behalf of PricewaterhouseCoopers LLC
Chartered Accountants, Douglas, Isle of Man
25 September 2019**

Hansard Global plc

Parent Company Statement of Changes in Equity

for the year ended 30 June 2019

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2017	68.7	0.2	8.7	77.6
Profit and total comprehensive income for the year after taxation	-	-	9.7	9.7
Share based payments reserve	-	0.1	-	0.1
Transactions with owners				
Shares allotted	0.1	-	-	0.1
Dividends paid	-	-	(9.8)	(9.8)
At 30 June 2018	68.8	0.3	8.6	77.7

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2018	68.8	0.3	8.6	77.7
Profit and total comprehensive income for the year after taxation	-	-	7.7	7.7
Share based payments reserve	-	0.1	-	0.1
Transactions with owners				
Dividends paid	-	-	(6.0)	(6.0)
At 30 June 2019	68.8	0.4	10.3	79.5

The notes on pages 87 to 91 form an integral part of these financial statements.

Hansard Global plc

Parent Company Balance Sheet

as at 30 June 2019

	Notes	2019 £m	2018 £m
Assets			
Fixed assets			
Intangible assets	6	3.0	0.4
Tangible assets	7	0.5	0.5
Investment in subsidiary companies	4	72.5	72.1
Current assets			
Cash and cash equivalents		4.1	3.1
Amounts due from subsidiary companies	5	0.8	2.6
Other receivables		0.5	0.4
Total assets		81.4	79.1
Liabilities			
Other payables		1.4	1.4
Amounts due to subsidiary companies		0.5	-
Total liabilities		1.9	1.4
Net assets		79.5	77.7
Shareholders' equity			
Called up share capital	8	68.8	68.8
Share premium		0.1	0.1
Retained earnings		10.3	8.6
Share based payments reserve		0.2	0.1
Share save reserve		0.1	0.1
Total shareholders' equity		79.5	77.7

The notes on pages 87 to 91 form an integral part of these financial statements.

The parent company financial statements on pages 84 to 91 were approved by the Board on 25 September 2019 and signed on its behalf by:



G S Marr
Director



T N Davies
Director

Hansard Global plc

Parent Company Cash Flow Statement

for the year ended 30 June 2019

	2019 £m	2018 £m
Cash flow from operating activities		
Profit before tax for the year	7.7	9.7
Adjustments for:		
Dividends received	(16.5)	(15.0)
Movement in share based payments reserve	0.1	-
Changes in operating assets and liabilities		
Decrease in amounts due from subsidiaries	2.3	0.8
Increase in debtors	(0.1)	(0.1)
Increase in creditors	-	0.6
Cash flow from operations	(6.5)	(4.0)
Cash flows from investing activities		
Share capital issued	-	0.1
Dividends received	16.5	15.0
Purchase of intangible assets	(2.6)	(0.4)
Purchase of investments	(0.4)	(0.3)
Cash flows from investing activities	13.5	14.4
Cash flows from financing activities		
Dividends paid	(6.0)	(9.8)
Cash flows from financing activities	(6.0)	(9.8)
Net increase in cash and cash equivalents	1.0	0.6
Cash and cash equivalents at beginning of year	3.1	2.5
Cash and cash equivalents at year end	4.1	3.1

The notes on pages 87 to 91 form an integral part of these financial statements.

1. General information

Hansard Global plc (“the Company”) is a limited liability company, and is incorporated and domiciled in the Isle of Man. The registered office of the company is Harbour Court, Lord Street, Box 192, Douglas, Isle of Man, IM99 1QL. The Company is listed on the London Stock Exchange.

The principal activity of the Company is to act as the holding company of the Hansard group of companies (“the Group”).

2. Significant accounting policies

2.1 Basis of preparation

The individual financial statements of the Company have been prepared on a going concern basis in compliance with United Kingdom Standards including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS 102’) and the Isle of Man Companies Acts 1931 to 2004. They are prepared under the historical cost convention. In accordance with the provisions of the Isle of Man Companies Act 1982 the Company has not presented its own profit and loss account. The Company’s profit for the year ended 30 June 2019, including dividends received from subsidiaries, is £7.7m (2018: £9.7m).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Investment income

Investment income includes interest and dividends. Interest is accounted for on an accruals basis. Dividends are accrued on an ex-dividend basis.

2.3 Dividends payable

Dividends payable to shareholders are recognised in the year in which the dividends are approved. These amounts are recognised in the statement of changes in equity.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Company recognises revenue when the services are rendered, the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the company.

2.5 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Notes to the parent company financial statements

continued

2.6 Investments in subsidiaries

Investments in subsidiary companies are held at cost, adjusted for any impairment.

2.7 Foreign currencies

The Company's presentational and functional currency is pounds sterling, being the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are translated into sterling using the approximate exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date and the gains or losses on translation are recognised in the profit and loss account.

2.8 Property, plant and equipment

Property, plant and equipment is stated at historic purchase cost less accumulated depreciation.

The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal rates used for this purpose are:

Freehold property	50 years
Computer equipment	3 years
Fixtures and fittings	4 years

2.9 Intangible assets

Intangible fixed assets are stated at historic purchase cost less accumulated amortisation.

The cost of intangible assets is their purchase cost, together with any incidental costs of acquisition. Amortisation is calculated so as to write off the cost of intangible assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. At present the intangible asset balance represents work in progress in relation to a new computer system which has not yet begun its useful economic life.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with a minimal cost to be converted to cash, typically with original maturities of three months or less, net of short-term overdraft positions where a right of set-off exists.

2.11 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, (i.e. debtors and amounts due from group undertakings) and cash at bank, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including accruals and other creditors, and amounts due to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2.12 Operating lease assets

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

2.13 Share capital

Ordinary shares are classified as equity.

2.14 Related parties

The Company discloses transactions with related parties which are not wholly owned by the same group. It does not disclose transactions with members of the same group that are wholly owned.

3. Critical accounting estimates and judgements in applying accounting policies

Estimates, assumptions and judgements are used in the application of accounting policies in these financial statements. Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. Estimates, assumptions and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from assumptions and estimates made by management.

There are no areas in which the Company applies significant accounting estimates or assumptions.

4. Investments in subsidiary companies

The following schedule reflects the Company's subsidiary companies at the balance sheet date and at the date of this report. All companies are wholly owned and incorporated in the Isle of Man, except where indicated.

Subsidiary company

Hansard International Limited

Hansard Europe Designated Activity Company (incorporated in the Republic of Ireland)

Hansard Development Services Limited

Hansard Administration Services Limited

Hansard Worldwide Limited (incorporated in the Bahamas)

5. Amounts due from subsidiary companies

The Company and various subsidiary companies within the Group perform services for other Group companies in the normal course of business. All balances are unsecured, interest free and repayable on demand.

Notes to the parent company financial statements

continued

6. Intangible assets

The intangible asset shown represents work in progress in relation to a new computer system. During the current financial year £3.0m (2018: £0.4m) of costs have been capitalised in relation to the development of the system. No amortisation will be applicable until the system is complete and has begun its useful life.

The cost of computer software at 30 June 2019 is £3.7m (2018: £1.2m), with a net book value of £3.0m (2018: £0.5m). Accumulated depreciation at 30 June 2019 is £0.7m (2018: £0.7m).

7. Property, plant and equipment

The Company purchased a freehold property in July 2014 for £0.4m and spent a further £0.1m to bring the property to a useable condition. Depreciation is included in the profit and loss account and calculated in line with the accounting policy published above.

8. Share capital

	2019 £m	2018 £m
Authorised:		
200,000,000 ordinary shares of 50p	100.0	100.0
Issued and fully paid:		
137,557,079 (2018: 137,557,079) ordinary shares of 50p	68.8	68.8

During the year no shares were issued (2018: 112,287) under the terms of the Save as You Earn ("SAYE") share save programme approved by the shareholders.

The Company has received clearance from the London Stock Exchange to list a maximum of 1,200,000 shares necessary to meet its obligations to employees under the terms of the scheme. As at 30 June 2019 924,123 shares remained available for listing (2018: 924,123).

9. Related party transactions

During the year fees totalling £0.2m (2018: £0.2m) were paid to non-Executive Directors.

The aggregate remuneration paid to key management of the Company for the year ended 30 June 2019 was as follows:

	2019 £m	2018 £m
Salaries, wages and bonuses	1.4	1.3

10. Equity settled share-based payments

10.1 SAYE programme

Shareholders have approved a Save as You Earn (“SAYE”) share save programme for employees. The scheme is a standard SAYE plan, approved by the Revenue Authorities in the Isle of Man and is available to eligible employees. Under the terms of the scheme, individuals can invest up to £500 per month for a three or five-year period to purchase shares at a price not less than 80% of the market price on the date of the invitation to participate.

The scheme is typically operated annually, with the option price and awards criteria normally being established in February. No scheme was issued during the year ended 30 June 2019. The estimated fair value of the schemes and the imputed cost for the period under review is not material to these financial statements.

At the balance sheet date, all remaining options relate to Isle of Man based staff. Details are available in note 23 to the consolidated financial statements.

10.2 Incentive Plan Employee Benefit Trust

An Employee Benefit Trust was established in February 2018 to hold shares awarded to employees as an incentive on a deferred basis.

Shares awarded under the scheme are purchased by the Trust in the open market and held until vesting. Awards made under the scheme would normally vest after three years. There were no awards which vested during the year (2018: £nil).

The Trust was funded with a loan of £446,000 during 2018. At the date of this Annual Report and Accounts, the loan to the Trust had an outstanding balance of £446,000 (2018: £446,000) and the Trust holds 585,000 shares (2018: 585,000). The shares held by the Trust as at 30 June 2019 represent awards made which vest in July 2020.



Risk Based Solvency Capital

A) Risk Based Solvency capital position

The Group shareholder Risk Based Solvency surplus at 30 June 2019 was £86.8m (30 June 2018: £90.5m), before allowing for payment of the 2019 final ordinary dividend. All Risk Based Solvency and related data presented in this section is subject to change prior to submission to regulatory authorities.

Group Risk Based Solvency capital position	30th June 2019			30 June 2018
	Life subsidiaries	Other subsidiaries	Total	Total
	£m	£m	£m	£m
Own Funds	137.4	14.8	152.2	156.6
Solvency Capital Requirement	65.4	-	65.4	66.1
Surplus	72.0	14.8	86.8	90.5
Solvency ratio (%)	210%	-	233%	237%

All Own Funds are considered Tier 1 capital.

Own Funds include Value of In-Force ("VIF") of £139.9m at 30 June 2019.

VIF calculated under this regulatory basis is similar to the VIF calculated under the previously disclosed European Embedded Value ("EEV") methodology.

Total Own Funds contain a number of significant differences to EEV however, namely:

- A reduction to Net Worth for litigation risk. This is assessed based on probabilistic outcomes with input from external legal counsel.
- A reduction to Net Worth for required statutory reserves.
- A higher cost of capital within the Risk Margin. Solvency II mandates a cost of capital of 6% (5% under the Isle of Man regime) as compared to 2.5% previously used in our EEV calculation.

The following compares Own Funds as at 30 June 2019 and 30 June 2018 to the EEV disclosed within our 30 June 2018 Annual Report & Accounts:

	30 June 2019 Own Funds £m	30 June 2018 Own Funds £m	30 June 2018 EEV £m
Value of In-Force	139.9	141.6	143.9
Risk Margin	(22.8)	(20.6)	(8.6)
Net Worth	35.1	35.6	44.5
Total	152.2	156.6	179.8

B) Analysis of movement in Group solvency surplus

A summary of the movement in Group Risk Based Solvency surplus from £90.5m at 30 June 2018 to £86.8m at 30 June 2019 is set out in the table below.

	£m
Risk Based Solvency surplus at 30 June 2018	90.5
Operating experience	(4.3)
Investment performance	2.3
Changes in assumptions	1.6
Dividends paid	(6.0)
Foreign exchange	2.7
Risk Based Solvency surplus at 30 June 2019	86.8

The movement in Group Risk Based Solvency surplus in 2019 was reduced by dividends paid and operating experience, offset by positive market movements. The primary factor negatively impacting operating experience was a reduced outlook on our ability to earn treasury margins due to low long term interest rates.

New business written added £5.6m to Own Funds for the period.

C) Analysis of Group Solvency Capital Requirement

The analysis of the Group's Solvency Capital Requirement ("SCR") by risk type is as follows:

Split of the Group Solvency Capital Requirement	30 June 2019 % of SCR*	30 June 2018 % of SCR*
Risks		
Market		
Equity	47%	48%
Currency	25%	27%
Insurance		
Lapse	46%	46%
Expense	12%	11%
Default	1%	3%
Operational	13%	13%

* Figures are the capital requirements prior to diversification benefits expressed as a percentage of the final diversified SCR.

D) Reconciliation of IFRS equity to Group Risk Based Solvency Shareholder Own Funds

	30 June 2019 £m	30 June 2018 £m
IFRS shareholders' equity	27.2	28.5
Elimination of DOC	(118.0)	(113.8)
Elimination of DIR	133.2	130.3
Value of In-Force	139.9	141.6
Liability valuation differences	(7.5)	(8.4)
Impact of risk margin	(22.8)	(20.6)
Other	0.2	(1.0)
Risk Based Solvency Shareholder Own Funds	152.2	156.6

E) Sensitivity analysis

The sensitivity of the Own Funds related to the Group's life insurance subsidiaries to significant changes in market conditions is as follows:

	30 June 2019 £m	30 June 2018 £m
Life subsidiary Own Funds	137.4	149.3
Impact of:		
10% instantaneous fall in equity markets	(6.8)	(7.4)
100 basis points increase in interest rates	(0.9)	(1.1)
10% increase in expenses	(4.9)	(4.6)
1% increase in expense inflation	(3.2)	(2.8)
10% strengthening of sterling	(5.5)	(7.5)

Account Executives

Individuals employed by the Group to develop markets and support Independent Financial Advisors (IFAs).

Annualised premium equivalent (“APE”)

An industry measure of insurance new business sales. It is calculated as the sum of regular premiums and 10% of single premiums written in the year.

Assets under administration (“AUA”)

A measure of the total assets that the Group administers on behalf of contract holders, who have selected an external third party investment manager.

Compensation Credit (“CC”)

The Group’s prime indicator of calculating new business production. This indicates the relative value of each piece of new business and is used, therefore, in the calculation of commission payable.

Corporate Governance Code (“the Code”)

The UK Corporate Governance Code sets out guidance in the form of principles and provisions on how companies should be directed and controlled to follow good governance practice. The Financial Reporting Council requires companies listed in the UK to disclose how they have applied principles of the Code and whether they have complied with its provisions throughout the accounting year. Where the provisions have not been complied with, companies must provide an explanation for this.

Covered business

The business covered by the EEV methodology. For the Company, this covers the entire in-force business of the Group, including all contracts issued by the Group’s life insurance subsidiaries and subsidiaries providing administration, distribution and other services, as at the valuation date. It excludes the value of any future new business that the Group may write after the valuation date.

Deferred origination costs (“DOC”)

The method of accounting whereby origination costs of long-term business are deferred in the balance sheet as an asset and amortised over the life of those contracts. This leads to a smoothed recognition of up front expenses instead of the full cost in the year of sale.

Deferred income (“DIR”)

The method of accounting whereby front end fees that relate to services to be provided in future periods are deferred in the balance sheet as a liability and amortised over the life of those contracts. This leads to a smoothed recognition of up front income instead of the full income in the year of sale.

Discounting

The reduction to present value at a given date of a future cash transaction at an assumed rate, using a discount factor reflecting the time value of money.

Earnings per share (“EPS”)

EPS is a commonly used financial metric which can be used to measure the profitability and strength of a company over time. EPS is calculated by dividing profit by the number of ordinary shares. Basic EPS uses the weighted average number of ordinary shares outstanding during the year. Diluted EPS adjusts the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, for example share awards and share options awarded to employees.

Economic assumptions

Assumptions in relation to future interest rates, investment returns, inflation and tax.

Enterprise risk management (“ERM”) programme.

The programme implemented by the Group to promote identification, monitoring and management of risks.

Group

Hansard Global plc and its subsidiaries.

Growth investment spend

Costs we incur investing in the future of our business, including technology to support our growth.

Independent Financial Advisors (“IFAs”)

A person or organisation authorised to give advice on financial matters and to sell the products of financial service providers. Outside the UK IFAs may be referred to by other names.

In-force

Long-term business which has been written before the period end and which has not terminated before the period end.

International Financial Reporting Standards (“IFRS”)

International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board (“IASB”). The Group’s consolidated financial statements are required to be prepared in accordance with IFRS as adopted by the European Union to allow comparable reporting between companies.

IFRS equity per share

Total IFRS equity divided by the diluted number of issued shares at the end of the period.

Key performance indicators (“KPI”)

This is one of a number of measures by reference to which the development, performance or position of the business can be measured effectively.

Maintenance expenses

Expenses related to the servicing of the in-force book of business (including investment and termination expenses and a share of overheads).

Net Worth

The market value of the shareholders’ funds, determined on an IFRS basis, adjusted to exclude certain assets such as the deferred origination costs and liabilities such as deferred income and to add back any non-admissible assets. The Net Worth consists of Required Capital and Free surplus.

New business contribution (“NBC”)

The expected present value of all future cash flows attributable to shareholders from new business. NBC is calculated after the effect of any frictional costs. Unless otherwise stated, it is also quoted net of tax. It is calculated at point of sale. NBC is shown after allowing for the cost of required capital, calculated on the same basis as for in-force business.

New business margin (“NBM”)

NBC expressed as a percentage of PVNBP. This measures whether new business written is adding value or eroding value. It is a measure of profitability (not profit), comparing the expected profit (or losses) with the value of expected premiums.

New business strain (“NBS”)

Costs involved in acquiring new business (such as commission payments to intermediaries, expenses and reserves) affecting the insurance company’s financial position at that point and where all of the income from that new business (including premiums and investment income) has not yet been received and will not be received until a point in the future. To begin with, therefore, a strain may be created where cash outflows exceed inflows.

Origination costs

Expenses related to the procurement and processing of new business written including a share of overheads. Sometimes known as acquisition costs.

Own funds

Those funds as defined under Solvency II, comprising Basic Own Funds and Ancillary Own Funds. Basic Own Funds consist of the excess of assets over liabilities as valued in accordance with Solvency II rules. Ancillary Own Funds consist of items other than Basic Own Funds which can be called up to absorb losses such as unpaid share capital or letters of credit and guarantees. The Group does not have any such Ancillary Own Funds.

Present value of new business premiums (“PVNBP”)

The industry measure of insurance new business sales under the EEV methodology. It is calculated as 100% of single premiums plus the expected present value of new regular premiums.

Regular premium

A regular premium contract (as opposed to a single premium contract), is one where the contract holder agrees at inception to make regular payments throughout the term of the contract.

Risk discount rate

The present value of a future cash amount depends on its currency and the time until it will become available. The present value is determined using a discount rate that reflects currency and timing. Discount rates are set based on swap rates for the relevant currency determined at year-long intervals for amounts in GBP, EUR, USD and JPY up to year 30, and the year 30 rate thereafter. This covers over 95% of the future expected cash amounts by funds under management: other currencies are assumed to be subject to the GBP rate. Year 1 rates are used to unwind the existing business and are shown separately in the disclosures.

Single premium

A single premium contract (as opposed to a regular premium contract (see above)), involves the payment of one premium at inception with no obligation for the contract holder to make subsequent additional payments.

Solvency II

The EU-wide regulatory regime which aims to more closely align solvency capital to an insurer’s risk profile. It came into force on 1 January 2016.

Unit-linked policy

A policy where the benefits are determined by reference to the investment performance of a specified pool of assets referred to as the unit-linked fund.

Value of In-Force (“VIF”)

The present value of expected future shareholder profits less the present value cost of holding capital required to support the in-force business.

Financial Calendar

Financial Calendar for the financial year ending 30 June 2020

Annual General Meeting	6 November 2019
Publication of 1 st quarter trading update	7 November 2019
Payment date for final dividend	14 November 2019
Announcement of 2 nd quarter new business results	24 January 2020
Publication of half-yearly results	5 March 2020
Declaration of interim dividend	5 March 2020
Ex-dividend date for interim dividend	12 March 2020
Record date for interim dividend	13 March 2020
Payment of interim dividend	21 April 2020
Publication of 3 rd quarter trading update	7 May 2020
Announcement of 4th quarter new business results	23 July 2020
Announcement of results for the year ended 30 June 2020	24 September 2020
Declaration of final dividend	24 September 2020
Ex-dividend date for final dividend	30 September 2020
Record date for final dividend	2 October 2020
Annual General Meeting	4 November 2020
Payment date for final dividend	12 November 2020



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*NB: 0871 Number – calls cost 12p per minute plus network extras. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales.





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