ANNUAL REPORT AND ACCOUNTS

2020

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 2020

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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.

Chairman's Statement
Philip Gregory

As with many businesses, the Covid-19 global pandemic presented significant challenges to our operations. I am pleased to report that Hansard Global plc ("Hansard") adapted well to those challenges. In late March, almost all of our staff moved to working from home, with no discernible impact on our customer service or efficiency. Similarly, virtually all of our staff returned to the office in June when the Isle of Man became Covid-19 free. During this period our award-winning technology was able to provide flexible solutions to both internal operations and outward-facing new business activities. Under the circumstances we have delivered a resilient new business and profit result for the year. However, the wider effects of Covid-19 on the world economy and investor confidence are likely to continue into 2021.

Our Latin American region was the highlight for new business growth over the course of FY 2020

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New business

New business for the 2020 financial year ("FY 2020") improved to £159.8m (in Present Value of New Business Premiums ("PVNBP") terms), up 2.5% from the FY 2019 figure of £155.9m.

Until early March 2020 we were expecting a much higher growth in new business, but the effects of Covid-19 and national lockdowns inevitably had a negative impact on our new business generation in our fourth quarter. Covid-19 presented difficult challenges for our distribution network to meet clients and conclude sales activity at a time when many people were uncertain about their future financial position.

Our Latin American region was the highlight for new business growth over the course of FY 2020, finishing up 44% compared to FY 2019.

Financial performance

Our IFRS profit before tax for the year was £4.7m, slightly higher than 2019. This reflects a number of factors on both the revenue and cost side.

On the revenue side, fees and commissions were up £1.0m to £49.5m for the year (2019: £48.5m). Fees and commissions from Hansard International Limited ("Hansard International") were up £1.6m, whilst fees and commissions from our closed book, Hansard Europe dac ("Hansard Europe"), continued to fall, as expected, and were £0.6m down on the prior year.

On the cost side, we have continued to invest in our Japanese branch and in our project to replace our policy administration systems. Notwithstanding this we have kept our overall costs in check, seeking to make savings where we can and taking a prudent approach to variable employee reward in light of Covid-19 uncertainties. Overall, administrative and other expenses were £29.3m for the year (2019: £29.5m).

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

Japan

As noted in our 2019 Annual Report, the key to significantly increased new business lies in our ability to take advantage of the opportunity we have developed in Japan. While the circumstances of Covid-19 have presented challenges and resulted in delays, we continue to work closely with a targeted number of prospective distribution partners to conclude distribution agreements and seek to launch the proposition in the third quarter of our current financial year.

Capitalisation and solvency

The Group remains well capitalised to meet the requirements of regulators, contract holders, intermediaries and other stakeholders. We have not required any government-backed financial support as a result of Covid-19, nor placed any staff on furlough. On a risk-based capital basis, total Group Free Assets in excess of the Solvency Capital Requirements of the Group were £66.5m (2019: £86.8m or £65.4m on the current year basis), a coverage of 180% (2019: 233% or 178% on the current year basis). 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 and economic cycles.

Dividends

The Board has resolved to pay a final dividend of 2.65p per share (2019: 2.65p). In making this decision, the Board has carefully considered its current and future cash flows, the risks and potential variabilities introduced by Covid-19, the outlook for future growth and profitability and the views of key stakeholders, including regulators and shareholders.

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 (2019: 4.45p). Upon approval, the final dividend will be paid on 12 November 2020. The ex-dividend date will be 1 October 2020 and the record date will be 2 October 2020.

Board membership

During the year we appointed a number of new independent Directors to our Board to replace the retirements of Maurice Dyson and Andy Frepp. We welcomed Graeme Easton, Jose Ribeiro and Philip Kay to the Board who bring a wealth of international financial services experience. I would also like to thank Maurice and Andy for their many valued years of service to Hansard.

The future

While national lockdowns related to Covid-19 have been relaxed to varying degrees around the world, the threat of a second wave remains clear and the economic environment remains uncertain and fragile. Whilst our technology-driven platform and processes offer significant advantages, it remains challenging for our distributors to sell international savings and investment products without face to face meetings, especially when many customers have concerns over their personal financial prospects. The outlook for new business in financial year 2021 is therefore difficult to forecast. Importantly, our strong back-book and assets-driven income streams provide offsetting stability and cash flow.

We are continuing to invest for the future through the on-going development of our Japanese proposition and the upgrade of our systems environment.

PPC Gregory

Philip Gregory
Chairman
23 September 2020

Group Chief Executive Officer's Overview

Gordon Marr

Our financial year this year has been a year of resilient progress amidst significant challenges. After starting the first eight months of our financial year with strong new business growth, Covid-19 unfortunately dampened results in the latter part of the year. Overall we ended the financial year with new business up 2.5% and with assets under administration and profit before tax broadly in line with 2019.

Our longer-term focus remains on our two key strategic projects:

- launching our new locally-licenced investment product in Japan, and
- replacing our policy administration systems to support our next generation of products and secure cost and efficiency gains.

Both of these projects have made steady and positive progress.

Our objective is to supplement our existing international markets and attain the additional scale necessary to deliver greater returns to our shareholders.

Covid-19

The global spread of the Covid-19 virus has presented unprecedented challenges to public health and businesses. The well-being and safety of our employees has been paramount and it is to their great credit in these difficult times that our business continued without significant disruption.

In March 2020 almost our entire workforce moved to working remotely. Our technology and strong business continuity plans allowed us to achieve this with minimal disruption. Our back-office systems and infrastructure served us well. We were able to operate all our client servicing and processing activities remotely with little impact to turn-around times.

The Isle of Man had significant success in containing and eradicating all known cases of the Covid-19 virus and this allowed a return of our Isle of Man based employees to our head-office in June. We implemented this cautiously ensuring that enhanced office cleaning procedures were in place and appropriate PPE and hand gel available to employees. We also accommodated any vulnerable or higher risk employees through additional working-from-home flexibility.

For our Independent Financial Advisor ("IFA") network around the world, the difficulties in meeting clients, providing advice and concluding sales were, and in many cases remain, challenging. We took a number of key actions to facilitate the on-boarding of new business, for example rolling out additional tools to allow customers and IFAs to provide and sign documentation electronically.

We are committed to supporting and working with our customers where they may be experiencing personal financial difficulties, for example by allowing for premium holidays without incurring any additional charges or penalties.

We also sought to ensure any creditors or suppliers were paid on a timely basis throughout the working-from-home period.

We have not to date seen any significant spikes in redemptions or lapses, but expect to see some element of adverse impact to persistency in 2021. We have therefore taken a prudent approach to our actuarial assumptions and projections and also provided £0.2m for anticipated irrecoverable broker balances.

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 new business 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

Despite a challenging final quarter due to Covid-19, the level of new business earned during the full year was £159.8m (using the PVNBP metric), up 2.5% from £155.9m in FY 2019.

Our Latin American region was the key driver of growth with new business up 44% for the full year. Our largest region, Middle East & Africa, proved resilient despite the challenges of Covid-19 with new business up 10.3%.

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 under review.

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 2020, the Group had been served with cumulative writs with a net exposure totalling €25.8m, or £23.4m in sterling terms, arising from contract holder complaints and other asset performance-related issues.

During the year, the Group successfully defended nine cases with net exposures of approximately €0.7m, or £0.6m, three of which have been appealed by the plaintiffs. These successes continue to affirm confidence in the Group's legal arguments.

We have previously noted that we expect a number of our larger claims to ultimately be covered by our Group insurance cover. During FY 2020 we received our first insurance payment on account for legal expenditure in Italy and recorded £0.5m in total recoveries during the year. We expect such reimbursement to continue during the course of that litigation.

As a result we also expect that a significant amount of the £23.4m of contingent liabilities referred to above would be covered by insurance should those cases be ruled against us. We continue to estimate insurance coverage to be in the range of £6m to £13m.

3. Hansard OnLine

Our award-winning IT systems and online customer platform are key aspects of our proposition. 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.

As noted in 2019, we have embarked on a project to replace our core administration systems and ensure our infrastructure remains fit for purpose for our next generation of products and strategic development. Phase One of this project will deliver functionality for our Japanese product in the second quarter of this financial year, with migration of existing products scheduled for the end of the financial year.

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

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 £2.1m in overall net cash inflows before dividends (2019: inflows of £2.0m), after the investment of £19.1m (2019: £17.5m) in acquiring new business and £3.0m (2019: £2.5m) in IT software and equipment expenditure. Dividends of £6.0m were paid in the financial year (2019: £6.0m).

A final dividend of 2.65p per share has been proposed by the Board and will be considered at the Annual General Meeting on 4 November 2020. When the final dividend is paid at this level, dividends will total 4.45p per share in respect of the full 2020 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.

	2020 £m	2019 £m
New business sales – PVNBP	**159.8**	155.9
IFRS profit after tax	**4.7**	4.6
Underlying IFRS profit	**6.2**	6.1
Assets under Administration	**1,080.5**	1,079.7
Value of In-Force (regulatory basis)	**147.9**	139.9*

* £145.4m on the current year basis.

IFRS results

IFRS profit before tax for the year was £4.7m, slightly higher than 2019. After eliminating litigation and non-recurring items, the underlying IFRS profit (a non-GAAP metric used by management) was £6.2m, again slightly above 2019.

Fees and commissions were £49.5m for the year (2019: £48.5m). Fees from Hansard International were up £1.6m to £46.2m from 2019, primarily due to higher surrender fee income than the prior year. Income from our closed book, Hansard Europe, has continued to fall, as expected, and is £0.6m down on the prior year.

Administrative and other expenses were £29.3m for the year, just under the 2019 level of £29.5m. We have continued to invest in our Japanese branch and in our project to replace our policy administration systems. Notwithstanding this we have kept our overall costs in check, seeking to make savings where we can and taking a prudent approach to variable employee reward in light of Covid-19 uncertainties.

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

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 £66.5m (2019: £86.8m or £65.4m on the current year basis), a coverage of 180% (2019: 233% or 178% on the current year basis). 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. It was only through their commitment, flexibility and resilience that we were able to successfully navigate our way through the operational challenges of Covid-19 and I thank them enormously for that.

We have a strong commitment to service and quality in relation to servicing contract holders and intermediaries. It was therefore pleasing to have been recognised externally for our customer service. In October 2019 we won 'Excellence in Customer Service' from International Investor for both the Latin American region and as overall global winner. We also maintained our five-star rating for customer service by AKG Financial Analytics in their 2019 review.

Gordon Marr
Group Chief Executive Officer
23 September 2020

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 Isle of Man Financial Services Authority 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 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 established a new life company in The Bahamas in 2018. We have acquired the necessary licence and approvals to access the Japanese market in the 2021 financial year. We will continue to drive our strategic alliance with Union Insurance in the UAE and 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 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 the primary focus has been on delivering our two most significant near-term strategic initiatives:

- bringing to market our locally-licensed investment product in Japan; and
- upgrading and streamlining our systems and IT infrastructure.

We plan to launch with our first distribution partner in Japan on the new policy administration system during this financial year. Completion of the IT implementation and migration is scheduled for the end of the financial year.

Regulatory Change

The Isle of Man Financial Services Authority (the "Authority") has continued its work to revise the framework for insurance regulation and supervision and 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 Isle of Man'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.

Major milestones have been reached over the course of the last two years with the implementation of both the updated risk-based capital and solvency regime and the Conduct of Business Code. A new Corporate Governance Code of Practice for Commercial Insurers has also come into force and the Group Supervision regime for long-term insurers took effect from 1 July 2019.

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.

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 assurers, the Group carries no guarantee risk that can cause capital strain.

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 insurance subsidiaries of the Group.

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, remunerate our distribution network 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, pandemics 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.

Our Business Model and Strategy *continued*

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.

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 and our IFA community. We have won a number of external awards in this area over the years, most recently in October 2019 when we won 'Excellence in Customer Service' from International Investor for both the Latin American region and as overall global winner. We also maintained our five-star rating for customer service by AKG Financial Analytics in their 2019 review.

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Key Performance Indicators

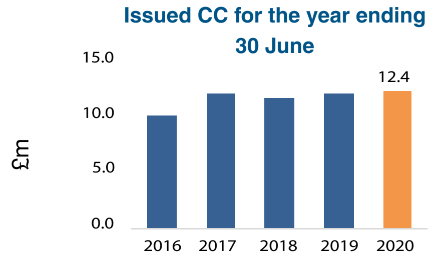
Key Performance Indicators

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.

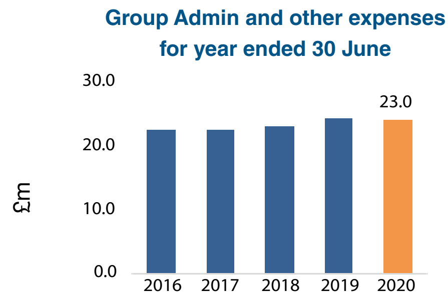
New Business – The Group's internal indicator of calculating new business production, Compensation Credit ("CC") reflects the amount of base commission payable to intermediaries. Incentive arrangements for intermediaries and the Group's Account Executives incorporate targets based on CC (weighted where 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 challenge due to Covid-19. Growth initiatives in 2021 will focus on commercialising the opportunity in Japan where significant upside exists.

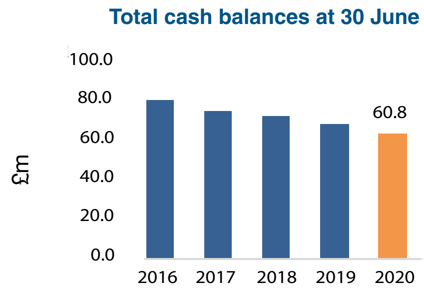


Administrative Expenses (excl. litigation and non-recurring items) – The Group maintains a rigorous focus on expense levels and the value gained from such expenditure. The objective is to develop processes to restrain increases in administrative expenses to the rates of inflation assumed in the charging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

The Group's administrative and other expenses for the year (excl. litigation and non-recurring items) were £23.0m compared to £23.3m in the previous year. Further detail is contained in the section on Administrative and other expenses on page 17.



Cash – Bank balances and significant movements on balances are reported monthly. The Group's liquid funds at the balance sheet date were £60.8m (2019: £65.3m). 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.



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. Business continuity was further evidenced by a successful switch to remote-working in March 2020 due to the Covid-19 pandemic.

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.

Business and Financial Review

New Business Performance for the year ended 30 June 2020

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	2020 £m	2019 £m	% change
Present Value of New Business Premiums	**159.8**	155.9	2.5%
Annualised Premium Equivalent	**24.0**	24.7	(2.8%)

In Present Value of New Business Premiums ("PVNBP") terms, new business for the year to 30 June 2020 was £159.8m, 2.5% up on the prior year. The primary area of growth during the year came from increased sales of regular savings products in Latin America.

Annualised Premium Equivalent ("APE") shows a slightly different year on year change as it does not take into account the more detailed experience assumptions for regular premiums that are accounted for within the PVNBP methodology.

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	2020 £m	2019 £m	% change
Regular premium	**102.0**	85.5	19.3%
Single premium	**57.8**	70.4	(17.9%)
Total	**159.8**	155.9	2.5%

PVNBP by region	2020 £m	2019 £m	% change
Middle East and Africa	**63.3**	57.4	10.3%
Rest of World	**48.5**	52.7	(8.0%)
Latin America	**37.3**	25.9	44.0%
Far East	**10.7**	19.9	(46.2%)
Total	**159.8**	155.9	2.5%

Our largest region, Middle East & Africa, proved resilient despite the challenges of Covid-19 restrictions. New business was up 10.3% for the year.

The Rest of World region was down 8.0% for the year. The reduction was primarily due to a lower number of high value single premium cases.

New business in Latin America was up 44.0% for the year despite being hit particularly hard by Covid-19 in the fourth quarter. Our subsidiary in The Bahamas, Hansard Worldwide Limited, continues to be well received since its launch in 2019 and has allowed us to build on our key distribution relationships and deploy targeted initiatives to encourage adoption.

As previously communicated, our current focus in the Far East region is to develop and bring our new Japanese proposition to market. We are also working with our existing distribution network to develop additional new business via our licence in Labuan, Malaysia.

In terms of business mix, we continue to focus on higher margin regular premium savings while selectively pursuing single premiums where the margin is acceptable. This has resulted in our regular premiums rising 19.3% and single premiums falling 17.9% for the year.

We continue to receive business from a diverse range of financial advisors around the world. The increase in new business derived from Latin America and Middle East and Africa is reflected in an increase in the percentage of the contractual premium denominated in US Dollars.

Currency denominations (as a percentage of PVNBP)	2020 %	2019 %
US dollar	**82**	68
Sterling	**15**	23
Euro	**2**	7
Other	**1**	2
	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). Our new business margin was -0.1% for the year, compared to -0.6% for 2019. The improvement was primarily due to lower initial expenses. We expect the primary catalyst for margin improvement to be a successful launch of our new product into the Japanese market in the 2021 financial year.

Business and Financial Review *continued*

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. IFRS profit before tax for the year was £4.7m, slightly higher than 2019.

Operating profit prior to litigation and non-recurring items was £6.2m in 2020, also slightly higher than 2019.

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 £0.1m (2019: £47.2m); and
- fund management fees paid by the Group to third parties having a relationship with the underlying contract. In 2020, third party fund management fees attributable to contract holder assets were £4.8m (2019: £4.7m). 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.

	2020 £m	2019 £m
Fees and commissions attributable to Group activities	**44.7**	43.8
Investment and other income	**2.5**	2.3
	47.2	46.1
Origination costs	**(18.0)**	(16.7)
Administrative and other expenses attributable to the Group, before litigation and non-recurring items	**(23.0)**	(23.3)
Operating profit for the year before litigation and non-recurring items	**6.2**	6.1
Litigation and non-recurring expense items	**(1.5)**	(1.5)
Profit for the year before taxation	**4.7**	4.6
Taxation	**(0.2)**	-
Profit for the year after taxation	**4.5**	4.6

Fees and commissions

Fees and commissions for the year attributable to Group activities were £44.7m, up 2.1% on the 2019 total of £43.8m.

Contract fee income totalled £32.2m for the year (2019: £31.3m). Contract fee income includes the amortised element of up-front income deferred under IFRS and contract-servicing charges. Amortisation of deferred income was broadly similar to the prior year, whilst immediately recognised fees, including surrender charges, have increased compared to the prior year. The continuing run-off of Hansard Europe which closed to new business in 2013 resulted in lower contract fee income of £0.6m compared to 2019.

Fund management fees accruing to the Group and commissions receivable from third parties totalling £12.5m (2019: £12.5m) are related directly to the value of assets under administration and are therefore exposed to market movements, currency rates and valuation judgements. Average assets under management for 2020 were mostly higher than 2019, however were offset by the significant drop in the markets in March 2020 when Covid-19 related lockdowns started taking place.

A summary of fees and commissions is set out below:

	2020 £m	2019 £m
Contract fee income	**32.2**	31.3
Fund management fees accruing to the Group	**7.9**	7.8
Commissions receivable	**4.6**	4.7
	44.7	43.8

Included in contract fee income is £17.0m (2019: £16.9m) representing the amortisation of fees prepaid in previous years, as can be seen in the analysis set out below:

	2020 £m	2019 £m
Amortisation of deferred income	**17.0**	16.9
Income earned during the year	**15.2**	14.4
Contract fee income	**32.2**	31.3

Business and Financial Review *continued*

Investment and other income

Historically low UK and US interest rates continue to result in relatively modest levels of interest income earned on the Group's deposits and money market funds.

	2020 £m	2019 £m
Bank interest and other income receivable	**2.3**	2.0
Foreign exchange gains on revaluation of net operating assets	**0.2**	0.3
	2.5	2.3

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.

Origination costs incurred in 2020 have increased as a result of the increased level of new business, increased sales incentive schemes and a higher mix of business reinsured from the UAE which has a higher cost of acquisition. The increased costs of sales incentive schemes were generally funded from reduced international travel and events.

	2020 £m	2019 £m
Origination costs – deferred to match future income streams	**18.9**	18.0
Origination costs – expensed as incurred	**3.4**	2.9
Investment in new business in year	**22.3**	20.9
Net amortisation of deferred origination cost	**(4.3)**	(4.2)
	18.0	16.7

Amounts totalling £14.6m (2019: £13.8m) 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:

	2020 £m	2019 £m
Amortisation of deferred origination costs	**14.6**	13.8
Other origination costs incurred during the year	**3.4**	2.9
	18.0	16.7

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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.

	2020 £m	2019 £m
Salaries and other employment costs	**10.6**	10.5
Other administrative expenses	**7.7**	7.8
Professional fees, including audit	**2.9**	3.2
Recurring administrative and other expenses	**21.2**	21.5
Growth investment spend	**1.8**	1.8
Administrative and other expenses, excl. litigation and non-recurring expense items	**23.0**	23.3
Litigation defence and settlement costs	**1.3**	1.4
Provision for doubtful debts in respect of broker balances	**0.2**	0.1
Total administrative and other expenses	**24.5**	24.8

Salaries and other employment costs have increased by £0.1m or 1% to £10.6m, reflecting costs from the expansion of headcount in our Japan branch, the costs of short-term contractors supporting our systems project and general salary inflation. Costs were offset by annual bonuses not being accrued for the 2020 year-end due to corporate targets not being met and uncertainty over the impact of Covid-19.

The average Group headcount for the 2020 financial year was 192 people (2019: 191 people).

Other administrative expenses have reduced from £7.8m to £7.7m.

Professional fees including audit are down a further £0.3m (2019: £0.1m) as a result of a savings programme which was commenced in 2019 and will continue to be realised into 2021. These costs include amounts totalling £0.5m paid to the Group's auditor (2019: £0.6m); £0.6m (2019: £0.6m) for administration, custody, dealing and other charges paid under the terms of the investment processing outsourcing arrangements; recruitment costs of £0.2m (2019: £0.3m), costs of investor relations activities of £0.2m (2019: £0.3m) and general legal and professional fees of £1.3m (2019: £1.4m).

Growth investment spend represents internal and external strategic costs to generate opportunities for growth. This includes the costs of our strategy team and costs associated with developing our Japanese proposition.

Litigation defence and settlement costs represent those costs (net of insurance recoveries) incurred in defending Hansard Europe against writs taken against it, as described more fully in the Contingent Liabilities note to the consolidated financial statements. During 2020 we recorded a credit for expense recoveries accepted by our insurers totalling £0.5m.

Provision for doubtful debts relate to amounts due from brokers which are deemed to be irrecoverable. The £0.2m provided for in 2020 represents an estimate due to increased risk perceived for brokers who may not be in a financial position to repay upfront commissions on lapsed business due to Covid-19.

Cash flow analysis

The operational cash surplus (fees deducted from contracts and commissions received, less operational expenses paid) for the year was £22.7m (2019: £20.6m). Operating cash flows have increased this year as a result of the increase in fee income levels.

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 2020, the Group invested £2.9m (2019: £2.5m) as part of a project to replace its administration systems. These costs are capitalised as computer software on the Group's consolidated balance sheet.

The following non-GAAP tables summarise the Group's own cash flows in the year. Overall cash and deposits have decreased from £65.3m at 30 June 2019 to £60.8m at 30 June 2020.

	2020 £m	2019 £m
Net cash surplus from operating activities	**22.7**	20.6
Interest received	**1.6**	1.4
Net cash inflow from operations	**24.3**	22.0
Net cash investment in new business	**(19.1)**	(17.5)
Purchase of property and computer equipment	**(3.0)**	(2.5)
Corporation tax paid	**(0.1)**	-
Net cash inflow before dividends	**2.1**	2.0
Dividends paid	**(6.0)**	(6.0)
Net cash outflow after dividends	**(3.9)**	(4.0)

	2020 £m	2019 £m
Net cash outflow after dividends	**(3.9)**	(4.0)
(Descrease)/Increase in amounts due to contract holders	**(0.2)**	0.6
Net Group cash movements	**(4.1)**	(3.4)
Group cash - opening position	**65.3**	69.4
Effect of exchange rate changes	**(0.4)**	(0.7)
Group cash - closing position	**60.8**	65.3

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 £21.2m (2019: £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. The following table summarises the total shareholder cash and deposits at the balance sheet date.

	2020 £m	2019 £m
Money market funds and immediately available cash	**35.0**	40.2
Short-term deposits with credit institutions	**4.6**	-
Cash and cash equivalents under IFRS	**39.6**	40.2
Longer-term deposits with credit institutions	**21.2**	25.1
Group cash and deposits	**60.8**	65.3

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Abridged consolidated balance sheet

The consolidated balance sheet on page 60 presented under IFRS reflects the financial position of the Group at 30 June 2020. 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 £1,080.5m (2019: £1,079.7m). 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.

	2020 £m	2019 £m
Assets		
Deferred origination costs	**122.3**	118.0
Other assets	**15.0**	10.1
Bank deposits and money market funds	**60.8**	65.3
	198.1	193.4
Liabilities		
Deferred income	**137.8**	133.2
Other payables	**34.4**	33.0
	172.2	166.2
Net assets	**25.9**	27.2
Shareholders' equity		
Share capital and reserves	**25.9**	27.2

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	**2020 £m**	2019 £m
At beginning of financial year	**118.0**	113.8
Origination costs deferred during the year	**18.9**	18.0
Origination costs amortised during the year	**(14.6)**	(13.8)
	122.3	118.0

Deferred income

The treatment of deferred income ensures that contract fees are taken to the consolidated statement of comprehensive income in equal instalments 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	2020 £m	2019 £m
At beginning of financial year	**133.2**	130.3
Initial fees collected in the year and deferred	**21.6**	19.8
Income amortised during the year to fees income	**(17.0)**	(16.9)
	137.8	133.2

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 £57.2m this year (2019: £70.4m). 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 £2.6m (2019: £2.9m) 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 2019, with 67% of AuA designated in US dollar (2019: 65%) and 11% in euro (2019: 13%).

The value of AuA at 30 June 2020 was £1,080.5m.

	2020 £m	2019 £m
Deposits to investment contracts – regular premiums	**85.8**	80.3
Deposits to investment contracts – single premiums	**57.2**	70.4
Withdrawals from contracts and charges	**(142.3)**	(154.2)
Effect of market and currency movements	**0.1**	47.2
Movement in year	**0.8**	43.7
Opening balance	**1,079.7**	1,036.0
Closing balance	**1,080.5**	1,079.7

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

Fair value of AuA at 30 June	2020 £m	2019 £m
Hansard International	**986.5**	965.4
Hansard Europe	**94.0**	114.3
	1,080.5	1,079.7

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

Since it closed to new business in 2013, Hansard Europe's AuA has been declining broadly in line with expectations as contracts are surrendered or mature.

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Dividends

An interim dividend of 1.8p per share was paid in April 2020. This amounted to £2.4m.

The Board has considered the results for the full year ended 30 June 2020, the Group's continued cash flow generation and its future expectations and has resolved to pay a final dividend of 2.65p per share (2019: 2.65p). Subject to approval at the AGM, this dividend will be paid on 12 November 2020.

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 2020, the Group had been served with cumulative writs with a net exposure totalling €25.8m, or £23.4m in sterling terms (30 June 2019: €21.7m / £19.4m) arising from contract holder complaints and other asset performance-related issues. All such writs relate to historic business written by Hansard Europe prior to its closure to new business in 2013. The increase since 30 June 2019 was driven by a combination of additional cases being added in Italy and Belgium and a reduction in the fair value of investment assets backing the claims.

During the year, the Group successfully defended nine cases with net exposures of approximately €0.7m, or £0.6m, three 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 previously noted that we expect a number of our larger claims to ultimately be covered by our Group insurance cover. During FY 2020 we received our first insurance payment on account for legal expenditure in Italy and have recorded £0.5m in total recoveries during the year. We expect such reimbursement to continue during the course of that litigation.

As a result we also expect that a significant amount of the £23.4m of contingent liabilities referred to above would be covered by insurance should those cases be ruled against us. We continue to estimate insurance coverage to be in the range of £6m to £13m.

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 25 to the consolidated financial statements.

Net asset value per share

The net asset value per share on an IFRS basis at 30 June 2020 is 18.8p (2019: 19.8p) based on the net assets in the Consolidated Balance Sheet divided by the number of shares in issue, being 137,557,079 ordinary shares (2019: 137,557,079).

Risk Management and Internal Control

Risk management and internal control

The Group is naturally exposed to both existing and emerging internal and external risks as it pursues its strategic and business objectives. All such risks, are managed as part of the corporate model via the governance, risk management and internal control arrangements which constitute the ERM Framework. This has never been more clearly demonstrated than via the unprecedented circumstances and associated challenges presented by the Covid-19 pandemic, which emerged in the third quarter of our reporting period and escalated rapidly in terms of the societal, economic and corporate level impacts, manifesting at macro and micro levels around the world.

The Group ERM Framework enabled the Board to take swift, decisive and informed decisions in response to the immediate risks which the pandemic presented to the Group, its employees, customers and wider stakeholder groups. The early invocation of pandemic-specific business continuity planning and the inherent strength of the Group's systems infrastructure supported a smooth and stable transition to remote working, which have remained robust and resilient throughout the period of 'lockdown' measures introduced at local and international levels.

Established ERM protocols enabled targeted risk metrics and key performance indicators to be rapidly invoked, addressing both prudential and conduct elements of the principal and subordinate risk spectrum. These metrics have supported continuous monitoring of operational performance, customer and intermediary impacts and the potential consequences of market volatilities and related stresses to global economies. Operational and Executive Risk Committee Meetings have maintained close scrutiny of these monitoring activities with formal reporting to both the Board and the Group's regulators.

Approach

Having regard to the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', the ERM Framework 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 continuous compliance with applicable laws and regulations as well as with internal policies governing the conduct of business; and
- Drive the cultural tone and expectations of the Board in respect of governance, risk management and internal control arrangements and the delegation of associated authorities and accountabilities.

The Board of Hansard Global plc ("the Board") has overall responsibility for the effective operation of the ERM Framework and the Directors retain responsibility for determining, evaluating and controlling the nature and extent of the risks which the Board is willing to accept across the spectrum of risk types, taking account of varying levels of strategic, financial and operational stress and emerging as well as existing risks. This approach ensures that risk appetite remains an integral element of decision-making by both the Board and the Executive Management Team, including in the setting of strategy, ongoing business planning and business change initiatives.

The ERM Framework 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 are reviewed on at least an annual basis and refined, if necessary, to ensure 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 both existing and emerging 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 for the purpose of ensuring compliance with capital adequacy requirements, liquidity adequacy requirements and regulatory capital requirements, in line with the Isle of Man Financial Services Authority risk-based capital regime.

Governance, risk management and internal control protocols remain structured upon the 'three lines of defence' model, which addresses how specific duties and responsibilities are assigned and coordinated. Front line management are responsible for identifying risks, executing effective controls and escalating risk issues and events to the Group's Control Functions. The Group Risk and Compliance Teams oversee the First Line, ensuring that functions and operations are consistent with rules, limits and risk appetite constraints. The Group Internal Audit Department provides independent assurance services to the Board and

Executive Management Team on the adequacy and effectiveness of the Group's governance, risk management and internal control arrangements.

The ERM Framework 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 Framework 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.

Emerging Risks

The ERM Framework 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 existing and emerging 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.

Stress and scenario tests are used to identify emerging risks as well as to analyse and assess any changes in existing aspects of the 'Universe of Risks', which are monitored via the ERM Framework. Such analysis uses both quantitative tests and qualitative assessments to consider reasonably plausible scenario tests, approximated to the range of impact types which can be envisaged, for formal consideration by the Operational and Executive Risk Committees, the Audit and Risk Committee and the Board, as necessary and appropriate.

The system of internal control is designed to understand and 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 Framework, 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 its quarterly and ad hoc risk reporting arrangements 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 the key subsidiary companies of the Group as to the effective functioning of the risk management and internal control frameworks and the ongoing identification and evaluation of risk within each key 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 Operational Risk Committee and the Executive Risk Committee, covering financial, operational and compliance controls; and
- 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, having particular regard to the disruptions and risks arising from the Covid-19 pandemic.

Risk Management and Internal Control *continued*

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 Group and subsidiary company 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. For 2020, it was agreed that CIL's Internal Audit department conduct the 2020 review due to difficulties in completing an external review on a timely basis due to Covid-19. This report did not reveal any material control deficiencies in the period. An external independent review will be conducted in 2021.

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.

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Principal Risks

The following table sets out the principal inherent risks that may impact the Group's strategic objectives, profitability or capital and provides an overview of how such risks are managed or mitigated. The Board robustly reviews and considers its principal risks on at least an annual basis and for the year ended 30 June 2020 have specifically considered the impacts, uncertainties and any emerging risks generated by the Covid-19 pandemic (see also Risk Management and Internal Control section on page 22).

Risk	Risk factors and management
Market Risk: **Arising from major market stresses, or fluctuation in market variables, resulting in falls in equity or other asset values, currency movements or a combined scenario manifesting**	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. In addition, 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. Extreme market conditions also have the capacity to influence the purchase of financial services products and the period over which business is retained. **How we manage the risk:** The Board recognise that market volatilities and currency movements are unpredictable and driven by a diverse range of factors and these risks are inherent in the provision of investment-linked products. Business plans are modelled across a broad range of market and economic scenarios and take account of alternative economic outlooks within overall business strategy, which provide for a greater understanding of market and currency risk, the limits of the Company's resilience and the range of possible mitigating options. Stress testing during the year ended 30 June 2020 considered the impacts of both market and currency shocks, having regard to the risks inherent to the Company's unit-linked business and macroeconomic environment generated by an extreme and aggressive event, such as the Covid-19 pandemic. The long-term nature of the Group's products serves to smooth currency movements over time reducing the need for active hedging policies. However, long term trends are monitored and considered in pricing models.
Credit Risk: **Arising from the failure of a counterparty**	In dealing with third party financial institutions, including banking, money market and settlement, custody and other counterparties, the Group is exposed to the risk of financial loss and potential disruption of core business functional and operational processes. **How we manage the risk:** The Group seeks to limit exposure to loss or detriment via counterparty failure through robust selection criteria, minimum rating agency limits, pre-defined risk-based limits on concentrations of exposures and continuous review of positions to identify, evaluate, restrict and monitor various forms of exposure on an individual and aggregate basis.
Liquidity Risk: **Arising from a failure to maintain an adequate level of liquidity to meet financial obligations under both planned and stressed conditions**	If the Group does not have sufficient levels of liquid assets to support business activities or settle its obligations as they fall due, the Group may be in default of its obligations and may incur significant sanction, loss or cost to rectify the position. **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.

Risk Management and Internal Control *continued*

Legal and Regulatory Risk:

Arising from changes in the regulatory landscape, which adversely impact the Group's business model, or from a failure by the Group, or one of its subsidiary entities, to meet its legal, regulatory or contractual obligations, resulting in the risk of loss or the imposition of penalties, damages or fines

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.

How we manage the risk:

- 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.

Distribution Risk:

Arising from market changes, technological advancement, loss of key intermediary relationships or competitor activity

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, particularly in the event of any prolonged uncertainties consequent to the pandemic environment.

How we manage the risk:

- Close monitoring of marketplaces and competitor activity for signs of threats to forecast new business levels.
- Stress and scenario modelling considers the consequences of production falling materially above or below target and enable the Board to ensure that forecasting and planning activities are sufficiently robust and revised product and distribution strategies are 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.

Conduct Risk:

Arising from any failure of the Group's governance, risk management and internal control arrangements

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.

How we manage the risk:

- 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.

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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, or 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 then this could result 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.

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

Philip Gregory
Chairman
23 September 2020

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.

Contents

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 as 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 non-executive Chairman 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.

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.

Graeme Easton

Independent non-executive Director

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

Graeme was appointed as 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.

Philip Kay

Independent non-executive Director

Member of Audit, Nominations and Remuneration Committees.

Philip was appointed as an independent non-executive Director with effect from 3 March 2020. Philip has had a long career in investment banking and investment management. He is a Director of three Asian investment funds: Fidelity Japan Trust PLC, the Akamatsu Bonsai Fund and the CQS Asian Macro Fund. He is a fellow of Wolfson College, Oxford and a former Managing Director and Senior Advisor of Credit Suisse First Boston where he ran the firm's global Japanese cash equity business and, prior to this, he was a Director of Schroder Securities Limited and of Smith New Court PLC.

Jose Ribeiro

Independent non-executive Director

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

Jose was appointed as an independent non-executive Director with effect from 2 December 2019. He has over 30 years of experience in the financial services industry globally having been a board member in several jurisdictions around the world. Jose is a certified EU actuary with an MBA degree.

Jose started his insurance career with American International Group (ALICO) in 1986 as a Life and Pensions actuary and spent the first 16 years of his career working with subsidiaries of AIG and Munich Re, performing a variety of senior roles (including CEO, Chief Actuary, Pension Fund manager, Regional Director for Employee Benefits) in Europe, the US and Latin America. Since 2002 Jose has had a variety of roles including CEO for Latin America and the Caribbean at Willis, Director for International Markets at Lloyd's of London where he was responsible for overseeing the Lloyd's trading platforms in China, Japan and Singapore, and Managing Director and Board Member for Asia-Pacific at A.M. Best (Credit Rating Agency).

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.

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 2020. 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 Europe and Hansard Worldwide. 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.

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 before tax for the year was £4.7m, compared with a profit for the prior year of £4.6m.

Dividends totalling £6.0m were paid during the year (2019: £6.0m).

Proposed final dividend

The Board has resolved to pay a final dividend of 2.65p per share on 12 November 2020, subject to approval at the Annual General Meeting ("AGM"), to shareholders on the register on 2 October 2020 (with the ex-dividend date being 1 October 2020). If approved, this would bring the total dividends in respect of the year ended 30 June 2020 to 4.45p per share.

In making this decision, the Board has carefully considered its current and future cash flows, the risks and potential variabilities introduced by Covid-19, the outlook for future growth and profitability and the views of key stakeholders, including regulators and shareholders.

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 7, and the Business and Financial Review on pages 13 to 21.

Risk management and internal controls

Details of the Group's risk management and internal control processes can be found on pages 22 to 24. A summary of the principal risks and uncertainties can be found on pages 25 to 27.

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.

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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 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 2020, the Company's issued Share Capital comprised 137,557,079 ordinary shares of 50 pence each. As at 30 June 2020, 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 2020 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 2019, 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 2020, 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 4 November 2020. 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 2020 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	20.0	14.6
The Polonsky Foundation	8.5	6.2
Mr M A L Polonsky *	7.8	5.7
Premier Miton Group	7.3	5.3

*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.

Directors' Report *continued*

Employee Benefit Trust

An Employee Benefit Trust ("EBT") was established in February 2018 for the purpose of providing share-based reward in future years. On 25 March 2020, a conditional right to acquire 75,000 shares of 50 pence each in the share capital of the Company vested in full and 75,000 underlying shares were acquired. At 30 June 2020 a total of 510,000 shares were held (2019: 585,000).

Subsequent to the year end, on 1 July 2020, 498,000 shares vested in line with the terms of the EBT and were subsequently sold or transferred from the EBT, leaving 12,000 remaining in the EBT.

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 508,576 options remain outstanding (2019: 838,196 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 are set out 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 of Association 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 has an investment contract issued by the Group on terms available to employees in general. At 30 June 2020 the contract had a fair value of £1.0m (2019: £0.9m).

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 2020 was Hazel Stewart.

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 (AGM)

The AGM of the Company will be held on 4 November 2020 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.

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 that, as required by the Listing Rules, 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 2020.

The notice of the AGM and the Annual Report and Accounts are also available at www.hansard.com. 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 (2019: £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

Following the tender process in 2019, the Board elected to appoint KPMG Audit LLC ("KPMG") to succeed PricewaterhouseCoopers LLC as auditor to the Company. Accordingly, a resolution to appoint KPMG as auditor to the Company, and to authorise the Directors to determine its remuneration, will be proposed at the 2020 AGM. Further details can be found in the Report of the Audit Committee on pages 42 to 44.

Going concern

The Directors have, at the date of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources 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.

In making this statement, the Directors have given specific consideration to the impact of the Covid-19 pandemic on the business. They have reviewed financial forecasts that include plausible downside scenarios as a result of Covid-19 and its impact on the global economy. These show the Group continuing to generate profit in FY 2021 and that the Group has sufficient cash reserves to enable it to meet its obligations as they fall due.

The Group has not placed any of its staff on furlough schemes nor taken any other form of government financial assistance.

The Directors expect the acquisition of new business will continue to be challenging throughout some or all of FY 2021. The impact of this however is not immediate to the Group's profit and cash flows and therefore allows for longer term adjustments to operations and the cost base. Long periods of lower new business or indeed lower AuA would be addressed by reducing the cost base and where necessary, the dividend paid.

The following factors are considered as supportive to the Group's resilience to Covid-19:

- The Group's business model focuses on long term savings products, a majority of which are regular premium paying products which continue to receive cash inflows regardless of the amount of new business sold.
- The Group earns approximately a third of its revenues from asset-based income which is not immediately dependent on sourcing new business.
- New business channels are geographically dispersed and therefore less exposed to specific regional lock-downs.
- The largest expense associated with new business is commission expenditure which reduces directly in line with reduced sales.
- The Group has, and continues to the date of this report to have, a strong capital position with significant levels of liquidity and cash (as outlined in the Business and Financial Review).
- The business has demonstrated operational resilience in being able to operate remotely from its offices during government-imposed lock-down without any material impact to processing and servicing levels. Its control environment continued to operate effectively during this time.
- The Group places its shareholder assets into conservative, highly-liquid, highly-rated bank deposits and money market funds. These are typically not subject to price fluctuation and protect the Group's assets against potential market volatility.
- The Group has no borrowings.

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 31 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 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.

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.

This year's assessment also gave consideration to the specific adverse impacts that Covid-19 could plausibly have on the Group, including the operational functionality of long-term remote working, a 50% reduction to new business, a 25% reduction in AuA due to market declines and a 15% adverse foreign exchange movement. While each of these stresses produce lower levels of profit and cash, none of them produce an immediate risk to the viability of the business. This allows therefore for compensatory management actions to be taken to secure longer-term viability through for example expense and dividend reductions.

In making its overall assessment, the Board has also considered the principal and emerging risks and associated mitigating strategies which it has identified and outlined on page 22 to 27. The Directors confirm that their assessment of the principal and emerging risks facing the Group was robust.

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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 accounting 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.

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
23 September 2020

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 2018 ("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 principles and provisions of the UK Corporate Governance Code 2018 ("the Code"). A copy of the Code is available on the Financial Reporting Council website at www.frc.org.uk.

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 and in the following reports: the Directors' Report on pages 30 to 35, the Report of the Remuneration Committee on pages 48 to 53, the Report of the Nominations Committee on pages 46 to 47 and/or in the Report of the Audit Committee on pages 42 to 44.

For the year ended 30 June 2020, the Board considers that it has complied in full with the provisions of the Code with the exception of two provisions. Provision 11 states that at least half the Board, excluding the Chair, should be non-executive Directors whom the Board considers to be independent. Whilst the search for suitable replacements for Maurice Dyson and Andy Frepp, who both retired at the 2019 AGM, had been ongoing, the Board comprised of the non-executive Chairman, two executive Directors, one independent non-executive Director and one non-executive Director until the appointments of Jose Ribeiro on 2 December 2019 and Philip Kay on 3 March 2020. The Chairman of the Board was also a member of the Audit Committee during this time. Provision 25 states that the Chair of the Board should not be a member of the Audit Committee. Philip Gregory was a member of the Audit Committee for the period between Maurice Dyson and Andy Frepp's retirement at the 2019 AGM and the appointment of Jose Ribeiro on 2 December 2019. As at the date of this report, Philip Gregory is no longer a member of the Audit Committee.

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 ERM 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.

As required by the Articles of Association, the full Board 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. The Board is aware that Philip is approaching nine years total service on the Board and in view of the changes to the Board during the year and to ensure appropriate support to the independent non-executive Directors as they build their knowledge of the Company, it is not thought to be beneficial to shareholders to make further changes until the 2021 AGM.

Group Chief Executive Officer

Gordon Marr was appointed the Group Chief Executive Officer with effect from 1 January 2013. As Chief Executive Officer, 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 Chief Executive Officer 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 Chief Executive Officer 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

Following the retirement of Maurice Dyson at the 2019 AGM, Graeme Easton was appointed as the Company's Senior Independent Director. The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for the other Directors. He is also available to shareholders should they have any concerns that they are unable to resolve through other channels, or when such channels would be inappropriate.

The responsibilities of the Chairman, Group Chief Executive Officer and Senior Independent Director are available on the Company's website, www.hansard.com.

Non-executive Directors

Graeme Easton, Jose Ribeiro and Philip Kay are considered by the Board to be independent non-executive Directors in accordance with the Code definition. Philip Gregory, as non-executive Chairman was considered independent on appointment. 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, an independent non-executive Director may have their terms renewed for up to nine years. Beyond that period, a Director would typically be considered to no longer be fully independent.

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 Nominations Committee also considered Maurice Dyson and Andy Frepp's retirement at the 2019 AGM. Recruitment consultants were engaged to find suitably qualified candidates to replace them and following the recruitment process, Graeme Easton was appointed as an independent non-executive Director on 1 July 2019 and Jose Ribeiro was appointed as an independent non-executive Director on 2 December 2019. Philip Kay was appointed as an independent non-executive Director on 3 March 2020. The Committee was satisfied that based on their performance during their time on the Board, Graeme Easton, Jose Ribeiro and Philip Kay remain independent.

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

Number of meetings	Board 4	Audit 4	Nominations 3	Remuneration 4
Philip Gregory	4/4	1/1	3/3	4/4
Gordon Marr	4/4	n/a	n/a	n/a
Tim Davies	4/4	n/a	n/a	n/a
Graeme Easton	4/4	4/4	3/3	4/4
Philip Kay*	2/2	1/1	n/a	2/2
Jose Ribeiro**	3/3	2/2	1/1	2/2
Marc Polonsky	4/4	n/a	n/a	n/a
Maurice Dyson+	1/1	1/1	1/1	1/1
Andy Frepp+	1/1	1/1	1/1	1/1

* Appointed as a Director on 3 March 2020.

** Appointed as a Director on 2 December 2019.

\+ Retired as a Director on 6 November 2019.

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 as at the date of this report are summarised below:

- Audit Committee (Chair: Graeme Easton. Members: Jose Ribeiro and Philip Kay)
- Executive Committee (Chair: Gordon Marr. Member: Tim Davies)
- Executive Risk Committee (Members: Gordon Marr, Tim Davies)
- Nominations Committee (Chair: Philip Gregory. Members: Graeme Easton, Jose Ribeiro and Philip Kay)
- Remuneration Committee (Chair: Jose Ribeiro. Members: Philip Gregory, Graeme Easton and Philip Kay)

The Chairmen of the relevant Board Committees are available to engage with shareholders on any significant matters related to their areas of responsibility.

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 fortnightly. 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, Gary McAuley (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 Chief Executive Officer 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 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 activities 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 Money Laundering Reporting Officer). Training and support is also provided on any other key topics that the Board feel appropriate in addition to their individual 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 Framework are intended to reduce, although cannot eliminate, the range of possibilities which might cause detriment to the Group. Similarly, the ERM Framework 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 Framework 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 Framework, 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 provision 28 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 to 27.

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 30 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.

Culture

The Board believes that strong corporate governance underpinned by a sound culture is fundamental to the success of the Group.

It has created an empowering culture, which values innovation, quality, integrity and respect. The Board helps to ensure appropriate behaviours and culture are instilled throughout the Group, with the tone and expectations continuing to be set from the top. The Board looks to make decisions that reinforces the Group's values and reflects the culture it wishes to foster.

Human resources

The Group's principal administrative operations are performed in the Isle of Man. Management of Hansard Europe 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 2020 are the Middle East and Africa, Latin America and the Far East.

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

Location	Number 2020	Number 2019
Isle of Man	**156**	159
Republic of Ireland	**18**	17
Other	**18**	16
	192	192

The gender profile of the Group at 30 June 2020 is split with a total of 107 male and 85 female employees (2019: 103 male and 89 female). Within the executive management team, there were 4 male executives and 4 female executives. The staff reporting directly to members of the executive management team comprised 21 male staff and 9 female staff. At 30 June 2020, 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.

Whenever possible we conduct meetings using video conferencing facilities installed at the Group's offices to reduce travel requirements. This was especially the case during 2020 when the Covid-19 pandemic restricted both domestic and international travel. Use of video-conferencing and tools such as Zoom on employee laptop and tablet devices became a standard means of communication both internally between Group offices and externally with distribution and other partners. We expect many of these practices will become more the norm and the justification for air travel likely permanently reduced, benefiting both the environment and costs.

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.

At the Group's locations we have regard to energy efficiency and ensure that appropriate waste is recycled.

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 charitable collections in the office, financial top-ups to funds raised by our staff, and time out of work 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.

The global threat of Covid-19 in the second half of our financial year had a profound impact on the focus of charitable and sponsorship spend, with most local sports clubs being inactive for over four months. As the community and charities based on the Isle of Man rallied to support local causes, the Company was quick to donate £10,000 to a new Charitable Trust; The Manx Solidarity Fund. The fund delivers much-needed funds and support to the causes and individuals on the Island who need it most, whilst coordinating volunteer services to help those who have found themselves unable to perform their usual duties.

The Company also continued with its annual 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, particularly throughout such demanding times for local health support services. Some of the charities we have supported this year have included Relay for Life (Cancer Research UK), The Manx Heart Foundation, The Isle of Man Foodbank, The Lisa Lowe Centre

(Mental Health) and The Manx Breast Cancer Support Group. This has resulted in over £15,311 being donated during the year ending 30 June 2020.

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.

As part of our ongoing response to feedback and to improve both our working environment and general working practices across the business, a Culture Champion Group has been formed, which has representation from all areas of the Business.

The primary objectives of the Culture Champion Group are to:

- Identify any barriers that will prevent us from achieving our desired Culture and agree solutions to overcome these barriers;
- Work as a team to shape, encourage and promote a positive Culture within the organisation, in line with our Company Values and our 'Principles for Business', which govern how the Group conducts its business and the standard of practice and behaviour with which employees and all relevant individuals must comply;
- Agree how we keep our Strategy to Improve, Grow and Future Proof our business alive through our Culture and aligned with our Principles for Business.

The Culture Champion Group are independent and provide reporting directly to the Board. Our intention is for a designated non-executive director to engage directly with this Group to further enhance reporting to the Board.

The Culture Champion Group is sponsored by our Head of Risk and Compliance, who provides regular reporting to the Board on the extent to which the Board's cultural priorities are visible across the spectrum of conduct outcomes and embedded within risk management activities and our Head of Human Resources who provides regular reporting to the Remuneration Committee on culture and employee engagement.

Stakeholder engagement and Board decision making

We recognise our obligations to adopt a responsible attitude towards our stakeholders in operating our business. As well as shareholders, key stakeholders include employees, contract holders, distribution partners, service providers and the communities in which we operate. The Board seeks to understand the views of such stakeholders in making any key decisions in accordance with the Code. The Board believes that the Group demonstrates a balanced approach in its decision making and 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.

The CEO and CFO meet with the investor community, major shareholders and analysts at various points throughout the year although such activities were restricted in the latter part of our financial year due to Covid-19 travel restrictions.

In addition the Chair of the Board and other Committee Chairmen are available to meet or correspond with major shareholders to discuss any areas of concern not resolved through normal channels of investor communication. There were no significant areas of concern raised during the 2020 financial year. Arrangements can be made to meet with the Chairman through the CFO 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
23 September 2020

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 primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities to protect the interests of shareholders with regard to the integrity of financial reporting, risk management and internal controls and overseeing the relationship with the external auditor. 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.

Key responsibilities include:

- monitoring the integrity of the financial statements of the Group, including its annual and interim reports and other formal announcements relating to its financial performance;
- reviewing and reporting to the Board on significant financial reporting issues, accounting policies and judgements;
- reviewing summary financial statements, significant financial returns to regulators and any other financial information contained in certain other documents;
- recommending to the Board the appointment, re-appointment and removal of the external auditor and approving the terms of engagement and remuneration;
- monitoring the independence of the external auditor and the provision of non-audit services;
- monitoring the effectiveness and objectivity of the internal and external auditors;
- reviewing the Group's systems and controls for the prevention of bribery and procedures for detection of fraud;
- reviewing the effectiveness of internal financial controls and risk management systems relating to financial reporting; and
- reviewing annually the Group's internal audit requirements and budget.

Composition and structure

At the date of this report, the members of the Committee were the Group's independent non-executive Directors being Graeme Easton, Philip Kay and Jose Ribeiro. Graeme Easton is the Chairman of the Committee. Maurice Dyson and Andy Frepp were members of the Committee until their retirement from the Board at the 2019 AGM. Philip Gregory was a member of the Committee from 6 November 2019 to 2 December 2019 until suitable replacement independent non-executive Directors had been appointed. The Board is satisfied that during the year, and at the date of this report, all members of the Committee have considerable recent and relevant financial experience and competence relevant to the sector in which the Company operates.

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 Group Chief Actuary, the Head of Internal Audit 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, Graeme Easton (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 Group Chief 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, reporting where relevant to the Board; 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 implementing IFRS 16 'Leases';
- 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;
- the impact of Covid-19 with respect to valuation and provisioning issues, longer term actuarial assumptions of contract holder behaviour, and the expansion of going-concern disclosures; and
- the status of known or potential litigation 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. The current audit partner has served since the 2016 financial year audit.

The Committee was satisfied in regard to its compliance with the Code and other relevant legislation for the year ended 30 June 2020.

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 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.

In accordance with the tender conducted in 2019 and subject to shareholder approval at the 2020 AGM, KPMG will assume the role of auditor for the financial year ending 30 June 2021.

4. Review of internal controls

The Committee has reported to the Board regarding the review of the Group's risk management and internal control systems.

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.

Report of the Audit Committee *continued*

5. 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

Graeme Easton
Chairman of the Audit Committee
23 September 2020

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GOVERNANCE

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 (including a review of the scope to further promote diversity of skills, social and ethnic background, nationality, experience, cognitive and personal strengths, knowledge, outlook, approach and gender) and the membership of its Committees and make recommendations to the Board with regard to any changes;
- to give full consideration to succession planning processes for Directors and executive management positions and the opportunities available to the Company to further promote diversity and inclusion; 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. Prior to accepting any additional external appointments Directors are required to seek the Board's approval.

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

At the date of this report, the members of the Committee were the independent non-executive Directors being Graeme Easton, Philip Kay and Jose Ribeiro and the non-executive Group Chairman, Philip Gregory. Philip Gregory is Chairman of the Committee. Philip Kay and Jose Ribeiro were appointed to the Committee following their appointments to the Board. Maurice Dyson and Andy Frepp were members of the Committee until their retirement from the Board at the 2019 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.

Activities of the Committee during the year

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

During the year the Committee considered the following:

- considered and accepted the resignation of Maurice Dyson and Andy Frepp;
- reviewed the structure, size and composition of the Board;
- reviewed the skills, experience and knowledge of each Board member and of the Board as a whole;
- reviewed the time commitment required from the Chairman and non-executive Directors to fulfil their roles; and
- considered and recommended to the Board the appointments of Jose Ribeiro and Philip Kay as independent non-executive Directors. The search process for these appointments utilised Nurole Limited and Sainty Hird respectively, neither of which have a connection to Hansard nor any of its Directors.

Directors' appointments and induction

The Board has a formal procedure in respect of the appointment of new Directors, with the Nominations Committee leading the process and making recommendations to the Board. The Company has in place an induction programme for new Directors to provide them with a full, formal and tailored induction on joining the Board, which ensures that they attain sufficient knowledge of the Company to discharge their duties and responsibilities effectively.

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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; and
- 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.

The Group also seeks to have a balanced senior management team in order to develop a suitable pipeline for future executive or Board appointments.

Review of Committee performance

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
23 September 2020

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 key responsibilities of the Committee are to:

- determine and make recommendations to the Board on the overall remuneration policy and the remuneration packages of the executive Directors, the Company Secretary and such other members of the executive management as it considers appropriate;
- ensure that remuneration is designed to support strategy and promote the long-term sustainable success of the Group;
- review the executive Directors' service contracts;
- review the design and operation of share incentive schemes; and
- oversee any changes in employee benefit structures throughout 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

As at the date of this report, members of the Committee are the independent non-executive Directors being Philip Gregory, Graeme Easton, Philip Kay and Jose Ribeiro. The Committee is Chaired by Jose Ribeiro.

Philip Kay and Jose Ribeiro were appointed to the Committee following their appointments to the Board. Maurice Dyson and Andy Frepp were members of the Committee until their retirement from the Board at the 2019 AGM.

While Mr Ribeiro did not have 12 months experience on a remuneration committee prior to his appointment as Chair, the Board were satisfied that given the recent Board turnover, Mr Ribeiro was the most appropriate appointment, having had prior executive experience as Regional Director for Employee Benefits with a major insurer and as CEO within large multinational insurance organisations.

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 four 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 (renamed Polymetrix during the year) to provide benchmarking data on remuneration. Vantage HBA/Polymetrix 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 the annual cash bonus to be paid to employees in respect of the Company's performance for the year ended 30 June 2019;
- agreed any bonuses for Executive Committee members, based on individual performance targets for the year ended 30 June 2019;
- agreed the performance factors for the 2020 employee bonus scheme;
- agreed a deferred bonus scheme for the Executive Committee in respect of the Company's performance for the year ended 30 June 2020;
- reviewed staff benefits;
- reviewed Directors' fees; and
- agreed that in light of the financial uncertainty arising from Covid-19, executive Director bonuses would not be payable for the year-ended 30 June 2020.

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 2019 scheme and allocated based on individual performance. Having given due regard to corporate performance and the environment of Covid-19, it was agreed that no awards should be generated for the year ending 2020.

The criteria for the 2021 financial year were agreed in September 2020.

SAYE Share-save Programme

No options over shares were exercised under the Scheme rules during the year (2019: nil).

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

	2020	2019
Scheme year	**No. of options**	No. of options
2015	**61,763**	170,731
2016	**-**	10,714
2017	**62,730**	89,578
2018	**384,083**	567,173
	508,576	838,196

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 February 2018 in order to provide certain discretionary share-based awards as part of an overall compensation and retention package. As at 30 June 2020 the EBT holds 510,000 shares (2019: 585,000). On 25 March 2020, a conditional right to acquire 75,000 shares of 50 pence each in the share capital of the Company vested in full and 75,000 underlying shares were transferred from the trust to the recipient.

Subsequent to the year end, on 1 July 2020, 498,000 shares vested in line with the terms of the EBT and were subsequently sold or transferred from the EBT, leaving 12,000 remaining in the EBT.

Directors' employment terms and conditions

In accordance with the Articles of Association all Directors are subject to annual re-election. All Directors subject to election/re-election on 6 November 2019 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 – President. The letter of appointment effective from 22 September 2014 reflects Dr Polonsky's appointment 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.

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; pension; 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 was appointed to the Board on 27 April 2005 and last re-elected on 6 November 2019.

Gordon is a member of the deferred bonus scheme which is based on Company and individual performance. His potential earnings under the scheme range from nil to 55% of salary. Under the 2018 Employee Benefit Trust, Gordon received 75,000 shares in March 2020 following agreement that the share vesting could be accelerated from July 2020. Additionally he maintains an on-going

Report of the Remuneration Committee *continued*

option granted by the Company to require the Company to acquire a residential property from him for the sum of £481,000. Gordon purchased the property in July 2011 for £501,000.

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 was appointed to the Board on 1 December 2015.

Tim is a member of the deferred bonus scheme which is based on Company and Individual Performance. His 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 was entitled to receive 50,000 shares in July 2020 and these shares vested on 1 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 2019 and 2020. After due care and consideration and taking into account the economic environment of Covid-19, 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 2020	Salary as at 30 June 2019	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.

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Directors' remuneration and other benefits in the financial year ended 30 June 2020

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 2020 for each Director who served during that year.

The bonus awards stated are those relating to 2020 performance rather than those paid during the 2020 financial year in respect of 2019. In light of the current economic circumstances triggered by Covid-19, no bonus awards are to be made to either Gordon Marr or Tim Davies in respect of the 2020 financial year.

Name	Salary and fees 2020 £	Pension 2020 £	Bonus 2020 £	Other [2] 2020 £	Aggregate 2020 £	Aggregate 2019 £
Executive Directors						
Gordon Marr (CEO) [1]	**324,100**	**46,402**	**-**	**37,174**	**407,676**	472,674
Tim Davies (CFO) [1]	**175,750**	**27,750**	**-**	**1,468**	**204,968**	229,968
Non-executive Directors						
Maurice Dyson [3]	**23,713**	**-**	**-**	**-**	**23,713**	68,000
Andy Frepp [3]	**17,436**	**-**	**-**	**-**	**17,436**	50,000
Philip Gregory [7]	**70,000**	**-**	**-**	**-**	**70,000**	69,167
Marc Polonsky	**50,000**	**-**	**-**	**-**	**50,000**	38,125
Graeme Easton [4]	**66,077**	**-**	**-**	**-**	**66,077**	-
Jose Ribeiro [5]	**32,083**	**-**	**-**	**-**	**32,083**	-
Philip Kay [6]	**16,667**	**-**	**-**	**-**	**16,667**	-
Dr L S Polonsky	**-**	**-**	**-**	**-**	**-**	11,875
Total	**775,826**	**74,152**	**-**	**38,642**	**888,620**	939,809

1 Salary amounts are net of any amounts elected to be transferred to pension.
2 "Other" includes healthcare benefits and in respect of Gordon Marr, contractual benefits relating to accommodation costs of £36,000 per annum.
3 Maurice Dyson and Andy Frepp retired as Directors on 6 November 2019.
4 Graeme Easton joined the Board on 1 July 2019.
5 Jose Ribeiro joined the Board on 2 December 2019.
6 Philip Kay joined the Board on 2 March 2020.
7 Philip Gregory's fee for the year as Chairman was agreed at £85,000, however Mr Gregory agreed to waive £15,000 of his fees based on new business levels (waived in 2019: £15,833).

Report of the Remuneration Committee *continued*

Directors' salaries and fees for the financial year ending 30 June 2021

The following table sets out the salary and fee levels approved by the Remuneration Committee for the year ending 30 June 2021 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 2021 £
Executive Directors	
Gordon Marr (CEO)	**325,000**
Tim Davies (CFO)	**185,000**
Non-executive Directors	
Philip Gregory [1]	**85,000**
Marc Polonsky	**50,000**
Graeme Easton [2]	**80,000**
Jose Ribeiro [3]	**55,000**
Philip Kay	**50,000**
Total	**830,000**

1 Chairman of the Group Board. Philip Gregory's fees for the year as Chairman are £85,000, however he has agreed to waive fees ranging from nil to £20,000 based on sliding scales relating to new business volumes.

2 The amount for Graeme Easton includes additional fees in relation to his position as Chairman of the Audit Committee and Directorship of Hansard Europe dac.

3 The amount for Jose Ribeiro includes additional fees in relation to his position as Chairman of the Remuneration Committee.

Bonus and incentive arrangements for 2021 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.

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% (2019: 6.2%).

The table set out below shows the beneficial interests of other Directors and their spouses in the Company's share capital, at 30 June 2020 and at 30 June 2019.

Number of shares	Direct	Indirect	Total 2020	Direct	Indirect	Total 2019
Executive Director						
Gordon Marr [1 & 2]	**75,000**	**530,494**	**605,494**	–	530,494	530,494
Tim Davies	**54,850**	**–**	**54,850**	54,850	–	54,850
Non-executive Directors						
Philip Gregory	**15,462**	**–**	**15,462**	15,462	–	15,462
Graeme Easton	**–**	**–**	**–**	–	–	–
Philip Kay	**–**	**–**	**–**	–	–	–
Jose Ribeiro	**–**	**–**	**–**	–	–	–
Marc Polonsky [1]	**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 Gordon Marr is a trustee for the relevant scheme.

On 1 July 2020, conditional rights to acquire ordinary shares of 50 pence each in the share capital of the Company vested in full and Tim Davies acquired 50,000 shares. At the date of this report, Mr Davies directly holds 104,850 shares in the Company.

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

For the Board

Jose Ribeiro
Chairman of the Remuneration Committee
23 September 2020

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 2020 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
- the financial statements have been properly prepared in accordance with 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 2020;
- 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 elsewhere in the Report of the Remuneration Committee, rather than in the notes to the financial statements. These are cross-referenced from the 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 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 25 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 25, the cumulative exposure totalled GBP£23.4m at 30 June 2020.

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 2020 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.

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 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

Refer to the Directors' Report, 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 manually 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 financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 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 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 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 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 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 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 pages 33 and 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 relevant 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 2020.

Nicholas Halsall BA FCA, Responsible Individual
for and on behalf of PricewaterhouseCoopers LLC
Chartered Accountants, Isle of Man
23 September 2020

Consolidated Statement of Comprehensive Income for the year ended 30 June 2020

	Notes	Year ended 30 June 2020 £m	Year ended 30 June 2019 £m
Fees and commissions	5	**49.5**	48.5
Investment income	6	**1.9**	48.8
Other operating income		**0.7**	0.7
		52.1	98.0
Change in provisions for investment contract liabilities		**(0.1)**	(47.2)
Origination costs	7	**(18.0)**	(16.7)
Administrative and other expenses	8	**(29.3)**	(29.5)
		(47.4)	(93.4)
Profit before taxation		**4.7**	4.6
Taxation	10	**(0.2)**	-
Profit and total comprehensive income for the year after taxation		**4.5**	4.6

Earnings per share

	Note	2020 (p)	2019 (p)
Basic	11	**3.2**	3.3
Diluted	11	**3.2**	3.3

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 2020

	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**

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2019	68.8	(48.5)	6.9	**27.2**
Profit and total comprehensive income for the year after taxation	-	-	4.5	**4.5**
Share based payments reserve	-	0.2	-	**0.2**
Transactions with owners				
Dividends paid	-	-	(6.0)	**(6.0)**
At 30 June 2020	**68.8**	**(48.3)**	**5.4**	**25.9**

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

Consolidated Balance Sheet
As at 30 June 2020

	Notes	30 June 2020 £m	30 June 2019 £m
Assets			
Intangible assets	13	**5.9**	3.0
Property, plant and equipment	13	**3.6**	0.7
Deferred origination costs	14	**122.3**	118.0
Financial investments			
Equity securities		**40.7**	30.4
Investments in collective investment schemes		**883.5**	928.4
Fixed income securities		**52.6**	37.5
Deposits and money market funds		**126.6**	110.2
Other receivables	15	**5.2**	4.7
Cash and cash equivalents	16	**39.6**	40.2
Total assets		**1,280.0**	1,273.1
Liabilities			
Financial liabilities under investment contracts	17	**1,080.5**	1,079.7
Deferred income	18	**137.8**	133.2
Amounts due to investment contract holders		**23.9**	24.2
Other payables	19	**11.9**	8.8
Total liabilities		**1,254.1**	1,245.9
Net assets		**25.9**	27.2
Shareholders' equity			
Called up share capital	21	**68.8**	68.8
Other reserves	22	**(48.3)**	(48.5)
Retained earnings		**5.4**	6.9
Total shareholders' equity		**25.9**	27.2

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 23 September 2020 and signed on its behalf by:

G S Marr
Director

T N Davies
Director

Consolidated Cash Flow Statement for the year ended 30 June 2020

	2020 £m	2019 £m
Cash flow from operating activities		
Profit before tax for the year	**4.7**	4.6
Adjustments for:		
Depreciation	**0.7**	0.4
Dividends receivable	**(4.9)**	(3.8)
Interest receivable	**(1.9)**	(1.4)
Movement in share based payments reserve	**0.2**	0.1
Foreign exchange losses	**0.4**	0.7
Changes in operating assets and liabilities		
Increase in other receivables	**(0.5)**	(0.1)
Dividends received	**4.9**	3.8
Interest received	**1.6**	1.4
Increase in deferred origination costs	**(4.3)**	(4.2)
Increase in deferred income	**4.6**	2.9
(Decrease)/increase in creditors	**(0.2)**	0.6
Decrease/(increase) in financial investments	**3.1**	(53.0)
Increase in financial liabilities	**0.8**	43.7
Cash flow from/(used in) operations	**9.2**	(4.3)
Corporation tax paid	**(0.1)**	-
Cash flow from/(used in) operations after taxation	**9.1**	(4.3)
Cash flows from investing activities		
Investment in property, plant and equipment	**(3.0)**	(2.5)
Proceeds from sale of investments	**0.2**	0.1
Cash flows used in investing activities	**(2.8)**	(2.4)
Cash flows from financing activities		
Dividends paid	**(6.0)**	(6.0)
Principal elements of leased liabilities	**(0.5)**	-
Cash flows used in financing activities	**(6.5)**	(6.0)
Net decrease in cash and cash equivalents	**(0.2)**	(12.7)
Cash and cash equivalents at beginning of year	**40.2**	53.6
Effect of exchange rate changes	**(0.4)**	(0.7)
Cash and cash equivalents at year end	**39.6**	40.2

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 2020

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 2020.

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.

IFRS 16 Leases

The Group has adopted IFRS 16 retrospectively from 1 July 2019, but has not restated comparatives for the reporting period ending 30 June 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019. IFRS 16 has not had a material impact on the Group's Statement of Comprehensive Income or the Group's Net Assets, however it has resulted in the recognition of both additional assets and liabilities of £3.0m on the Group's Consolidated Balance Sheet as at 30 June 2020, based on current contractual arrangements. The full impact of the adoption of the leasing standard is disclosed in note 13.

The following new standards, amendments and interpretations are in issue but not yet effective and have not been early adopted by the Group and are not expected to have a significant impact;

- Amendment to IFRS 3 – definition of a business, effective for accounting periods beginning on or after 1 January 2020
- Amendments to IAS 1 and IAS 8 - the definition of material, effective for accounting periods beginning on or after 1 January 2020
- Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform, effective for accounting periods beginning on or after 1 January 2020
- Amendments to IFRS 16 – Covid-19 related rent concessions, effective for accounting periods beginning on or after 1 June 2020
- Amendment to IAS 1 – classification of liabilities, effective for accounting periods beginning on or after 1 January 2020
- Amendments to IFRS 3, IAS 16, IAS 17 and annual improvements to IFRS 1, IFRS 9, IAS 41 and IFRS 16, effective for accounting periods beginning on or after 1 January 2022.

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 date of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources 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.

In making this statement, the Directors have given specific consideration to the impact of the Covid-19 pandemic on the business. They have reviewed financial forecasts that include plausible downside scenarios as a result of Covid-19 and its impact on the global economy. These show the Group continuing to generate profit in FY 2021 and that the Group has sufficient cash reserves to enable it to meet its obligations as they fall due.

The Group has not placed any of its staff on furlough schemes nor taken any other form of government financial assistance.

The Directors expect the acquisition of new business will continue to be challenging throughout some or all of FY 2021. The impact of this however is not immediate to the Group's profit and cash flows and therefore allows for longer term adjustments to operations and the cost base. Long periods of lower new business or indeed lower AuA would be addressed by reducing the cost base and where necessary, the dividend paid.

The following factors are considered as supportive to the Group's resilience to Covid-19:

- The Group's business model focuses on long term savings products, a majority of which are regular premium paying products which continue to receive cash inflows regardless of the amount of new business sold.
- The Group earns approximately a third of its revenues from asset-based income which is not immediately dependent on sourcing new business.
- New business channels are geographically dispersed and therefore less exposed to specific regional lock-downs.
- The largest expense associated with new business is commission expenditure which reduces directly in line with reduced sales.
- The Group has, and continues to the date of this report to have, a strong capital position with significant levels of liquidity and cash (as outlined in the Business and Financial Review).
- The business has demonstrated operational resilience in being able to operate remotely from its offices during government-imposed lock-down without any material impact to processing and servicing levels. Its control environment continued to operate effectively during this time.
- The Group places its shareholder assets into conservative, highly-liquid, highly-rated bank deposits and money market funds. These are typically not subject to price fluctuation and protect the Group's assets against potential market volatility.
- The Group has no borrowings.

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 estimated 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 25.

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 Audit, Risk, Actuarial Review, Executive, Investment and Broker Monitoring 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 2020 was £976.8m (2019: £996.3m). 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 £1.2m (2019: £1.5m).

(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% per annum in interest rates will result in an increase or decrease of approximately £0.6m (2019: £0.6m) 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 regular conversion 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:

	2020 US$m	**2020 €m**	**2020 ¥m**	2019 US$m	2019 €m	2019 ¥m
Gross assets	**13.8**	**5.2**	**145.8**	15.3	4.2	234.2
Matching currency liabilities	**(13.0)**	**(4.2)**	**(120.2)**	(10.3)	(3.8)	(204.6)
Uncovered currency exposures	**0.8**	**1.0**	**25.6**	5.0	0.4	29.6
Sterling equivalent (£m)	**0.6**	**0.9**	**0.2**	3.9	0.3	0.2

The approximate effect of a 5% change: in the value of US dollars to sterling is less than £0.1m (2019: £0.2m); in the value of the euro to sterling is less than £0.1m (2019: less than £0.1m); and in the value of the yen to sterling is less than £0.1m (2019: 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: 67% (2019: 64%); euro: 11% (2019: 13%); sterling: 21% (2019: 22%); other: 1% (2019: 1%).

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 2020 and 2019, 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 or P1 from Fitch IBCA and Moody's respectively and a long-term rating of at least A or 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.

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.

There have been no changes in the assets in the year ended 30 June 2020 attributable to changes in credit risk (30 June 2019: 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:

	2020 £m	2019 £m
Deposits with credit institutions	**21.2**	25.1
Investments in money market funds	**39.6**	40.2
	60.8	65.3

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-term (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-term 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.

	2020 £m	2019 £m
Maturity within 1 year		
Deposits and money market funds	**60.8**	65.3
Other assets	**6.9**	5.3
	67.7	70.6
Maturity from 1 to 5 years		
Other assets	**-**	-
	-	-
Assets with maturity values	**67.7**	70.6
Other shareholder assets	**130.4**	121.7
Shareholder assets	**198.1**	192.3
Gross assets held to cover financial liabilities under investment contracts	**1,081.9**	1,080.8
Total assets	**1,280.0**	1,273.1

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 2020:

Financial assets at fair value through profit or loss	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equity securities	**40.7**	-	-	**40.7**
Collective investment schemes	**866.9**	-	**16.6**	**883.5**
Fixed income securities	**52.6**	-	-	**52.6**
Deposits and money market funds	**126.6**	-	-	**126.6**
Total financial assets at fair value through profit or loss	**1,086.8**	-	**16.6**	**1,103.4**

Transfers into and out of Level 3 in 2020

During the year ended 30 June 2020, no assets were transferred from Level 2 to Level 1. Assets with a fair value of £0.8m were transferred from Level 1 to Level 3, due to the change in market for the related assets. During the year ended 30 June 2020, specific illiquid assets within this category were written down by approximately £13.7m as a result of updated information on certain fund holdings in liquidation, whilst other specific assets had their fair value increased by £3.9m. The remaining movement in the financial year represents a combination of payments made to contract holders and other movements in the valuation of assets.

In total, assets with a fair value of £16.6m 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	-	**1,080.5**	-	**1,080.5**

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

Financial assets at fair value through profit or loss	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
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 the 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

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.

	2020 £m	2019 £m
Middle East and Africa	**5.1**	4.5
Latin America	**4.3**	2.4
Rest of the World	**1.6**	2.7
Far East	**0.8**	1.7
Net Issued Compensation Credit	**11.8**	11.3
Other commission costs paid to third parties	**6.6**	5.0
Enhanced unit allocations	**1.5**	1.1
Direct origination costs incurred during the year	**19.9**	17.4

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

	2020 £m	2019 £m
Isle of Man	**46.2**	44.6
Republic of Ireland	**3.3**	3.9
The Bahamas*	**-**	-
	49.5	48.5

*Fees and commissions in Hansard Worldwide are fully reinsured to Hansard International and are therefore presented within the Isle of Man category.

4.2 Geographical analysis of profit before taxation

	2020 £m	2019 £m
Isle of Man	**5.0**	5.1
Republic of Ireland	**(0.9)**	(0.5)
The Bahamas	**0.6**	-
	4.7	4.6

4.3 Geographical analysis of gross assets

	2020 £m	2019 £m
Isle of Man*	**1,158.7**	1,131.5
Republic of Ireland	**120.0**	140.9
The Bahamas	**1.3**	0.7
	1,280.0	1,273.1

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

4.4 Geographical analysis of gross liabilities

	2020 £m	2019 £m
Isle of Man	**1,100.3**	1,117.1
Republic of Ireland	**102.6**	122.7
The Bahamas	**51.2**	6.1
	1,254.1	1,245.9

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.

	2020 £m	2019 £m
Contract fee income	**32.2**	31.3
Fund management charges	**12.7**	12.5
Commissions receivable	**4.6**	4.7
	49.5	48.5

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.

	2020 £m	2019 £m
Interest income	1.3	1.2
Dividend income	4.9	3.8
Gains on realisation of investments	25.7	32.6
Movement in unrealised (losses)/gains	(30.0)	11.2
	1.9	48.8

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.

	2020 £m	2019 £m
Amortisation of deferred origination costs	14.6	13.8
Other origination costs	3.4	2.9
	18.0	16.7

8 Administrative and other expenses

Included in administrative and other expenses are the following:

	2020 £m	2019 £m
Auditors' remuneration:		
- Fees payable 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)	11.1	11.0
Directors' fees	0.4	0.3
Fund management fees	4.8	4.7
Renewal and other commission	0.8	1.2
Professional and other fees	2.8	3.2
Provision for doubtful debts	0.9	0.5
Litigation fees and settlements	1.3	1.4
Operating lease rentals	-	0.7
Licences and maintenance fees	1.7	1.4
Insurance costs	1.4	1.3
Depreciation of property, plant and equipment	0.7	0.4
Communications	0.3	0.4

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:

	2020 £m	2019 £m
Wages and salaries	**10.7**	10.7
Social security costs	**1.0**	1.0
Contributions to pension plans	**1.0**	0.9
	12.7	12.6

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

	2020 £m	2019 £m
Administrative and other expenses	**11.1**	11.0
Origination costs	**1.6**	1.6
	12.7	12.6

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:

	2020 No.	2019 No.
Administration	**144**	140
Distribution and marketing	**15**	18
IT development	**33**	33
	192	191

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 2020 was £0.2m (2019: nil). The increase in taxation arose from increased activity in our Japan branch and an increased tax rate in Labuan. Corporation tax is charged on any profits arising at the following rates depending on location of the company or branch:

Isle of Man	0% (2019: 0%)
Republic of Ireland	12.5% (2019: 12.5%)
Japan branch	23.4% (2019: 23.4%)
Labuan	24% (2019: 3%)
The Bahamas	0% (2019: 0%)

The taxation rate for Labuan has changed in the current financial year due to amendments to the corporation tax arrangements in Labuan and the way in which the Group's activities in that jurisdiction are classified.

	2020 £m	2019 £m
Current year tax provisions	0.1	-
Adjustment to prior year tax provisions	0.1	-
	0.2	-

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

	2020	2019
Profit after tax (£m)	4.5	4.6
Weighted average number of shares in issue (millions)	137.6	137.6
Basic and diluted earnings per share in pence	**3.2**	3.3

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 3.2p per share (2019: 3.3p).

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 2020 p	Total 2020 £m	Per share 2019 p	Total 2019 £m
Final dividend in respect of previous financial year	2.65	3.6	2.65	3.6
Interim dividend in respect of current financial year	1.80	2.4	1.80	2.4
	4.45	6.0	4.45	6.0

The Board has resolved to pay a final dividend of 2.65p per share on 12 November 2020, subject to approval at the Annual General Meeting, based on shareholders on the register on 2 October 2020.

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.

	2020 £m	2019 £m
Intangible assets	5.9	3.0

Amortisation 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

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 during the financial year ending 30 June 2021, at which point amortisation will commence over an expected life of 10 years.

The cost of computer software at 30 June 2020 is £6.6m (2019: £3.7m), with a net book value of £5.9m (2019: £3.0m). Accumulated amortisation at 30 June 2020 is £0.7m (2019: £0.7m), all amortisation currently relates to externally generated costs.

The cost of computer software includes £4.1m of externally generated costs (2019: £2.7m) and £2.5m of internally generated costs (2019: £1.0m).

Property, plant and equipment

Property, plant and equipment includes both tangible fixed assets and 'right of use assets' recognised in accordance with IFRS 16 'Leases'.

	2020 **£m**	2019 £m
Property, plant and equipment	**0.6**	0.7
Right of use assets	**3.0**	-
	3.6	0.7

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

Right of use assets are depreciated over the useful life of the lease.

The cost of property, plant and equipment at 30 June 2020 is £10.1m (2019: £10.0m), with a net book value of £0.6m (2019: £0.7m).

Accumulated depreciation at 30 June 2020 is £9.5m (2019: £9.3m).

IFRS 16 – Leases

On adoption of IFRS 16, the Group recognised right-of-use assets and associated lease liabilities in relation to property rental leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The right-of-use assets for property leases were measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of initial application, being the latter of the date of transition or commencement date. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The liabilities were measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate as of 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3%.

The Group leases various offices around the world to service its clients and operations. Rental contracts are typically made for periods of 1 to 10 years, incorporating break clauses where applicable. Lease terms are negotiated on an individual basis and contain differing terms and conditions. The lease agreements do not impose any covenants.

In determining the lease terms utilised in assessing the position under IFRS 16, management considers break clauses in leases, where appropriate. Potential future outflows exist on two leases beyond break clauses of £3.3m. These have not been included in the lease liability but which would be payable in the event that the relevant lease clauses were not exercised. The current position assumes that these break clauses will be exercised.

Until the current financial year, beginning on 1 July 2019, leases of property were classified as operating leases. Payments made under operating leases were charged on a straight-line basis over the period of the lease.

From 1 July 2019, leases (other than those classified as short-term leases or leases of low-value assets) are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and a finance cost. The finance cost is charged over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Short-term leases (those with a lease term or useful life of less than 12 months at inception) and leases of low value assets (comprising IT-equipment and small items of office furniture) are recognised on a straight-line basis as an expense in administration and other expenses in the consolidated statement of comprehensive income.

During the 2020 financial year, the Group entered into new leases and recognised these under IFRS 16 accordingly. The weighted average borrowing rate applied to the lease liabilities at 30 June 2020 was 4%.

The recognition of the right-of-use asset represents an increase in the property, plant and equipment figure of £3.0m (1 July 2019: £0.9m). Lease liabilities relating to the right-of-use asset are included within other payables.

	£m
Right of use asset recognised 1 July 2019	**0.9**
Additions during the period	**2.6**
Depreciation	**(0.5)**
Net book value of right of use asset as at 30 June 2020	**3.0**
Operating lease commitments disclosed at 30 June 2019	**1.4**
Less leases signed after 1 July 2019 and short term leases	**(0.4)**
Discounted amount using incremental borrowing rate of 3% at the date of initial applications	**0.9**
Lease liability recognised as at 1 July 2019	**0.9**
Of which are:	
Current lease liabilities	**0.3**
Non-current lease liabilities	**0.6**
Additions during the period	**2.6**
Lease payments made during the period	**(0.5)**
Lease liability recognised as at 30 June 2020	**3.0**
Of which are:	
Current lease liabilities	**0.4**
Non-current lease liabilities	**2.6**

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases.

The effect on the brought forward retained earnings of the Group was nil.

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.

	2020 £m	2019 £m
At beginning of financial year	**118.0**	113.8
Origination costs incurred and deferred during the year	**18.9**	18.0
Origination costs amortised during the year	**(14.6)**	(13.8)
	122.3	118.0

Carrying value	2020 £m	2019 £m
Expected to be amortised within one year	**11.4**	12.2
Expected to be amortised after one year	**110.9**	105.8
	122.3	118.0

15 Other receivables

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

	2020 £m	2019 £m
Commission receivable	**1.7**	1.7
Other debtors	**2.3**	1.8
Prepayments	**1.2**	1.2
	5.2	4.7
Estimated to be settled within 12 months	**5.2**	4.7
Estimated to be settled after 12 months	**-**	-
	5.2	4.7

There are no receivables overdue but not impaired (2019: £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.

	2020 £m	2019 £m
Money market funds	**35.0**	40.2
Short-term deposits with credit institutions	**4.6**	-
	39.6	40.2

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:

	2020 £m	2019 £m
Deposits to investment contracts	**143.0**	150.7
Withdrawals from contracts and charges	**(142.3)**	(154.2)
Change in provisions for investment contract liabilities	**0.1**	47.2
Movement in year	**0.8**	43.7
At beginning of year	**1,079.7**	1,036.0
	1,080.5	1,079.7

	2020 £m	2019 £m
Contractually expected to be settled within 12 months	**36.7**	29.1
Contractually expected to be settled after 12 months	**1,043.8**	1,050.6
	1,080.5	1,079.7

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.

	2020 £m	2019 £m
Equity securities	**40.7**	30.4
Investments in collective investment schemes	**883.5**	927.8
Fixed income securities	**52.6**	37.5
Deposits and money market funds	**105.1**	85.1
Total assets	**1,081.9**	1,080.8
Other payables	**(1.4)**	(1.1)
Financial investments held to cover financial liabilities	**1,080.5**	1,079.7

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.

	2020 £m	2019 £m
At beginning of financial year	**133.2**	130.3
Income received and deferred during the year	**21.6**	19.8
Income amortised and recognised in contract fees during the year	**(17.0)**	(16.9)
	137.8	133.2

Carrying value	2020 £m	2019 £m
Expected to be amortised within one year	**13.0**	13.0
Expected to be amortised after one year	**124.8**	120.2
	137.8	133.2

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.

	2020 £m	2019 £m
Commission payable	**1.8**	1.9
Other creditors and accruals	**7.1**	6.9
Lease liabilities	**3.0**	-
	11.9	8.8

With the exception of the lease liabilities shown in note 13, all other 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, other than to perform additional modelling around risks arising from the Covid-19 pandemic and to give consideration to emerging market practice and regulatory expectations around capital conservation. All regulated entities within the Group 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 25 are resolved.

21 Share capital

	2020 £m	2019 £m
Authorised:		
200,000,000 ordinary shares of 50p	**100.0**	100.0
Issued and fully paid:		
137,557,079 (2019: 137,557,079) ordinary shares of 50p	**68.8**	68.8

No shares (2019: nil) were issued or bought back in the year.

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.

	2020 £m	2019 £m
Merger reserve	**(48.5)**	(48.5)
Share premium	**0.1**	0.1
Share based payments reserve	**0.4**	0.2
Share save reserve	**0.1**	0.1
Reserve for own shares held within EBT	**(0.4)**	(0.4)
	(48.3)	(48.5)

Included within other reserves is an amount representing 510,000 (2019: 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. 498,000 shares vested on 1 July 2020 in line with the terms of the EBT and were subsequently sold or transferred from the EBT, leaving 12,000 remaining in the EBT. 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	2020 No. of options	2019 No. of options
2015	**61,763**	170,731
2016	**-**	10,714
2017	**62,730**	89,578
2018	**384,083**	567,173
	508,576	838,196

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

	2020		2019	
	No. of options	Weighted average exercise price (p)	No. of options	Weighted average exercise price (p)
Outstanding at the start of year	**838,196**	**65**	1,492,979	67
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Forfeited	**(329,620)**	**66**	(654,783)	69
Outstanding at end of year*	**508,576**	**64**	838,196	65

*None of these options are exercisable as at 30 June 2020.

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 75,000 share awards which vested during the year (2019: nil).

The Trust was funded with a loan of £446,000 during 2018 and as at 30 June 2020 the Trust held 510,000 shares (2019: 585,000). Awards totalling 75,000 shares vested during the year (2019: nil). Subsequent to the year end, on 1 July 2020, 498,000 shares vested in line with the terms of the EBT and were subsequently sold or transferred from the EBT, leaving 12,000 remaining in the EBT.

24 Related party transactions

24.1 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.

24.2 Key management personnel compensation

Key management consists of 10 individuals (2019: 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 2020 is as follows:

	2020 £m	2019 £m
Short-term employee benefits	**1.9**	1.9
Post-employment benefits	**0.3**	0.3
Total	**2.2**	2.2

The total value of investment contracts issued by the Group and held by key management is zero (2019: zero).

24.3 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.

- Dr Polonsky has an investment contract issued by the Group on terms available to employees in general. As at 30 June 2020 Dr Polonsky's contract had a fair value of £1.0m (30 June 2019: £0.9m).

24.4 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. The Trust was funded with a loan of £446,000 during 2018 and as at 30 June 2020 the Trust held 510,000 shares (2019: 585,000). Awards totalling 75,000 shares vested during the year (2019: nil). Subsequent to the year end, on 1 July 2020, 498,000 shares vested in line with the terms of the EBT and were subsequently sold or transferred from the EBT, leaving 12,000 remaining in the EBT.

24.5 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.

The Group had a contract with CCC Consulting for the purposes of professional services. CCC Consulting was owned by Mr Graham Morrall, a member of the Executive Committee. With effect from 1 April 2020, Hansard Development Services Limited purchased CCC Consulting for a par value of AED 5,000 (£1,081). The amount paid to CCC Consulting in the current year, prior to acquisition, was £59,526 (2019: £58,330).

25 Contingent liabilities

25.1 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 Group has been served with a number of writs arising from such complaints and other asset-related issues. All such writs relate to historic business written by Hansard Europe prior to its closure to new business in 2013.

As at 30 June 2020, the Group had been served with cumulative writs with a net exposure totalling €25.8m, or £23.4m in sterling terms (30 June 2019: €21.7m / £19.4m) arising from contract holder complaints and other asset performance-related issues. The increase since 30 June 2019 was driven by a combination of additional cases being added in Italy and Belgium and a reduction in the fair value of investment assets backing the claims.

During the year, the Group successfully defended nine cases with net exposures of approximately €0.7m, or £0.6m, three 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 previously noted that we expect a number of our larger claims to ultimately be covered by our Group insurance cover. During 2020 we received our first insurance payment on account for legal expenditure in Italy and recorded £0.5m in total recoveries during the year. We expect such reimbursement to continue during the course of that litigation.

As a result, we also expect that a significant amount of the £23.4m of contingent liabilities referred to above would be covered by insurance should those cases be ruled against us. We continue to estimate insurance coverage to be in the range of £6m to £13m.

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 shareholders to reach a commercial resolution with regard to certain of these claims. Such cases totalled less than £0.1m (2019: £0.1m) during the year.

It is not possible at this time to make any further estimates of liability.

Between 30 June 2020 and the date of this report, there have been no material developments.

25.2 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.

26 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:

	2020	2019
US Dollar	**1.24**	1.27
Japanese Yen	**134**	137
Euro	**1.10**	1.12

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 2020 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 comprise:

- the parent company balance sheet as at 30 June 2020;
- 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the parent company 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 parent company financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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.

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.

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 2020 and we refer you to our audit report on the consolidated financial statements for details of group key audit matters, communications with the directors and our reporting under the Listing Rules.

Nicholas Mark Halsall, Responsible Individual
for and on behalf of PricewaterhouseCoopers LLC
Chartered Accountants, Douglas, Isle of Man
23 September 2020

Hansard Global plc
Parent Company Statement of Changes in Equity
for the year ended 30 June 2020

	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**

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2019	68.8	0.4	10.3	**79.5**
Profit and total comprehensive income for the year after taxation	-	-	8.5	**8.5**
Share based payments reserve	-	0.2	-	**0.2**
Transactions with owners				
Dividends paid	-	-	(6.0)	**(6.0)**
At 30 June 2020	**68.8**	**0.6**	**12.8**	**82.2**

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 2020

	Notes	2020 £m	2019 £m
Assets			
Fixed assets			
Intangible assets	6	**5.9**	3.0
Property, plant and equipment	7	**0.5**	0.5
Investment in subsidiary companies	4	**72.5**	72.5
Current assets			
Cash and cash equivalents		**3.9**	4.1
Amounts due from subsidiary companies	5	**0.6**	0.8
Other receivables		**0.5**	0.5
Total assets		**83.9**	81.4
Liabilities			
Other payables		**0.8**	1.4
Amounts due to subsidiary companies		**0.9**	0.5
Total liabilities		**1.7**	1.9
Net assets		**82.2**	79.5
Shareholders' equity			
Called up share capital	8	**68.8**	68.8
Share premium		**0.1**	0.1
Retained earnings		**12.8**	10.3
Share based payments reserve		**0.4**	0.2
Share save reserve		**0.1**	0.1
Total shareholders' equity		**82.2**	79.5

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 23 September 2020 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 2020

	2020 £m	2019 £m
Cash flow from operating activities		
Profit before tax for the year	**8.5**	7.7
Adjustments for:		
Dividends received	**(16.5)**	(16.5)
Movement in share based payments reserve	**0.2**	0.1
Changes in operating assets and liabilities		
Movement in amounts due to/from subsidiaries	**0.6**	2.3
Increase in debtors	**-**	(0.1)
Increase in creditors	**(0.6)**	-
Cash flow used in operations	**(7.8)**	(6.5)
Cash flows from investing activities		
Dividends received	**16.5**	16.5
Purchase of intangible assets	**(2.9)**	(2.6)
Purchase of investments	**-**	(0.4)
Cash flows from investing activities	**13.6**	13.5
Cash flows from financing activities		
Dividends paid	**(6.0)**	(6.0)
Cash flows used in financing activities	**(6.0)**	(6.0)
Net (decrease)/increase in cash and cash equivalents	**(0.2)**	1.0
Cash and cash equivalents at beginning of year	**4.1**	3.1
Cash and cash equivalents at year end	**3.9**	4.1

The notes on pages 87 to 91 form an integral part of these financial statements.

Notes to the parent company 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 2020, including dividends received from subsidiaries, is £8.5m (2019: £7.7m).

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.

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 polices

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.

6. Intangible assets

The intangible asset shown represents work in progress in relation to a new computer system. During the current financial year £2.9m (2019: £3.0m) of additional 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 2020 is £6.6m (2019: £3.7m), with a net book value of £5.9m (2019: £3.0m). Accumulated amortisation at 30 June 2020 is £0.7m (2019: £0.7m), all amortisation currently relates to externally generated costs.

The cost of computer software includes £4.1m of externally generated costs (2019: £2.7m) and £2.5m of internally generated costs (2019: £1.0m).

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

	2020 £m	2019 £m
Authorised:		
200,000,000 ordinary shares of 50p	**100.0**	100.0
Issued and fully paid:		
137,557,079 (2019: 137,557,079) ordinary shares of 50p	**68.8**	68.8

During the year no shares were issued or bought back (2019: nil).

The Company has previously 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 2020 924,123 shares remained available for listing (2019: 924,123).

9. Related party transactions

During the year fees totalling £0.3m (2019: £0.2m) were paid to non-Executive Directors.

The aggregate remuneration paid to key management of the Company for the year ended 30 June 2020 was as follows:

	2020 £m	2019 £m
Salaries, wages and bonuses	**1.3**	1.4

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 2020. 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.

The Trust was funded with a loan of £446,000 during 2018 and as at 30 June 2020 the Trust held 510,000 shares (2019: 585,000). Awards totalling 75,000 shares vested during the year (2019: nil). Subsequent to the year end, on 1 July 2020, 498,000 shares vested in line with the terms of the EBT and were subsequently sold or transferred from the EBT, leaving 12,000 remaining in the EBT.

Other information

Risk Based Solvency Capital

A) Risk Based Solvency capital position

The Group is now subject to the Isle of Man (Insurance Group) Supervision Regulations 2019.

It has adopted the default consolidated accounts method ("Method 1") to calculate the Group Solvency Capital Requirement ("SCR") and Own Funds as required by these regulations. The solvency position as 30 June 2020 has been reported below on this basis. Previously, only the life companies within the Group were subject to a risk based solvency regime.

Therefore, the Group solvency position at 30 June 2019 has also been shown on the Method 1 basis in order to allow comparison with this year's results.

The inclusion of the Group's non-insurance subsidiaries has had the effect of increasing the total Value of In-Force, Risk Margin and SCR.

The Group Risk Based Solvency free assets at 30 June 2020 were £66.5m (30 June 2019: £86.8m; £65.4m on a comparable reporting basis), before allowing for payment of the 2020 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 Total	**30 June 2020 Total £m**	30 June 2019 Total* £m	30 June 2019 Total £m
Own Funds	**149.1**	148.9	152.2
Solvency Capital Requirement	**82.6**	83.6	65.4
Surplus	**66.5**	65.4	86.8
Solvency ratio (%)	**180%**	178%	233%

*30 June 2019 equivalent on a consolidated accounts basis.

All Own Funds are considered Tier 1 capital.

The following compares Own Funds as at 30 June 2020 and 30 June 2019:

	30 June 2020 Own Funds £m	30 June 2019 Own Funds* £m	30 June 2019 Own Funds** £m
Value of In-Force	**147.9**	145.4	139.9
Risk Margin	**(29.5)**	(30.7)	(22.8)
Net Worth	**30.7**	34.2	35.1
Total	**149.1**	148.9	152.2

*on an equivalent basis to June 2020.

**VIF and risk margins for life companies only.

B) Analysis of movement in Group solvency surplus

A summary of the movement in Group Risk Based Free assets from £86.8m at 30 June 2019 to £65.5m at 30 June 2020 is set out in the table below.

	£m
Risk Based Solvency surplus at 30 June 2019	**86.8**
Risk Based Solvency surplus at 30 June 2019 (on Method 1)	**65.4**
Operating experience	**2.7**
Investment performance	**0.2**
Changes in assumptions	**2.2**
Dividends paid	**(6.0)**
Foreign exchange	**2.0**
Risk Based Solvency surplus at 30 June 2020	**66.5**

The movement in Group Risk Based Solvency surplus in 2020 was reduced by dividends paid offset by positive market movements, operating experience and assumption changes.

New business written had a £(0.9)m impact on 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* Risks	**30 June 2020 % of SCR**	30 June 2019 % of SCR**	30 June 2019 % of SCR
Market			
Equity	**48%**	51%	47%
Currency	**12%**	14%	25%
Insurance			
Lapse	**48%**	46%	46%
Expense	**21%**	20%	12%
Default	**1%**	1%	1%
Operational	**15%**	16%	13%

* Figures are the capital requirements prior to diversification benefits expressed as a percentage of the final diversified SCR.

** New basis for reporting Group Solvency.

D) Reconciliation of IFRS equity to Group Risk Based Solvency Shareholder Own Funds

	30 June 2020 £m	30 June 2019*** £m	30 June 2019 £m
IFRS shareholders' equity	**25.9**	27.2	27.2
Elimination of DOC	**(122.3)**	(118.0)	(118.0)
Elimination of DIR	**137.8**	133.2	133.2
Value of In-Force	**147.9**	145.4	139.9
Liability valuation differences*	**(4.7)**	(4.9)	(7.5)
Impact of risk margin	**(29.5)**	(30.7)	(22.8)
Other**	**(6.0)**	(3.3)	0.2
Risk Based Solvency Shareholder Own Funds	**149.1**	148.9	152.2

* Liability valuation differences relate to additional provisions made for risk based capital purposes, notably for contingent liabilities.

** Other is related to Intangible Assets not recognised on the solvency balance sheet and some other accounting changes for IFRS 16.

*** On the consolidated accounting basis for reporting Group Solvency.

E) Sensitivty 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 2020 Group £m	30 June 2020 Life companies £m	30 June 2019 Life companies £m
Own Funds	**149.1**	136.3	137.4
Impact of:			
10% instantaneous fall in equity markets	**(9.2)**	(6.6)	(6.8)
100 basis points decrease in interest rates	**(1.3)**	1.0	0.9
10% increase in expenses	**(9.0)**	(4.8)	(4.9)
1% increase in expense inflation	**(6.8)**	(3.4)	(3.2)
10% strengthening of sterling	**(9.2)**	(6.2)	(5.5)

Glossary

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, weighted where appropriate. 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 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 Framework of governance, risk management and internal control arrangements implemented by the Group to promote identification, monitoring and management of existing and emerging 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. This has been adjusted for statutory reserves on the "Own Funds" basis.

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 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 European Embedded Value 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 Based Solvency

Solvency calculated according to the Isle of Man Insurance (Long-term business Valuation and Solvency) Regulations 2018. A solvency regime designed to be capable of a positive Solvency II equivalence assessment.

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 2021

Annual General Meeting	4 November 2020
Publication of 1st quarter trading update	5 November 2020
Payment date for final dividend	12 November 2020
Announcement of 2nd quarter new business results	28 January 2021
Publication of half-yearly results	4 March 2021
Declaration of interim dividend	4 March 2021
Ex-dividend date for interim dividend	11 March 2021
Record date for interim dividend	12 March 2021
Payment of interim dividend	20 April 2021
Publication of 3rd quarter trading update	6 May 2021
Announcement of 4th quarter new business results	22 July 2021
Announcement of results for the year ended 30 June 2021	23 September 2021
Declaration of final dividend	23 September 2021
Ex-dividend date for final dividend	30 September 2021
Record date for final dividend	1 October 2021
Annual General Meeting	3 November 2021
Payment date for final dividend	11 November 2021

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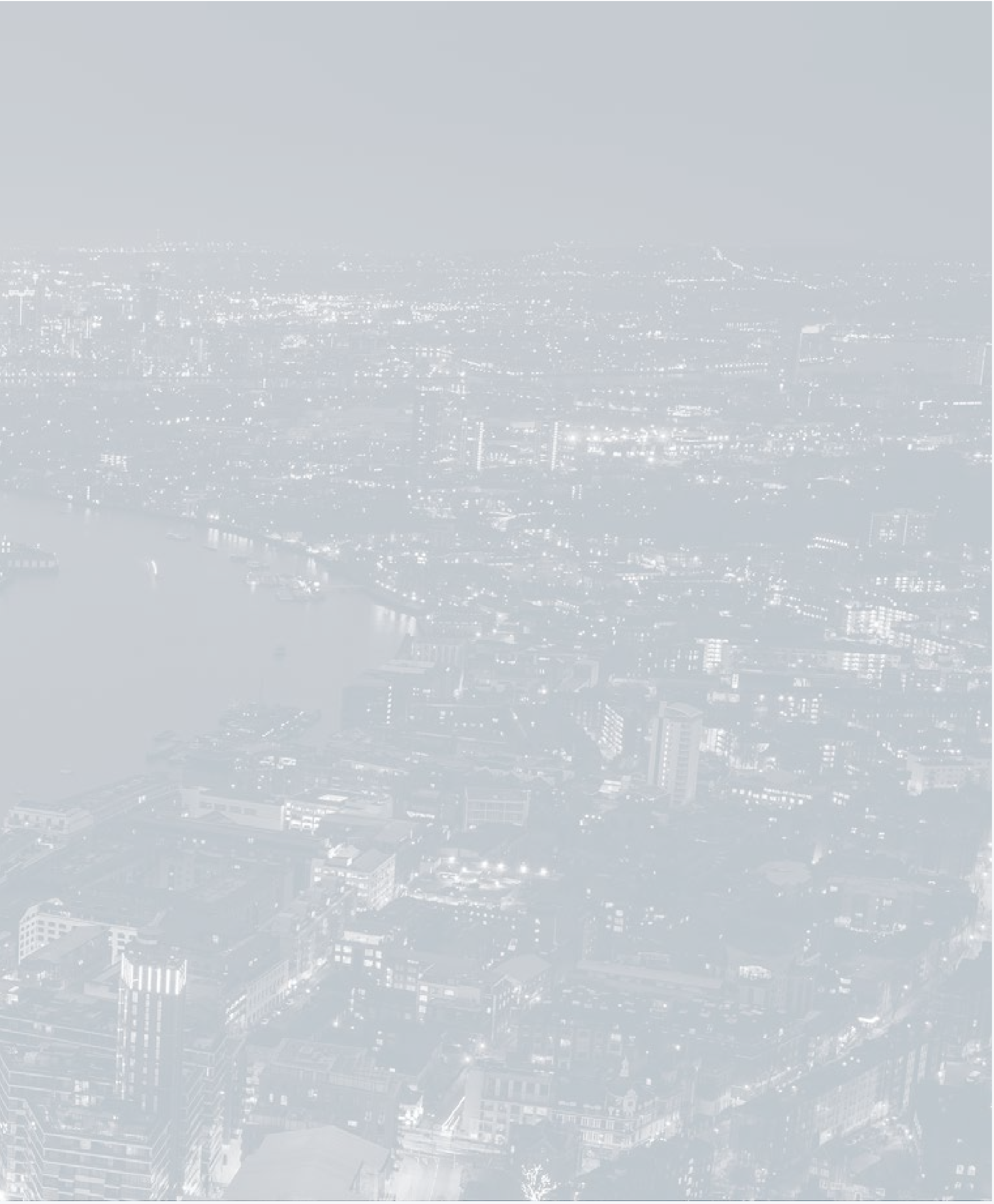

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