ANNUAL REPORT AND ACCOUNTS

2021

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 2021

HANSARD
GLOBAL PLC

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
Graeme Easton

I am delighted to present to you my first annual report as Chairman of Hansard Global plc ("Hansard" or "Group"). As mentioned at the half year, I wish to formally thank Philip Gregory for his previous chairmanship, leadership and guidance provided to the Group over the past 9 years.

In March our CEO, Gordon Marr, decided he wished to retire after a 33-year career with Hansard. I would like to similarly thank Gordon for his many years' service and commitment to the Group. Having overseen the successful acquisition of our licence in Japan, Gordon leaves Hansard well-positioned for the future. Our new CEO, Graham Sheward, joined us in May and is working well with me and the whole Board to build on Hansard's long-term legacy and deliver the next phase of the Group's development and growth.

I also welcome David Peach to our Board as an additional independent non-executive director and Chairman of our Audit Committee.

The Group remains well capitalised to meet the requirements of regulators, contract holders, intermediaries and other stakeholders.

HANSARD GLOBAL PLC

New business

New business for the 2021 financial year ("FY 2021") improved to £173.0m (in Present Value of New Business Premiums ("PVNBP") terms), up 8.3% from the FY 2020 figure of £159.8m.

This was a significant success given the continuing challenges of Covid-19 and associated restrictions on travel and meeting with customers and distribution partners. We have seen Hansard's on-line model and ability to accept business electronically as a strong factor in maintaining new business levels.

Financial performance

Our IFRS profit before tax for the year was £5.1m, up from £4.7m in 2020.

Fees and commissions were up £1.0m to £50.5m for the year (2020: £49.5m), reflecting a number of factors, including strong growth in assets under management.

Origination costs to acquire new business were down £1.6m to £16.4m, reflecting strong cost control over our new business activities while significant uncertainty existed around the impact of Covid-19.

Administration costs were up £0.2m to £29.5m. This reflects our continued investment in our Japanese branch and in our project to replace our policy administration systems. We have sought to offset these additional costs by prudent cost control and savings in other areas.

Litigation defence activity continued to be active with significant costs incurred during the year, primarily in Italy, Belgium and Germany. These costs, together with provisions for future settlements, totalled £1.9m compared to £1.3m in 2020.

Further detail and analysis is contained in the Business and Financial Review on pages 12 to 18.

Japan

As noted in our 2020 Annual Report, the key to significantly increased new business lies in our ability to take advantage of the opportunity we have developed in Japan.

During the 2021 financial year we concluded the development of our innovative new product for the Japanese market. This is ready to launch on our newly implemented administration system, bringing a highly-advanced platform that will benefit our customers, our distribution partners and our own operational efficiency.

The product launch timing currently rests with our first distribution partner who has placed new product launches on hold until Covid-19 challenges in Japan have abated. We will announce any material progress in this area as details emerge.

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 £58.7m (2020: £66.5m), a coverage of 168% (2020: 180%). 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 (2020: 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 (2020: 4.45p). Upon approval, the final dividend will be paid on 11 November 2021. The ex-dividend date will be 30 September 2021 and the record date will be 1 October 2021.

Graeme Easton

Graeme Easton
Chairman
22 September 2021

Group Chief Executive Officer’s Overview
Graham Sheward

I was delighted to join Hansard in May of this year as Group Chief Executive Officer. In the past four months I have spent time getting to know and understand the current business, and the future opportunities that exist. I have enjoyed getting to know my new colleagues to understand their roles and contribution to the Company. In essence, the core product and distribution diversification strategy remains critical, whilst near and short-term organisation improvement initiatives are already underway. The key strategic projects the Group has already embarked upon will continue at pace and with significant focus on completion and execution, namely:

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

These projects will improve financial performance by growing revenues while at the same time reducing the cost of administering the business. Both of these projects have made positive progress during the past financial year despite the challenging operational environment.

Our new investment product has been operationally ready to launch in the Japanese market for some time with its launch currently delayed by virtue of the Covid-19 pandemic restrictions in force in Japan, which are outside of our control. We are therefore reliant on an improvement in the Coronavirus environment in Japan to go to market before the end of 2021, which is our strong intention.

Our new operating systems are in place to administer our Japanese product and we have moved on to the next stage of the project to migrate our existing products onto the new platform. We expect this Phase Two project to complete by the end of 2022.

Results for the year under review

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

- Diversification of our product and distribution channels to enable origination of significant flows of new business from identified 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 12 to 18.

1. New Business distribution

Despite a challenging year due to Covid-19, the level of new business earned during the full year was £173.0m (using the PVNBP metric), up 8.3% from £159.8m in FY 2020.

Our largest region, Middle East & Africa, proved resilient despite the challenges of Covid-19 with new business up 7.9%. Our Far East region was the fastest growing region, up 28% albeit from a smaller base.

In general, we have seen lower case volumes but of higher value being sold, particularly single premium products. This likely reflects the fact that higher net worth individuals have saved funds during the pandemic and continue to have investment and wealth management needs.

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 12 to 18, 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 assets and therefore believe that such claims have no merit.

As at 30 June 2021, the Group had been served with cumulative writs with a net exposure totalling £22.7m (2020; £23.4m), arising from contract holder complaints and other asset performance-related issues.

During the year, the Group successfully defended sixteen cases with net exposures of approximately £1.6m, ten of which have been appealed by the plaintiffs. These successes continue to affirm confidence in the Group's legal stance.

We have previously noted that we expect a number of larger claims to be covered by our Group insurance policy. During FY 2021 we recorded £0.5m in insurance recoveries. We expect such reimbursement to continue for these claims.

We continue to estimate overall insurance coverage to be in the range of £6m to £13m should those large cases be ruled against us.

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 previous reports, we have embarked on a project to replace our core administration systems and ensure our infrastructure is future-proofed for our next generation of products and strategic development. Phase One of this project has been completed and delivered operational readiness for our Japanese product. The migration of our existing products is scheduled for completion by the end of 2022.

Additional information concerning Hansard OnLine is set out in the Business and Financial Review on pages 12 to 18.

Group Chief Executive Officer's Overview *continued*
Graham Sheward

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 £3.6m in overall net cash inflows before dividends (2020: inflows of £2.1m), after the investment of £16.5m (2020: £19.1m) in acquiring new business and £3.8m (2020: £3.0m) in IT software and equipment expenditure. Dividends of £6.1m were paid in the financial year (2020: £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 3 November 2021. When the final dividend is paid at this level, dividends will total 4.45p per share in respect of the full 2021 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.

	2021 £m	2020 £m
New business sales – PVNBP	**173.0**	159.8
IFRS profit before tax	**5.1**	4.7
Underlying IFRS profit	**6.8**	6.2
Assets under Administration	**1,224.2**	1,080.5
Value of In-Force (regulatory basis)	**145.8**	147.9

IFRS results

IFRS profit before tax for the year was £5.1m, up from £4.7m in 2020. After eliminating litigation and non-recurring items, as shown on page 14, the underlying IFRS profit (a non-GAAP metric used by management) was £6.8m, up from £6.2m in 2020.

Fees and commissions were £50.5m for the year (2020: £49.5m). Fees from Hansard International were up £1.3m to £47.5m from 2020, reflecting a number of factors, including strong growth in assets under management. Income from our closed book, Hansard Europe, has continued to fall, as expected, and is £0.3m down on the prior year.

Administrative and other expenses were £29.5m for the year, slightly up on the 2020 level of £29.3m. This reflects our continued investment in our Japanese branch and in our project to replace our policy administration systems. We have sought to offset these additional costs by prudent cost control and savings in other areas.

Origination costs to acquire new business were down £1.6m to £16.4m, reflecting strong cost control over our new business activities while significant uncertainty existed around the impact of Covid-19.

Further detail and analysis is contained in the Business and Financial Review on pages 12 to 18.

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 £59.2m (2020: £66.5m), a coverage of 168% (2020: 180%). 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. I would like to recognise and thank them for their continued commitment, flexibility and resilience in managing both our on-going day-to-day operations and our key strategic projects throughout the challenges of the Covid-19 environment.

We have a commitment to quality at the highest level in relation to servicing contract holders and intermediaries. It was therefore pleasing to have again been recognised externally in this area. In October 2020, Hansard was awarded "Excellence in Client Service – Industry" from International Investor for both the Asian region and as overall global winner. We also maintained our five-star rating for customer service by AKG Financial Analytics in their 2020 review.

Covid 19

Our business has continued to operate during the Covid-19 pandemic without any significant disruption to our corporate systems or customer service provision.

Our technology and effective business continuity plans have allowed us to switch seamlessly to working remotely whenever required, both at our head office in the Isle of Man and our subsidiary and branch offices around the world.

For our Independent Financial Advisor ("IFA") network around the world, the difficulties in meeting clients, providing advice and concluding sales remain challenging. We have implemented 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 noted in our 2020 Annual Report and Accounts that we were 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 have concluded that temporary concessionary period and while we saw some additional contracts lapsing, the overall impact was not material.

We have also not encountered any material financial concerns with our IFA relationships and have therefore been in a position to write back the £0.2m provision we made at 30 June 2020.

Graham Sheward
Group Chief Executive Officer
22 September 2021

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 provide 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, client outcomes will be the central focus within our business and, consequently, we will seek 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: In recent years we established a new life company in The Bahamas and entered into a strategic alliance with Union Insurance in the UAE. We have acquired the necessary licence and approvals to access the Japanese market. We will continue to seek out opportunities for locally licenced business in other targeted jurisdictions over the coming years.

iii. Future-proof our business: We actively consider new and 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.

Strategy Development

Our strategy team, led by Ollie Byrne our Commercial Director, 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 are operationally ready with our Japanese product. We intend to launch with our first distribution partner on our new policy administration system when Covid-19 restrictions in Japan are relaxed. Completion of the IT implementation and migration is scheduled by the end of 2022.

Regulatory Change

The Isle of Man Financial Services Authority (the "Authority") remains committed to maintaining a robust and up to date insurance supervisory framework appropriate to the Island's insurance businesses.

The Island's reputation as a well-regulated and internationally responsible jurisdiction is of vital importance to maintaining

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

consumer confidence and therefore market share. The international standards applicable to effective insurance supervision are the Insurance Core Principles (ICPs), issued by the International Association of Insurance Supervisors (IAIS). The ICPs emphasise the need for insurers and regulators to understand the nature and degree of risks assumed and provide for them appropriately thus addressing financial stability risks with the ultimate aim of protecting the interests of consumers and wider stakeholders.

The Authority has continued its work to revise the framework for insurance regulation and supervision and maintain a high level of observance with the IAIS 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 already been enacted with the implementation of new risk-based capital corporate governance, enterprise risk management, conduct of business requirements and a Group Supervision regime.

We have continued our work to adapt the Hansard model and our 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 Authority's roadmap and embed associated changes. The Group continues to monitor developments in our other regulatory jurisdictions.

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 exit from the EU, 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 20 to 27.

Hansard Online

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

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

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

Our Business Model and Strategy *continued*

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 in recent years. Most recently this included winning International Investment's 'Excellence in Fintech' award in October 2020.

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, more efficient and cost-effective means of communication with clients but also the convenience to manage their own contract within a time frame which is more suitable. This has gained further traction during the restrictions encountered during the Covid-19 pandemic.

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 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 2020 when we won 'Excellence in Client Service - Industry' from International Investor for both the Asian region and as overall global winner. We also maintained our five-star rating for customer service by AKG Financial Analytics in their 2020 review.

Key Performance Indicators

Key Performance Indicators

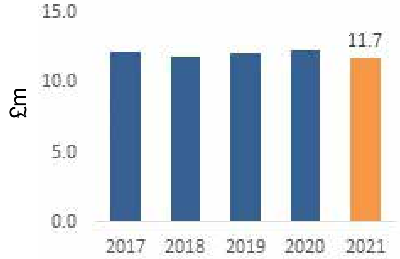
The Group's senior management team monitors a wide range of Key Performance Indicators, both financial and non-financial, that are designed to ensure that performance against targets and expectations across significant areas of activity are monitored and variances explained.

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. Compensation credit was down £0.7m compared to 2020 due to the impact of Covid-19 on sales activity. Growth initiatives in 2022 will focus on commercialising the opportunity in Japan where significant upside exists.

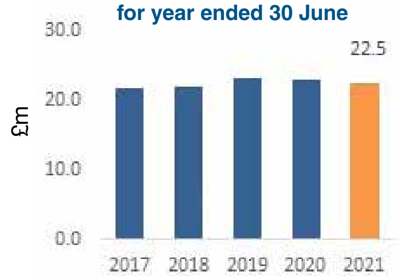
Issued CC for the year ending 30 June



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

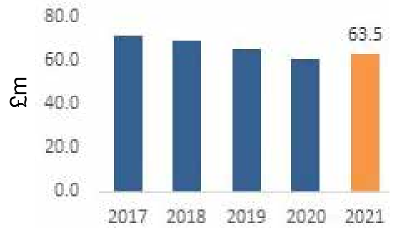
The Group's administrative and other expenses for the year (excl. litigation and non-recurring items) were £22.5m compared to £23.0m in the previous year. Further detail is contained in the section on Administrative and other expenses on page 14.

Group Admin and other expenses for year ended 30 June



Cash – Bank balances and significant movements on balances are reported monthly. The Group's cash and deposits at the balance sheet date were £63.5m (2020: £60.8m). Movements are reflective of cash earned from new and existing business, commissions and expenses paid and the level of dividends paid to shareholders.

Total cash balances at 30 June



Business continuity – Maintenance of continual access to data is critical to the Group's operations. This has been achieved throughout the year through a robust infrastructure. The Group is pro-active in its consideration of threats to data, data security and data integrity. Business continuity and penetration testing is carried out regularly by internal and external parties. Business continuity was further evidenced by successful switches to remote-working at various points throughout the financial year 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 2021

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	2021 £m	2020 £m	% change
Present Value of New Business Premiums	**173.0**	159.8	8.3%
Annualised Premium Equivalent	**23.1**	24.0	(3.7%)

In Present Value of New Business Premiums ("PVNBP") terms, new business for the year to 30 June 2021 was £173.0m, 8.3% up on the prior year.

The Annualised Premium Equivalent ("APE") measure shows a decline of 3.7% from 2020. The year on year change for APE is lower than PVNBP as it does not take into account the more detailed experience assumptions for regular premiums that are accounted for within the PVNBP methodology.

In general we have seen lower case count levels but higher value cases being sold, particularly single premiums. This likely reflects the fact that higher net worth individuals have saved funds during the pandemic and continue to have investment and wealth management needs.

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	2021 £m	2020 £m	% change
Regular premium	**109.6**	102.0	7.5%
Single premium	**63.4**	57.8	9.7%
Total	**173.0**	159.8	8.3%

PVNBP by region	2021 £m	2020 £m	% change
Middle East and Africa	**68.3**	63.3	7.9%
Rest of World	**50.7**	48.5	4.5%
Latin America	**40.3**	37.3	8.0%
Far East	**13.7**	10.7	28.0%
Total	**173.0**	159.8	8.3%

Our largest region, Middle East and Africa, rose 7.9% for the year. This is reflective of the Middle East emerging comparatively well from Covid-19 and the successful acquisition of a number of high net worth single premium policies.

The level of new business from the Rest of World region was up 4.5%, supported by higher value regular premium policies.

New business in Latin America rose by 8.0% despite experiencing some of the most challenging global Covid-19 conditions. Again, this was driven by higher value single and regular premium policies.

New business in the Far East rebounded significantly from the lower levels seen last year and the earlier part of this financial year.

The currencies premiums were received in remained relatively consistent, with the predominant currency being US Dollars:

Currency denominations (as a percentage of PVNBP)	2021 %	2020 %
US dollar	**81**	82
Sterling	**15**	15
Euro	**4**	2
Other	**0**	1
	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). While positive on a marginal cost basis, our new business margin was a negative 0.5% for the year (2020: negative 0.1%). The deterioration was primarily due to changes in business mix, changes in economic assumptions and changes in operating assumptions. We expect the primary catalyst for margin improvement to be a successful launch of our new product into the Japanese market in the 2022 financial year.

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 £5.1m, up from £4.7m in 2020.

Operating profit prior to litigation and non-recurring items was £6.8m in 2021, up from £6.2m in 2020.

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. These relate principally to:

- Investment gains attributable to contract holder assets were £163.8m (2020: £0.1m). These assets are selected by the contract holder or an authorised intermediary and the contract holder bears the investment risk. They are also reflected within 'Change in provisions for investment contract liabilities'.
- Third party fund management fees collected and paid onwards by the Group to third parties having a relationship with the underlying contract. In 2021 these were £5.3m (2020: £4.8m). These are reflected on a gross basis in both income and expenses under the IFRS presentation on page 60.

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.

	2021 £m	2020 £m
Fees and commissions attributable to Group activities	**45.2**	44.7
Investment and other income	**0.5**	2.5
	45.7	47.2
Origination costs	**(16.4)**	(18.0)
Administrative and other expenses attributable to the Group, before litigation and non-recurring items	**(22.5)**	(23.0)
Operating profit for the year before litigation and non-recurring items	**6.8**	6.2
Litigation and non-recurring expense items	**(1.7)**	(1.5)
Profit for the year before taxation	**5.1**	4.7
Taxation	**(0.2)**	(0.2)
Profit for the year after taxation	**4.9**	4.5

Fees and commissions

Fees and commissions for the year attributable to Group activities were £45.2m, up 1.3% on the 2020 total of £44.7m.

Contract fee income totalled £32.2m for the year (2020: £32.2m). 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 £0.3m compared to 2020.

Fund management fees accruing to the Group and commissions receivable from third parties totalling £8.3m (2020: £7.9m) are related directly to the value of assets under administration and are therefore exposed to market movements, currency rates and valuation judgements. With positive performance from global stock markets, average assets under management for 2021 were higher than 2020.

A summary of fees and commissions is set out below:

	2021 £m	2020 £m
Contract fee income	**32.2**	32.2
Fund management fees accruing to the Group	**8.3**	7.9
Commissions receivable	**4.7**	4.6
	45.2	44.7

Included in contract fee income is £16.7m (2020: £17.0m) representing the amortisation of fees prepaid in previous years, as can be seen in the analysis set out below:

	2021 £m	2020 £m
Amortisation of deferred income	**16.7**	17.0
Income earned during the year	**15.5**	15.2
Contract fee income	**32.2**	32.2

Business and Financial Review *continued*

Investment and other income

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

	2021 £m	2020 £m
Bank interest and other income receivable	**1.4**	2.3
Foreign exchange (losses)/gains on revaluation of net operating assets	**(0.9)**	0.2
	0.5	2.5

Origination costs

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

Origination costs incurred in 2021 have decreased as a result of less business being reinsured from the UAE which incurs a higher cost of acquisition and the cancellation of the majority of sales-related travel and promotional events due to Covid-19.

	2021 £m	2020 £m
Origination costs – deferred to match future income streams	**16.9**	18.9
Origination costs – expensed as incurred	**2.3**	3.4
Investment in new business in year	**19.2**	22.3
Net amortisation of deferred origination cost	**(2.8)**	(4.3)
	16.4	18.0

Amounts totalling £14.1m (2020: £14.6m) 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:

	2021 £m	2020 £m
Amortisation of deferred origination costs	**14.1**	14.6
Other origination costs incurred during the year	**2.3**	3.4
	16.4	18.0

Administrative and other expenses

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

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

	2021 £m	2020 £m
Administrative salaries and other employment costs	**11.0**	10.6
Other administrative expenses	**8.0**	7.7
Professional fees, including audit	**2.6**	2.9
Recurring administrative and other expenses	**21.6**	21.2
Growth investment spend	**0.9**	1.8
Administrative and other expenses, excl. litigation and non-recurring expense items	**22.5**	23.0
Litigation defence and settlement costs	**1.9**	1.3
Provision for doubtful debts in respect of broker balances	**(0.2)**	0.2
Total administrative and other expenses	**24.2**	24.5

Salaries and other employment costs have increased by £0.4m or 4% to £11.0m, reflecting the expansion of headcount in our Japan branch and the costs of short-term contractors supporting our systems project. Cost inflation was contained by not awarding any inflation-based salary increases during the year.

The average Group headcount for the 2021 financial year was 191 people (2020: 192 people).

Other administrative expenses increased from £7.7m to £8.0m. During the year there were additional lease costs arising from our move of head office premises and non-capitalised IT expenditure associated with our systems project.

Professional fees including audit are down a further £0.3m (2020: £0.3m) as a result of a savings programme which was commenced in 2019. These costs include amounts totalling £0.4m paid to the Group's auditor (2020: £0.5m); £0.5m (2020: £0.6m) for administration, custody, dealing and other charges paid under the terms of the investment processing outsourcing arrangements; recruitment costs of £0.1m (2020: £0.2m), costs of investor relations activities of £0.2m (2020: £0.2m) and general legal and professional fees of £1.4m (2020: £1.3m).

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 which have reduced in the current year as the project has neared conclusion

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 note 25 to the consolidated financial statements. At 30 June 2021, a provision of £0.4m has been made for expected future settlements.

Provision for doubtful debts relate to amounts due from brokers which are deemed to be irrecoverable. The £0.2m provided for in 2020 represented 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. This risk did not crystalise in 2021 and therefore has been released.

Cash flow analysis

The operational cash surplus (fees deducted from contracts and commissions received, less operational expenses paid) for the year was £23.8m (2020: £22.7m). Operating cash flows have increased this year as a result of the increase in fee income levels and lower acquisition costs.

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 2021, the Group invested £3.3m (2020: £2.9m) as part of a project to replace its administration systems. These costs are capitalised as computer software on the Group's consolidated balance sheet. In addition, £0.5m was incurred as part of the Group's move to its new head office.

Business and Financial Review *continued*

The following non-GAAP tables summarise the Group's own cash flows in the year. Overall Group cash and deposits have increased from £60.8m at 30 June 2020 to £63.5m at 30 June 2021.

	2021 £m	2020 £m
Net cash surplus from operating activities	**23.8**	22.7
Interest received	**0.4**	1.6
Net cash inflow from operations	**24.2**	24.3
Net cash investment in new business	**(16.5)**	(19.1)
Purchase of property and computer equipment	**(3.8)**	(3.0)
Corporation tax paid	**(0.3)**	(0.1)
Net cash inflow before dividends	**3.6**	2.1
Dividends paid	**(6.1)**	(6.0)
Net cash outflow after dividends	**(2.5)**	(3.9)

	2021 £m	2020 £m
Net cash outflow after dividends	**(2.5)**	(3.9)
Increase/(decrease) in amounts due to contract holders	**3.6**	(0.2)
Net Group cash movements	**1.1**	(4.1)
Group cash and deposits - opening position	**60.8**	65.3
Effect of exchange rate changes	**1.6**	(0.4)
Group cash and deposits - closing position	**63.5**	60.8

Group 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 £6.8m (2020: £21.2m) have original maturity dates typically greater than 3 months and are therefore excluded from the definition of "cash and cash equivalents" under IFRS and are instead included within 'Deposits and money market funds' in the consolidated balance sheet. The following table summarises the total shareholder cash and deposits at the balance sheet date.

	2021 £m	2020 £m
Money market funds and immediately available cash	**52.6**	35.0
Short-term deposits with credit institutions	**4.1**	4.6
Cash and cash equivalents under IFRS	**56.7**	39.6
Longer-term deposits with credit institutions	**6.8**	21.2
Group cash and deposits	**63.5**	60.8

Abridged consolidated balance sheet

The consolidated balance sheet on page 62 presented under IFRS reflects the financial position of the Group at 30 June 2021. 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 £1,224.2m (2020: £1,080.5m). 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.

	2021 £m	2020 £m
Assets		
Deferred origination costs	**125.1**	122.3
Other assets	**15.2**	15.0
Bank deposits and money market funds	**63.5**	60.8
	203.8	198.1
Liabilities		
Deferred income	**142.5**	137.8
Other payables	**36.6**	34.4
	179.1	172.2
Net assets	**24.7**	25.9
Shareholders' equity		
Share capital and reserves	**24.7**	25.9

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	**2021 £m**	2020 £m
At beginning of financial year	**122.3**	118.0
Origination costs deferred during the year	**16.9**	18.9
Origination costs amortised during the year	**(14.1)**	(14.6)
	125.1	122.3

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	2021 £m	2020 £m
At beginning of financial year	**137.8**	133.2
Initial fees collected in the year and deferred	**21.4**	21.6
Income amortised during the year to fees income	**(16.7)**	(17.0)
	142.5	137.8

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. Such assets are selected by or on behalf of contract holders to meet their investment needs.

The Group receives investment inflows to its AuA from single and regular premium contracts which are offset by withdrawals, charges, premium holidays affecting regular premium policies and by market valuation movements.

The majority of premium contributions are designated in currencies other than sterling, reflecting the wide geographical spread of those contact holders. The currency composition of AuA at the balance sheet date is similar to that as at 30 June 2020, with 68% of AuA designated in US dollar (2020: 67%) and 10% in euro (2020: 11%).

Certain collective investment schemes linked to customers' contracts can from time to time become illiquid, suspended or be put into liquidation. In such cases, the Directors are required to exercise their judgement in relation to the fair value of these assets. The cumulative impact on the balance sheet is not material.

The value of AuA at 30 June 2021 was £1,224.2m, up 13.3% from 30 June 2020. During 2021, significant gains were achieved as a result of positive global stock markets, offset by a weaker US dollar versus sterling. The following table summarises the movements in the year:

	2021 £m	2020 £m
Deposits to investment contracts – regular premiums	**84.7**	85.8
Deposits to investment contracts – single premiums	**64.1**	57.2
Withdrawals from contracts and charges	**(167.2)**	(142.3)
Effect of market and currency movements	**162.1**	0.1
Movement in year	**143.7**	0.8
Opening balance	**1,080.5**	1,079.7
Closing balance	**1,224.2**	1,080.5

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

Fair value of AuA at 30 June	2021 £m	2020 £m
Hansard International	**1,134.8**	986.5
Hansard Europe	**89.4**	94.0
	1,224.2	1,080.5

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.

Business and Financial Review *continued*

Dividends

An interim dividend of 1.8p per share was paid in April 2021. This amounted to £2.5m.

The Board has considered the results for the full year ended 30 June 2021, the Group's continued cash flow generation and its future expectations and has resolved to pay a final dividend of 2.65p per share (2020: 2.65p). Subject to approval at the AGM, this dividend will be paid on 11 November 2021.

Complaints and 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 2021, the Group had been served with cumulative writs with a net exposure totalling €26.5m, or £22.7m in sterling terms (30 June 2020: €25.8m / £23.4m) 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 increased exposure since 30 June 2020 was driven by a reduction in the fair value of investment assets backing the claims.

During the year, the Group successfully defended sixteen cases with net exposures of approximately £1.6m, ten of which have been appealed by the plaintiffs (2020: successfully defended nine cases with net exposures of £0.6m). 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.

We have previously noted that we expect a number of our larger claims to ultimately be covered by our Group insurance cover. During FY 2021 we recorded £0.5m in insurance recoveries. We expect such reimbursement to continue during the course of those claims.

As a result we also expect that a significant amount of the £22.7m 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 and experience with cases previously successfully defended, we believe we have a strong chance of success in defending these claims. Other than smaller cases where based on past experience it is expected a settlement might be reached, the writs have therefore been treated as contingent liabilities and are disclosed in note 25 to the consolidated financial statements. Where there is an established pattern of settlement for a grouping of claims, a provision has been made for the remaining exposures and included in note 19 'Other Payables'.

Net asset value per share

The net asset value per share on an IFRS basis at 30 June 2021 is 17.9p (2020: 18.8p) based on the net assets in the Consolidated Balance Sheet divided by the number of shares in issue, being 137,557,079 ordinary shares (2020: 137,557,079).

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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 continued to dominate the landscape throughout the reporting period, presenting societal, economic and corporate level impacts, which manifested at macro and micro levels around the world.

The Group ERM Framework has remained central to the Board's ability to take swift, decisive and informed decisions in response to the range of possible risks which the pandemic presented to the Group, its employees, customers and wider stakeholder groups. Pandemic-specific business resilience planning and the inherent strength of the Group's systems infrastructure have continued to support smooth and stable remote working arrangements, which have remained robust and resilient throughout the various periods of 'lockdown' which have taken effect locally and at international levels.

Risk metrics and key performance indicators, targeted to identify and assess both prudential and conduct elements of the principal and subordinate risk universe, have remained under scrutiny, together with those via which the broader risk spectrum is monitored and managed. These metrics have supported continuous monitoring of operational resilience, stakeholder impacts and the potential consequences of market volatilities, together with 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, as necessary and appropriate.

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 stresses, potential risk scenarios and emerging as well as existing risk exposures. 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's risk-based capital regime.

Governance, risk management and internal control protocols remain structured upon a 'three lines' model, which determines 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 and work in collaboration with 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 organisational 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 testing is used to identify emerging risks as well as to analyse and assess any changes in existing aspects of the 'Risk Universe', which are monitored via the ERM Framework. Such analyses use both quantitative tests and qualitative assessments to consider reasonably plausible risk events, including those stresses and scenarios that could lead to failure of the business, approximated to the range of impact types which can be envisaged. The results of the stress and scenario testing are considered and explored 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, rather than 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.
- 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

Integral to ERM monitoring and reporting arrangements are the conventions which ensure that the Board maintains a continuous understanding of the financial impacts of the Group failing to meet its objectives, due to crystallisation of an actual or emerging risk, or via the stress and scenario events, which the Board considers to be reasonably plausible. This includes those stresses and scenarios that could lead to a failure of the business. Planning and sensitivity analyses incorporate Board approval of forecast financial and other information. The Board receives regular representations from the senior executives in this regard.

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, which includes Key Performance Indicators.

CIL is required to confirm on a monthly basis that no material control weaknesses have been identified in their operations; this is overseen via service delivery 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 a formal Assurance Report on Internal Controls. An external independent review has also been completed during the year ended 30 June 2021. The review did not reveal any material control deficiencies in the period.

Risks relating to the Group's financial and other exposures

Hansard's business model involves the controlled acceptance and management of risk exposures. Under the terms of the unit-linked investment contracts issued by the Group, the contract holder bears the investment risk on the assets in the unit-linked funds, as the policy benefits are directly linked to the value of the assets in the funds. These assets are administered in a manner consistent with the expectations of the contract holders. By definition, there is a 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 2021 have continued to specifically consider the impacts, uncertainties and any emerging risks (see also Risk Management and Internal Control section on page 20).

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 most significant being US dollars. The vast majority of its operational cost base is denominated in Sterling. A significant adverse currency movement over a sustained period would present an exposure to reported income levels. Extreme market conditions also have the capacity to influence the selection and 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 commercial outlooks within overall business strategy. This promotes a greater understanding of market and currency risk, the limits of the Company's resilience and the range of possible mitigating options. ■ Stress testing performed during the year-ended 30 June 2021 assessed the impacts of reasonably plausible market risk events and scenarios, including those resulting from macroeconomic environmental triggers, such as that experienced via 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. ■ During the reporting period we have closely monitored credit exposures with counterparties and have not identified any material change in risk exposure arising out of the Covid-19 environment.
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. ■ During the reporting period we have maintained a prudent approach to the availability of short-term cash but have not identified any material change in risk exposure arising out of the Covid-19 environment.

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 environments, including the continued emergence of new and/or updated compliance obligations and data submissions pre-date the pandemic environment. Changes to rule sets and supervisory expectations have gathered pace with the easing of pandemic related restrictions, requiring efficient and effective ways to evidence and demonstrate how compliance obligations are met, whilst compliance analytics and high-quality data driven insights are becoming increasingly important.

The direction of regulatory travel and the bridges now firmly established between prudential and conduct risk demand renewed attention to the capacity, competence and capability of resourcing across all business areas, having particular regard to the extent of risk interdependencies and the embedding of personal accountability regimes.

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.
- Active engagement with professional advisors to address specific risks and issues that arise.

Fraud and Financial Crime Risk:

Arising from the potential increase in fraud and deception activity due to Covid-19

The Board has remained cognisant of the potential for an increase in fraudulent activity due to Covid-19, fuelled by the exploitation of economic stimulus schemes and any temporary adjustment to control environments - contingent with industry level transition to and reliance upon remote working arrangements. The recessionary environment and increased pressures on profitability are also recognised to present an increased risk of poor-quality business being written by market participants and potentially diminishing third party attention to due diligence procedures and processes.

How we manage the risk:

- An increasingly holistic approach to mitigating heightened financial crime risks. Rigorous anti-money laundering, counter-terrorist financing and anti-bribery and corruption measures, together with effective sanctions screening.
- Implementation of controls to identify and mitigate any emerging risks associated with the exploitation of economic stimulus schemes, prolonged dependencies upon remote working or other measures to counteract the impacts of the pandemic.
- Continuous review of measures to support activity during the pandemic, including those measures relied upon by key business partners.

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 enables 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. During the reporting period we have continued to maintain close contact with our distribution partners and deploy technological solutions, where appropriate, to overcome challenges presented by the Covid-19 environment.
Conduct Risk: **Arising from any failure of governance, risk management and internal control arrangements, via corporate or individual actions, leading to customer detriment**	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. ■ Forward looking risk indicators and executive leadership in respect of understanding and addressing the drivers of conduct risk focus on all core areas with assessment at strategic, functional and operational levels. ■ 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.
Operational Resilience Risk: (emerging risk) **Arising from any exposure to risk events with the capacity to cause operational failures or wide scale disruptions in financial markets**	The Covid-19 pandemic has clearly demonstrated the scale and speed with which disruptive operational risk events might impact the availability of important business services and cause wide-ranging harm to customers, stakeholders, individual firms, financial market infrastructures and the financial sector as a whole. Regulators across the UK, EU and US are moving quickly to finalise new measures which promote a principles-based approach to improving operational resilience and strengthen the ability of financial services firms to withstand operational risk related events. **How we manage the risk:** ■ ERM conventions are guiding the identification and assessment of events or scenarios presenting risk to operational resilience – typically pandemics, cyber incidents, technology failures or natural disasters – as well as supply chain disruption impacts to critical processes, business continuity and good governance. ■ Impact tolerances, together with mapping and testing allow the identification of services which could cause harm, if disrupted and identify any areas of vulnerability. ■ Stress testing and continuity planning provide for continuous review of the adequacy and effectiveness with which the business is able to respond to and recover from disruptions.

Information Systems and Cyber Risk: **Arising from the increased digitalisation of business activities and reliance upon technology**	The mounting sophistication and persistence of cybercrime and the growing adoption of highly advanced, nation-state type tools by cyber criminals, underscore the challenges that both regulators and the industry face in understanding and anticipating the nature of cyber threats they will face next. Simultaneously the pandemic has served to accelerate the efforts of organised crime to exploit weaknesses in cyber defences and explicitly target remote working vulnerabilities, whilst new technological capabilities and use of third party platforms add to the complexity of understanding the extent of cyber exposures, which may originate outside the traditional regulatory perimeter. Building resilience to continuously evolving cyber risk is a priority for all stakeholders. Growing levels of regulatory scrutiny, focussed on three core areas - cyber risk identification, cyber risk governance and cyber risk resilience – is clearly foreseeable. Increased pressure for licence holders to evidence and demonstrate how they are addressing emerging regulatory concerns and the timeliness of their actions can also be expected. 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, 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 as a core element of our Operational resilience mapping. ■ 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 and Disaster Recovery 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. ■ Horizon scanning to identify and assess supervisory pilot initiatives advocating and promoting good practice in cyber resilience and associated industry developments.
Environmental, Social and Governance (ESG) Risk: (emerging risk) **Arising from a failure to anticipate and respond to emerging sustainability risks or successfully integrate ESG considerations and policy positions into strategy and business planning**	Climate Change Risk and broader ESG considerations are well marked on international regulatory agendas. The global economy continues to be threatened by the impacts of the Covid-19 crisis and the World Economic Forum (WEF) anticipates geopolitical stability to remain critically fragile over the next five to ten years. Climate-related issues make up the bulk of the WEF's 2021 Global Risks Perception Survey. However, infectious diseases sit at the top of their impact list – recognising that the immediate human and economic costs of Covid-19 are severe, threatening to scale back years of progress on reducing global poverty and inequality, damaging social cohesion and global cooperation. Wealth inequalities across the globe have been amplified and the fight against the pandemic is diverting resources from other critical health challenges. ■ Short term threats sit at a personal level and include infectious diseases, livelihood crises, digital inequality and consumer disillusionment. ■ Risks over the medium-term sit at a macro level and extend to asset bubble bursts, IT infrastructure breakdown, price instability and debt crises. ■ Risks in the long-term are flagged as weapons of mass destruction, state collapse, biodiversity loss and adverse technological advances. Simultaneously, advances in regulatory conduct obligations are converging with stakeholder interest in and scrutiny of ESG practices, whilst clear connections are being drawn between the issues affecting firms' culture and functioning and lack of progress on diversity and inclusion. These developments demonstrate the reach of ESG considerations across the risk portfolio. **How we manage the risk:** ■ Actively building sustainability considerations into strategy development and business planning processes through structured analysis, formal assessment mechanisms and cross-functional collaboration ■ Factoring emerging sustainability risk issues into key decision-making and understanding the impacts for the tools and methodologies currently used to manage risk, including governance structures, risk ownerships, risk and control self-assessment principles, regulatory developments, third party service provisions and effective reporting. ■ Developing and updating relevant components in relation to the sustainability risk domain – including policies, procedures, risk indicators, management data and stress testing. ■ 'In flight' initiatives addressing cultural alignment and structural resilience encompass core ESG considerations.

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 has core dependencies on attracting and retaining experienced and high-performing management and staff and building a strong and sustainable culture, driven by our purpose, our leadership, our performance management regime and our governance principles and objectives.

The knowledge, skills, attitudes and behaviours of our employees, and the success with which these shape and define our culture, are central to our success.

Clear and heightened regulatory expectations of individual and corporate accountability continue to connect governance, risk and compliance obligations directly to cultural imperatives and the responsibilities assigned to individual Senior Managers.

How we manage the risk:

- Significant investment in initiatives to address and support cultural change and development, including deployment of a 'culture survey' to provide important culture diagnostics, shape strategy and inform tactical solutions.
- Forums established for employees to provide feedback for continuous improvement.
- Group Performance Management regime targets the measurement of both hard and soft skills.
- Group Training and Development Strategy guides talent management and promotes the use of staff development opportunities to support succession planning and mitigate 'key person' risks.
- Remuneration models and trends monitored closely by the Group's Human Resources Department and the Remuneration Committee.

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

Graeme Easton
Chairman
22 September 2021

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.

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Board of Directors

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

Graeme Easton

Non-executive Chairman

Chairman of the Nominations Committee. Member of the Remuneration Committee.

Graeme was appointed Chairman of the Board with effect from 4 November 2020. 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 Suntera High Income Fund PLC and Suntera 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.

Graeme has held a number of senior roles including Appointed Actuary, Compliance Officer, Chief Financial Officer and Executive Director. Graeme is a past Chairman of the Manx Actuarial Society.

Graham Sheward

Group Chief Executive Officer

Graham was appointed as Group Chief Executive Officer and executive Director with effect from 10 May 2021. Graham is an experienced international financial services director with more than 20 years' experience of developing successful international financial services businesses across a wide range of jurisdictions, including UK, Isle of Man, Jersey, Guernsey, Ireland, Mauritius, Singapore and South Africa.

He has experience in managing and leading regulated multi-jurisdictional banking, investment, fund & corporate administration, trust & fiduciary, and outsourcing businesses.

Graham moved to the Isle of Man in 1999 with NatWest Offshore, and subsequently held various executive roles with Zurich Financial Services before becoming Managing Director of Close Brothers Group, Offshore Banking Division.

After spending 8 years in Mauritius holding a country corporate director role for Barclays and then as MD of SGG Group (now IQ-EQ), he returned to the Isle of Man to take up the role of Managing Director of the Sancus Group local office.

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Tim Davies

Group Chief Financial Officer

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

Prior to joining the Group, 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.

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 investment funds: Raynar Investment 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. He is also a former Director of Fidelity Japan Trust PLC, of Schroder Securities Limited and of Smith New Court PLC.

David Peach

Independent Non-executive Director

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

David was appointed as an independent non-executive Director with effect from 31 December 2020. David is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Association of Corporate Treasurers. He has a degree in Economics from the University of Warwick.

After training as an accountant with KPMG, David has had more than 25 years' experience in financial services, most recently at Zurich Insurance. He has held board level roles in insurance, banking, trust and fund management companies across a number of different jurisdictions.

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 Leonard 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 2021. 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 60. 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"), comprising 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 94 and 95. 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 £5.1m, compared with a profit for the prior year of £4.7m.

Dividends totalling £6.1m were paid during the year (2020: £6.0m).

Proposed final dividend

The Board has resolved to pay a final dividend of 2.65p per share on 11 November 2021, subject to approval at the Annual General Meeting ("AGM"), to shareholders on the register on 1 October 2021 (with the ex-dividend date being 30 September 2021). If approved, this would bring the total dividends in respect of the year ended 30 June 2021 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 12 to 18.

Risk management and internal controls

Details of the Group's risk management and internal control processes can be found on pages 20 to 22. A summary of the principal risks and uncertainties can be found on pages 23 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.

Directors' remuneration

Details of Directors' remuneration for the year can be found in the Report of the Remuneration Committee on pages 46 to 51.

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 Leonard 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 2021, the Company's issued share capital comprised 137,557,079 ordinary shares of 50 pence each. As at 30 June 2021, 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 2021 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 2020, 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 2021, 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 3 November 2021. 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 2021 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	7.1	5.2

*Including holdings of spouse

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

Employee Benefit Trust

An Employee Benefit Trust ("EBT") was established in February 2018 for the purpose of providing share-based reward.

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.

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 290,996 options remain outstanding (2020: 508,576 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 46 to 51 together with details of their contractual arrangements with the Group.

Controlling Shareholder

Dr Leonard 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 46 to 51.

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

- Dr Polonsky had an investment contract issued by the Group on terms available to employees in general. On 9 November 2020 the contract was fully surrendered with a net value of $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 2021 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 3 November 2021 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 Leonard Polonsky as the controlling shareholder and that the Company has complied with the requirements of the agreement throughout the year to 30 June 2021.

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 (2020: £nil).

Adequacy of the information supplied to the auditor

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

Auditor

The Company's auditor, KPMG Audit LLC ("KPMG"), has indicated its willingness to continue in office. The Audit Committee has recommended that KPMG be reappointed as the Company's auditor. Accordingly, a resolution to reappoint KPMG as auditor to the Company, and to authorise the Directors to determine its remuneration, will be proposed at the 2021 AGM.

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 continued impact on the global economy. These show the Group continuing to generate profit in FY 2022 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 that the acquisition of new business will continue to be challenging where lock-downs and travel restrictions exist. 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.

The assessment also gave consideration to simultaneous multiple adverse impacts that could plausibly occur, whether through a deterioration in the Covid-19 environment or otherwise. This included a 50% reduction to new business, a 35% reduction in AuA due to market declines and a 35% mass lapse event all arising at the same time. While 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 23 to 27. The Directors confirm that their assessment of the principal and emerging risks facing the Group was robust.

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

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 1931-2004 and applicable law and have elected to prepare 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”).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group’s profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 1931-2004 and, as regards the group financial statements, International Financial Reporting Standards as adopted by the EU;
- assess the Group and Parent Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 1931-2004. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors’ Report, Directors’ Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report/Directors’ report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By Order of the Board

Hazel Stewart
Company Secretary
22 September 2021

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 46 to 51, the Report of the Nominations Committee on pages 44 to 45 and/or in the Report of the Audit Committee on pages 42 to 43.

For the year ended 30 June 2021, the Board considers that it has complied in full with the provisions of the Code with the exception of one provision. Provision 11 states that at least half the Board, excluding the Chair, should be non-executive Directors whom the Board considers to be independent. Philip Gregory retired at the 2020 AGM and was succeeded by Graeme Easton. While the search for an additional independent non-executive Director was ongoing, the Board comprised the non-executive Chairman, two executive Directors, two independent non-executive Directors and one non-executive Director until the appointment of David Peach on 31 December 2020.

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

Graeme Easton was appointed the Company's non-executive Chairman with effect from 4 November 2020 and as required by the Code, was considered independent upon appointment. He leads the Board within a solid governance framework, and he ensures that the Board provides effective leadership for the Group including strategy and direction. As part of the appointment process the time commitments required for this role were considered.

Group Chief Executive Officer

Graham Sheward was appointed the Group Chief Executive Officer with effect from 10 May 2021. 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 appointment of Graeme Easton as Chairman, Jose Ribeiro 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

Jose Ribeiro, Philip Kay and David Peach are considered by the Board to be independent non-executive Directors in accordance with the Code definition. Graeme Easton, 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 Leonard 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 considered Philip Gregory's retirement following the 2020 AGM and subsequently appointed Graeme Easton as non-executive Chairman.

Jose Ribeiro was appointed as senior independent non-executive Director and interim Chair of the Audit Committee. Recruitment consultants were engaged to find a suitably qualified candidate to replace Graeme Easton and following the recruitment process, David Peach was appointed as an independent non-executive Director and chair of the Audit Committee on 31 December 2020. The Committee was satisfied that based on their performance during their time on the Board, Jose Ribeiro, Philip Kay and David Peach remain independent.

Graeme Easton, 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 5	Audit 4	Nominations 6	Remuneration 7
Philip Gregory *	1/1	n/a	1/1	2/2
Gordon Marr #	4/4	n/a	n/a	n/a
Tim Davies	5/5	n/a	n/a	n/a
Graeme Easton	5/5	1/1	6/6	7/7
Philip Kay	5/5	4/4	6/6	7/7
Jose Ribeiro	5/5	4/4	6/6	7/7
Marc Polonsky	5/5	n/a	n/a	n/a
David Peach ***	3/3	2/2	3/3	3/3
Graham Sheward **	1/1	n/a	n/a	n/a

* Retired as a Director on 4 November 2020.

\# Retired as a Director on 10 May 2021.

** Appointed as a Director on 10 May 2021

*** Appointed as a Director on 31 December 2020

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: David Peach. Members: Jose Ribeiro and Philip Kay)
- Executive Committee (Chair: Graham Sheward. Member: Tim Davies)
- Executive Risk Committee (Members: Graham Sheward, Tim Davies)
- Nominations Committee (Chair: Graeme Easton. Members: David Peach, Jose Ribeiro and Philip Kay)
- Remuneration Committee (Chair: Jose Ribeiro. Members: Graeme Easton, David Peach 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 20 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 Graham Sheward and Tim Davies, the Executive Committee currently comprises Ollie Byrne (Commercial Director), 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), Hazel Stewart (Company Secretary), Keith Brown (Head of Operations) and John Whitehouse (Head of Change Management).

The Executive Risk Committee is chaired by the Head of Group Risk and Compliance and meets on a quarterly basis. The Executive Risk Committee currently comprises of Graham Sheward, Tim Davies, Gary McAuley (Secretary), Ollie Byrne, Ciaran Cormican (General Manager, Hansard Europe dac), Karen Corran, Angela McCraith, Graham Morrall, Ailish Sherlin, Hazel Stewart, Keith Brown and John Whitehouse.

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 engaged Company Matters (part of the Link Group) to conduct a 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 Chairman and the Senior Independent Director. 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 46 to 51.

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 23 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.

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 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. Our Chairman engages directly with the group to further enhance reporting to the Board.

During 2021, Hansard engaged external advisors to conduct a 'culture survey' to provide important culture diagnostics, shape strategy and inform tactical solutions. This will be developed and built upon during the 2022 financial year.

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 2021 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 2021**	Number 2020
Isle of Man	**153**	156
Republic of Ireland	**16**	18
Other	**21**	18
	190	192

The gender profile of the Group at 30 June 2021 is split with a total of 104 male and 86 female employees (2020: 107 male and 85 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 25 male staff and 15 female staff. At 30 June 2021, the Board comprised seven 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 and 2021 when the Covid-19 pandemic restricted both domestic and international travel. Use of video-conferencing and tools such as Zoom and Teams 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.

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Our community

As a major employer on the Isle of Man, 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. Over the past year we have committed to this promise and supported efforts raising money for the Isle of Man Children's Centre and Movember, among others.

With the continuing effect of the Covid-19 pandemic affecting charities globally and in our community, we made a decision to assist as many local Isle of Man charities as possible with our support. Through various staff initiatives we have supported the following charities with one-off cash donations, event support and profile raising through our social media channels; Quing, Isle Listen, Victim Support, Diabetes Isle of Man, Graih (Homelessness charity), Isle Help You, Isle of Man Woodland Trust, Love Tech, Craig's Heart Strong Foundation, Isle of Play, A Little Piece of Hope and Manx Blind Welfare.

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. We also kept our commitment to supporting the John Beggs Memorial Golf Day in aid of the Manx Heart Foundation, as well as supporting The Manx Breast Cancer Support Group & Mannin Cancers with their fantastic takeover of Castletown Square and 'Bring out the Brollies' installation on the Isle of Man.

Through supporting the above initiatives we have donated around £7,000 to charity initiatives across our 2021 financial year which enabled additional fundraising to be generated through events, raffles and more.

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 noted in the Culture section above, a key component of our employee engagement is the Culture Champion Group and its link and visibility to the Board.

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 typically meet with the investor community, major shareholders and analysts at various points throughout the year although such activities were restricted this 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 2021 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 CFO 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
22 September 2021

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 David Peach, Philip Kay and Jose Ribeiro. David Peach is the Chairman of the Committee. Graeme Easton was Chairman of the Committee until his appointment as Chairman of the Board at the 2020 AGM. Jose Ribeiro was Chairman of the Committee from 4 November 2020 to 31 December 2020. The Board is satisfied that during the year, and at the date of this report, at least one member of the Committee has competence in accounting and 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 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, the Head of Internal Audit and KPMG Audit LLC ("KPMG") (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 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 previous Chairman of the Committee) and David Peach (the incumbent Chairman of the Committee) have had separate meetings throughout the year directly with the external auditor and the Internal Audit function. David 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;
- 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;
- 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 going-concern disclosures;
- the status of known or potential litigation claims against the Group including accounting treatment in the financial statements and judgements made on whether to recognise a provision or contingent liability; and
- the carrying amount of the investment in subsidiaries in the Parent Company including assessment of whether any impairment should be recognised.

To assist the Committee's review of key judgements, expert input was received from 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

In 2019, KPMG Audit LLC were appointed as auditors following a competitive tender process and shareholder approval at the 2020 AGM with the year ending 30 June 2021 being the first year of their appointment.

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 KPMG, assessing the audit firm, the audit partner and the audit teams. This is performed through written documentation provided by KPMG which is discussed and challenged where appropriate by the Committee.

The Committee was satisfied in regard to its compliance with the Code and other relevant legislation for the year ended 30 June 2021.

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

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

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

4. 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 Chief Actuary.

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

David Peach

Chairman of the Audit Committee

22 September 2021

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 David Peach, Philip Kay and Jose Ribeiro and the non-executive Group Chairman, Graeme Easton. Graeme Easton is Chairman of the Committee. David Peach was appointed to the Committee following his appointment to the Board. Philip Gregory was a member of the Committee until his retirement from the Board at the 2020 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 six 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 Philip Gregory and Gordon Marr;
- 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;
- considered and recommended to the Board the appointments of David Peach as independent non-executive Director and Graham Sheward as Chief Executive Officer and executive Director. The search process for the CEO appointment utilised Spencer Stuart which does not have a connection to Hansard or any of its Directors; and
- considered and recommended subsidiary Board and Committee appointments for Graeme Easton and David Peach.

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

The Chairman 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

Graeme Easton
Chairman of the Nominations Committee
22 September 2021

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 David Peach, Philip Kay and Jose Ribeiro and the non-executive Group Chairman, Graeme Easton. The Committee is chaired by Jose Ribeiro.

David Peach was appointed to the Committee following his appointment to the Board. Philip Gregory was a member of the Committee until his retirement from the Board at the 2020 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

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

At the request of the Committee, Graham Sheward, 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 Polymetrix Ltd to provide benchmarking data on remuneration. Polymetrix has no connection with the Company.

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

- agreed that in light of corporate performance and the financial uncertainty arising from Covid-19 the employee and executive bonus schemes would not be awarded for the year ended 30 June 2020;
- agreed awards to be made under bonus schemes for the year ended 30 June 2021;
- agreed the performance factors for the bonus schemes for the year ending 30 June 2022;
- reviewed staff benefits;
- reviewed Directors' fees for the Company and subsidiary appointments for the years ended June 2021 and June 2022;
- agreed executive Director bonuses for the year ended 30 June 2021; and
- agreed annual remuneration terms for new Chief Executive Officer, Graham Sheward.

Incentive schemes

Cash-settled bonus scheme

The Committee approved the continuation of a bonus scheme for employees. The terms of the scheme that became effective from 1 July 2018 incorporate targets for both corporate 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 corporate and individual performance.

SAYE share-save programme

No options over shares were exercised under the Scheme rules during the year (2020: nil).

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

Scheme year	2021 No. of options	2020 No. of options
2015	**-**	61,763
2016	**-**	-
2017	**20,717**	62,730
2018	**270,279**	384,083
	290,996	508,576

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 2021 the EBT holds 12,000 shares (2020: 510,000). During the year, 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.

President and controlling shareholder

Dr Leonard Polonsky was appointed President of the Group under a letter of appointment effective from 22 September 2014. This letter 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.

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 4 November 2020 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:

Graham Sheward – Group Chief Executive 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 7th May 2021 does not provide for any benefits upon termination of employment. The notice period (by either party) is twelve months.

Graham was appointed to the Board with effect from 10 May 2021.

Graham is a member of the deferred bonus scheme which is based on corporate and individual performance. His potential earnings under the scheme range from nil to 100% of salary.

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 corporate 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.

Report of the Remuneration Committee *continued*

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 2021, specifically in relation to the appointment of Graham Sheward. After due care and consideration and in light of the Group's current circumstances, the Committee agreed a compensation package that reflects a lower base salary but a higher variable element which is dependent on individual and corporate performance. The CEO annualised base salary therefore has reduced by 23% from the previous year.

Name	Salary as at 30 June 2021	Salary as at 30 June 2020
Gordon Marr	n/a	£325,000
Graham Sheward	£250,000	n/a

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 2021

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 2021 for each Director who served during that year.

The bonus awards stated are those awarded relating to 2021 performance rather than those paid during the 2021 financial year in respect of 2020.

Name	**Salary and fees 2021 £**	**Pension 2021 £**	**Bonus 2021 £**	**Other [2] 2021 £**	**Aggregate 2021 £**	Aggregate 2020 £
Executive Directors						
Gordon Marr (CEO) [1]	**325,000**	**45,500**	**-**	**37,543**	**408,043**	407,676
Graham Sheward (CEO) [3]	**36,218**	**3,622**	**-**	**322**	**40,162**	-
Tim Davies (CFO) [1]	**175,750**	**27,750**	**13,000**	**1,930**	**218,430**	204,968
Non-executive Directors						
Marc Polonsky	**50,000**	**-**	**-**	**-**	**50,000**	50,000
Graeme Easton	**83,274**	**-**	**-**	**-**	**83,274**	66,077
Jose Ribeiro [4]	**58,214**	**-**	**-**	**-**	**58,214**	32,083
Philip Kay	**50,000**	**-**	**-**	**-**	**50,000**	16,667
David Peach [5]	**36,250**	**-**	**-**	**-**	**36,250**	-
Philip Gregory [6]	**21,250**	**-**	**-**	**-**	**21,250**	70,000
Maurice Dyson	**-**	**-**	**-**	**-**	**-**	23,713
Andy Frepp	**-**	**-**	**-**	**-**	**-**	17,436
Total	**835,956**	**76,872**	**13,000**	**39,795**	**965,623**	888,620

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 Graham Sheward joined the Board on 10 May 2021.
4 Jose Ribeiro joined the Board on 2 December 2019.
5 David Peach joined the Board on 31 December 2020.
6 Philip Gregory's fee for the year as Chairman was agreed at £85,000, however Mr Gregory agreed to waive £8,095 of his fees based on new business levels. Mr Gregory retired as Director on 2 November 2020.

Directors' salaries and fees for the financial year ending 30 June 2022

The following table sets out the salary and fee levels approved by the Remuneration Committee for the year ending 30 June 2022 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 2022 £
Executive Directors	
Graham Sheward (CEO)	**250,000**
Tim Davies (CFO)	**185,000**
Non-executive Directors	
Marc Polonsky	**50,000**
Graeme Easton [1]	**90,000**
Jose Ribeiro [2]	**55,000**
Philip Kay	**50,000**
David Peach [3]	**80,000**
Total	**760,000**

1 The amount for Graeme Easton includes additional fees in relation to his position as Chairman of the Board and Directorship (and Chairman) of Hansard Europe dac.

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

3 The amount for David Peach includes additional fees in relation to his position as Chairman of the Audit Committee and Directorship (and Chairman of the Audit Committee) of Hansard Europe dac.

Bonus and incentive arrangements for 2022 for Graham Sheward 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% (2020: 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 2021 and at 30 June 2020.

Number of shares	**Direct**	**Indirect**	**Total 2021**	Direct	Indirect	Total 2020
Executive Director						
Graham Sheward	**–**	**–**	**–**	–	–	–
Tim Davies	**104,850**	**–**	**104,850**	54,850	–	54,850
Gordon Marr	**n/a**	**n/a**	**n/a**	75,000	530,494	605,494
Non-executive Directors						
Graeme Easton	**–**	**–**	**–**	–	–	–
Philip Kay	**–**	**–**	**–**	–	–	–
Jose Ribeiro	**–**	**–**	**–**	–	–	–
Marc Polonsky [1]	**7,800,000**	**–**	**7,800,000**	7,800,000	–	7,800,000
David Peach	**–**	**–**	**–**	–	–	–
Philip Gregory	**n/a**	**n/a**	**n/a**	15,462	–	15,462

[1] Direct holdings include shares held by spouse.

On 20 July 2021, Graham Sheward purchased 17,000 shares. 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
22 September 2021

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 46 to 51
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 46 to 51
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 46 to 51

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

Our opinion is unmodified

We have audited the financial statements of Hansard Global plc ("the Company") and of its subsidiaries (together, the 'Group') which comprise the consolidated balance sheet and parent company balance sheet as at 30 June 2021, the consolidated statements of comprehensive income, changes in equity and cash flows and parent company statements of changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion,

- the financial statements give a true and fair view of the financial position of the Group's and of the Company's affairs as at 30 June 2021, and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU;
- the Company financial statements have been properly prepared in accordance with UK Accounting Standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 1931 to 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and Company in accordance with UK ethical requirements including FRC Ethical Standards, as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Other matter - prior period financial statements

The financial statements of the Group and Company as at and for the year ended 30 June 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 23 September 2020.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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. In arriving at our audit opinion above, the key audit matters, in decreasing order of significance for the financial statements were as follows:

Revenue recognition £50.6m; (2020: £49.5m) *Refer to the Audit Committee Report on page 42, note 5 accounting policy and note 18 disclosures.*

The risk: Calculation error and subjective estimate

The Group charges fees to investment contract holders for contract administration services, investment management services, payment of benefits and other services related to the administration of investment contracts. Determination of revenue earned can be complex where the fee calculation includes judgement in the determination of the life of the contract and actuarial funding factors to apply in amortisation of the deferred revenue.

There is a risk that the assumptions and judgements made in the determination of revenue may not be appropriate due to fraud or error.

Additionally, as certain fee income is determined based on the valuation of investments during the year, there is a risk that revenue may not be calculated accurately.

Our response

Our audit procedures included:

Control design and operation

- Assessing the design and implementation of the fee income and investments valuations processes and internal controls.
- Testing operating effectiveness of internal controls over fee income and valuations of investments throughout the year which feed into the calculation of fee income.

Use of independent specialists

- Utilising our own actuarial specialists to assess the methodology used where there is subjectivity in its selection, and benchmarking the amortisation period and actuarial funding factors used in unwinding deferred income using our own expectations based on our knowledge of the entity and experience of the industry in which it operates.
- Utilising our own Data & Analytics specialists to recalculate fee income.

Testing accuracy of data

- Agreeing a randomly chosen selection of premium information to contracts signed by policyholders and bank statements.
- Agreeing a randomly chosen selection of fee rates to contracts signed by policyholders.
- Agreeing a randomly chosen selection sample of investments values being used in the fee income calculation.
- Assessing the accuracy of the funding factors by agreeing a randomly chosen selection of contract maturities to the policy documents and comparing the expected funding factors to the funding factor used in the amortisation of deferred income.

Assessing transparency

- Assessing the adequacy of the Group's disclosures in respect of revenue recognition in the Group financial statements for compliance with IFRS.

Litigation and claims liabilities and contingent liabilities
Provision: £420k;(2020: £120k)
Contingent liabilities: £22.7m;(2020: £23.4m)
Refer to the Audit Committee Report on page 42 and note 25.1 accounting policy and disclosure.

The risk: Dispute outcomes and omitted exposures

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. Management evaluates each legal claim, taking into consideration the assessment and advice of external legal counsel. As at 30 June 2021, the Group had been served with cumulative writs with a net exposure totalling £22.7m (2020: £23.4m) and the judgement made by management as to whether the Group is more likely than not to be successful in contesting these claims is highly subjective.

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 and management's assessment, a provision of £420k (2020: £120k) has been booked.

The amounts involved are potentially significant, and the application of accounting standards to determine the amount, if any, to be provided as a liability, is inherently subjective.

There is a risk that the litigations and potential financial losses to the business may not be complete.

There is also a risk that judgements made by management in assessing whether to recognise a provision or contingent liability may not be appropriate.

The effect of these matters is that, as part of our risk assessment, we determined that the litigation liability and disclosed contingent liability has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Group financial statements as a whole, and possibly many times that amount.

Our response

Our audit procedures included:

Control design and operation
- Testing the design and implementation of internal controls over the litigations process.

Enquiry of lawyers
- On all significant legal cases, assessment of correspondence with the Group's external counsel accompanied by discussions and formal confirmations from that counsel.

Testing completeness and accuracy of data
- Obtaining litigation schedules and legal logs and re-calculating the exposure for a sample of policies and agreeing a sample to underlying policy data.
- Agreeing litigation schedules and legal logs to independently obtained confirmations from external legal counsel.

Historical comparison
- Comparing management's previous provision to actual settlements made during the period under review.

Assessing transparency
- Assessing whether the Group's disclosure detailing significant legal proceedings adequately disclose the potential liabilities of the Group in accordance with IFRS.

Valuation of investments for which there is no quoted price in an active market (level 2 and 3)
£64.5m; (2020: £69.2m)
Refer to the Audit Committee Report on page 42, note 3.7 accounting policy and note 17.3 disclosures.

The risk: Subjective valuation

The Group holds and manages investments on behalf of policyholders. A number of the collective investment schemes, bonds and structured notes are noted as being illiquid in nature, predominantly due to an active market not being available for these investments or as a result of the underlying assets being suspended.

These assets are measured at fair value. For collective investment schemes which are classified as level 3, where a current price is not available, management determines whether the latest available net asset value (NAV) remains appropriate or whether other information available, such as interactions with the investment managers and external parties, has an impact on the assessment of the asset's fair value.

The valuation of certain investments requires a degree of judgement in selecting the valuation basis for investments where quoted prices or an active market are not readily available. For bonds and structured notes, the fair value of the investments is determined by evaluating level 2 inputs which may include quoted prices for similar assets and quoted prices for identical and similar assets in a market that is not active.

There is a significant risk that the investments may not be valued appropriately due to estimation uncertainty inherent in unobservable pricing inputs or where a significant degree of judgement is required.

Our response

Our audit procedures included:

Control design and operation

- Assessing design and implementation of the investment valuation processes and controls.
- Testing operating effectiveness of key controls in the investments valuations process.

Use of KPMG Specialists

- Engaging our valuation specialists to independently price the level 2 investments using observable input parameters derived from the assets directly (i.e. quoted but not actively traded prices for that particular asset) or indirectly (i.e. derived from prices of comparable instruments).
- Engaging our valuation specialists to evaluate the methodology adopted for the valuations of level 3 investments and challenge the assumptions and key judgements in these valuations.

Assessing disclosures

- Assessing the adequacy of the Group's disclosures in respect of the valuation of investments for which there is no quoted price in an active market for compliance with IFRS.

Parent Company's investment in subsidiaries

£72.5m; (2020: £72.5m)

Refer to page 42 of the Audit Committee Report, note 2.6 accounting policy and note 4 disclosures

The risk: Low risk, high value

The carrying amount of the investment in subsidiaries represents 86% (2020: 86%) of the Company's total assets. The carrying amount of the investment in subsidiaries, measured at cost less impairment, is considered to be at a lower risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the Company's financial statements, this is considered to be the area that had the greatest effect on our overall Company audit.

Our response

Our audit procedures included:

Tests of detail:

- Assessing 100% of the carrying amount of investment in subsidiaries with reference to the subsidiary's audited balance sheet, whether they have a positive net asset value and therefore coverage of the investment on subsidiary, as well as assessing whether those subsidiaries have historically been profit-making.
- Assessing whether there are any indicators of impairment in relation to 100% of the carrying amount of investment in subsidiaries.

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £250,000, determined with reference to a benchmark of Group profit before tax of £5,122,000, of which it represents approximately 5%. Materiality for the Company financial statements as a whole was set at £87,500, determined with reference to the allocated Group materiality as above, of which it represents 35%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole. Performance materiality was set at 65% of materiality for the financial statements as a whole as this is our first year of audit, which equates to £162,500 for the Group and £56,875 for the Company.

In addition, we have set a higher materiality at £10,750,000 solely for the purpose of identifying and evaluating the effect of misstatements that lead to a reclassification between line items within the policyholder assets and liabilities and associated income statements line items in the Group financial statements, to the extent that any such balances offset and have no net impact on the shareholder's equity and reserves. This has been determined in reference to 0.75% of total assets.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £12,500 for the Group and £4,375 for the Company, in addition to other identified misstatements that warranted reporting on qualitative grounds. For certain financial statement captions, as referred to above, any corrected or uncorrected identified misstatements exceeding £537,500 have been reported to the Audit Committee.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

The group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total group revenue, total group profit before tax, and total group assets and liabilities.

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group and the Company's business model and analysed how those risks might affect the Group and the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to affect the Group and the Company's financial resources or ability to continue operations over this period were:

- Availability of capital to meet operating costs and other financial commitments;
- Availability of capital to meet regulatory and solvency requirements;

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's and Company's financial forecasts.

We considered whether the going concern disclosure in note 1.4 to the Group financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the Group and the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the Company's use of that basis for the going concern period, and that statement is materially consistent with the financial statements and our audit knowledge.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures;
- those set out in the revenue recognition key audit matter.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group's and Company's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Group and Company are regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Group and Company are subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group and Company are subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Group's and Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the Group financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group 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.

Disclosures of emerging and principal risks and longer term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the Group financial statements and our audit knowledge. We have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the longer-term viability statement (page 34) that they have carried out a robust assessment of the emerging and the directors' confirmation within the longer-term viability statement (page 34) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the emerging and principal risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the directors' explanation in the longer-term viability statement (page 34) as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they 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 their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the longer-term viability statement, set out on page 34 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the Group financial statements and our audit knowledge.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the Group financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the Group financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and Group financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 35, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

This report is made solely to the Company's members, as a body, in accordance with section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Nicholas

Responsible Individual

For and on behalf of KPMG Audit LLC

Chartered Accountants and Recognised Auditors

Heritage Court,

41 Athol Street, Douglas, Isle of Man IM1 1LA

22 September 2021

Consolidated Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	Year ended 30 June 2021 £m	Year ended 30 June 2020 £m
Fees and commissions	5	**50.5**	49.5
Investment income	6	**163.3**	1.9
Other operating income		**0.9**	0.7
		214.7	52.1
Change in provisions for investment contract liabilities		**(163.7)**	(0.1)
Origination costs	7	**(16.4)**	(18.0)
Administrative and other expenses	8	**(29.5)**	(29.3)
		(209.6)	(47.4)
Profit before taxation		**5.1**	4.7
Taxation	10	**(0.2)**	(0.2)
Profit and total comprehensive income for the year after taxation		**4.9**	4.5

Earnings per share

	Note	2021 (p)	2020 (p)
Basic	11	**3.6**	3.2
Diluted	11	**3.6**	3.2

The notes on pages 64 to 85 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2021

	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**
Equity settled 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**

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2020	68.8	(48.3)	5.4	**25.9**
Profit and total comprehensive income for the year after taxation	-	-	4.9	**4.9**
Transactions with owners				
Dividends paid	-	-	(6.1)	**(6.1)**
At 30 June 2021	**68.8**	**(48.3)**	**4.2**	**24.7**

The notes on pages 64 to 85 form an integral part of these financial statements.

Consolidated Balance Sheet
As at 30 June 2021

	Notes	30 June 2021 £m	30 June 2020 £m
Assets			
Intangible assets	13	**9.2**	5.9
Property, plant and equipment	13	**3.3**	3.6
Deferred origination costs	14	**125.1**	122.3
Financial investments			
Measured at fair value:			
Equity securities		**58.0**	40.7
Investments in collective investment schemes		**1,033.1**	883.5
Fixed income securities		**57.5**	52.6
Measured at amortised cost:			
Deposits and money market funds		**84.2**	126.6
Other receivables	15	**2.7**	5.2
Cash and cash equivalents	16	**56.7**	39.6
Total assets		**1,429.8**	1,280.0
Liabilities			
Financial liabilities under investment contracts	17	**1,224.2**	1,080.5
Deferred income	18	**142.5**	137.8
Amounts due to investment contract holders	17	**27.4**	23.9
Other payables	19	**11.0**	11.9
Total liabilities		**1,405.1**	1,254.1
Net assets		**24.7**	25.9
Shareholders' equity			
Called up share capital	21	**68.8**	68.8
Other reserves	22	**(48.3)**	(48.3)
Retained earnings		**4.2**	5.4
Total shareholders' equity		**24.7**	25.9

The notes on pages 64 to 85 form an integral part of these financial statements.

The financial statements on pages 60 to 85 were approved by the Board on 22 September 2021 and signed on its behalf by:

Graeme Easton

Graeme Easton
Director

Tim Davies

Tim Davies
Director

Consolidated Cash Flow Statement for the year ended 30 June 2021

	2021 £m	2020 £m
Cash flow from operating activities		
Profit before tax for the year	**5.1**	4.7
Adjustments for:		
Depreciation	**0.9**	0.7
Dividends receivable	**(5.7)**	(4.9)
Interest receivable	**(0.4)**	(1.9)
Movement in share based payments reserve	**-**	0.2
Foreign exchange (gains) / losses	**(1.6)**	0.4
Changes in operating assets and liabilities		
Decrease / (increase) in other receivables	**2.5**	(0.5)
Dividends received	**5.7**	4.9
Interest received	**0.3**	1.6
Increase in deferred origination costs	**(2.8)**	(4.3)
Increase in deferred income	**4.7**	4.6
Increase / (decrease) in creditors	**3.1**	(0.2)
(Increase) / decrease in financial investments	**(135.3)**	3.1
Increase in financial liabilities	**149.6**	0.8
Cash flow from/(used in) operations	**26.1**	9.2
Corporation tax paid	**(0.3)**	(0.1)
Cash flow from operations after taxation	**25.8**	9.1
Cash flows from investing activities		
Investment in property, plant and equipment	**(3.8)**	(3.0)
Proceeds from sale of investments	**0.1**	0.2
Purchase of investments	**(0.1)**	-
Cash flows used in investing activities	**(3.8)**	(2.8)
Cash flows from financing activities		
Dividends paid	**(6.1)**	(6.0)
Principal elements of leased liabilities	**(0.4)**	(0.5)
Cash flows used in financing activities	**(6.5)**	(6.5)
Net increase / (decrease) in cash and cash equivalents	**15.5**	(0.2)
Cash and cash equivalents at beginning of year	**39.6**	40.2
Effect of exchange rate changes	**1.6**	(0.4)
Cash and cash equivalents at year end	**56.7**	39.6

The notes on pages 64 to 85 form an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 30 June 2021

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 wholly owned subsidiaries include the transaction of life assurance business and related activities. Hansard Europe was closed to new business with effect from 30 June 2013. The principal subsidiaries of the Company are as follows:

Company name	Incorporated	Activity
Hansard International Limited	Isle of Man	Life Assurance
Hansard Worldwide Limited	The Bahamas	Life Assurance
Hansard Europe Designated Activity Company	Ireland	Life Assurance
Hansard Administration Services Limited	Isle of Man	Administration Services
Hansard Development Services Limited	Isle of Man	Marketing and Development Services

The registered office of the Company is 55 Athol Street, 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 2021.

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

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

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

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

The following 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;

- 2022 Annual Improvements to IFRS Standards 2018 – 2020 – effective from January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) – effective from January 2022
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets effect from January 2022
- Reference to the Conceptual Framework (Amendments to IFRS 3) – effective from January 2022
- IFRS 17 Insurance Contracts – effective from January 2023
- Classification of liabilities as current or non-current (Amendments to IAS 1) – effective from January 2023

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 Group's capital position is in excess of regulatory requirements. The long-term nature of the Group's business results in considerable recurring cash inflows arising from existing business. The Directors believe that the Group is well placed to manage its business risks successfully.

The Directors are satisfied that the Company and the Group have adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the consolidated 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 over the next 12 months 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 where lock-downs and travel restrictions exist. 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.
- The Group's products include charges for early surrender, which protects against a scenario of significant lapses.
- 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 to be deferred and the period and method 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

The judgements exercised in the deferral and amortisation of origination costs affect amounts recognised in the consolidated financial statements as deferred origination costs and investment contract benefits.

Additional details of deferred acquisition and origination costs are provided in notes 7 and 14. Any other expenses are expensed 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.

Additional details of deferred income are provided in note 18.

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.

2.1.4 Fair value of 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.

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; and
- To determine whether a provision or contingent liability is required in respect of any pending or threatened litigation, which is addressed in note 19 and 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 ("ERM") 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). Other financial assets and liabilities held outside of contract holder 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 movements 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. The Group does not control the asset selection strategy as assets are chosen by the contract holders.

(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 2021 was £1,148.6m (2020: £976.8m). 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 £1.7m (2020: £1.2m).

(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. The Group has mitigated its exposure to cash flow interest rate risk by placing a proportion of its cash holdings on longer-term, fixed-rate deposits.

Taking into account the proportion of Group funds held on longer-term, fixed-rate deposits, a change of 1% per annum in interest rates will result in an increase or decrease of approximately £0.6m (2020: £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:

	2021 US$m	**2021 €m**	**2021 ¥m**	2020 US$m	2020 €m	2020 ¥m
Gross assets	**20.8**	**6.3**	**223.7**	13.8	5.2	145.8
Matching currency liabilities	**(17.3)**	**(5.7)**	**(239.9)**	(13.0)	(4.2)	(120.2)
Uncovered currency exposures	**3.5**	**0.6**	**(16.2)**	0.8	1.0	25.6
Sterling equivalent (£m)	**2.6**	**0.5**	**(0.1)**	0.6	0.9	0.2

The approximate effect of a 5% change: in the value of US dollars to sterling is £0.1m (2020: less than £0.1m); in the value of the euro to sterling is less than £0.1m (2020: less than £0.1m); and in the value of the yen to sterling is less than £0.1m (2020: 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: 68% (2020: 67%); euro: 10% (2020: 11%); sterling: 21% (2020: 21%); other: 1% (2020: 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 2021 and 2020, 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. The following table sets out information about the credit quality of the Group's deposits with credit institutions and its investments in unitised money market funds.

	2021 £m	2020 £m
Deposits with credit institutions and investments in unitised money market funds		
Based on Standards & Poor's ratings		
AAA	**30.1**	23.4
AA- to AA+	**2.9**	2.0
A- To A+	**9.1**	19.2
Cash at bank	**21.4**	16.2
Group cash and deposits	**63.5**	60.8

Financial assets held at amortised cost, as disclosed in the table above, 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.

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.

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. The group expected credit loss charged in the year is £0.0m (30 June 2020: £0.0m).

There have been no changes in the assets in the year ended 30 June 2021 attributable to changes in credit risk (30 June 2020: nil).

At the balance sheet date, an analysis of the Group's cash and deposit balances was as follows:

	2021 £m	2020 £m
Longer term deposits with credit institutions	**6.8**	21.2
Cash and cash equivalents under IFRS	**56.7**	39.6
Group cash and deposits	**63.5**	60.8

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.

	2021 £m	2020 £m
Maturity within 1 year		
Deposits and money market funds	**63.5**	60.8
Other assets	**4.2**	6.9
	67.7	67.7
Maturity from 1 to 5 years		
Other assets	**-**	-
	-	-
Assets with maturity values	**67.7**	67.7
Other shareholder assets (no defined maturity profile)	**135.4**	130.4
Shareholder assets	**203.1**	198.1
Gross assets held to cover financial liabilities under investment contracts	**1,226.7**	1,081.9
Total assets	**1,429.8**	1,280.0

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 no fixed maturity 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.

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

	2021 £m	2020 £m
Maturity within 1 year		
Amounts due to investment contract holders	**27.4**	23.9
Other payables	**8.8**	9.4
	36.2	33.3
Maturity from 1 to 5 years		
Other payables	**2.6**	3.2
	2.6	3.2
Liabilities with maturity values	**38.8**	36.5
Other shareholder liabilities (no defined maturity profile)	**142.5**	137.8
Shareholder liabilities	**181.3**	174.3
Financial liabilities under investment contracts	**1,224.2**	1,080.5
Total liabilities	**1,405.5**	1,254.8

The difference between the total liabilities in the above table and the total liabilities per the consolidated balance sheet represents the impact of discounting liabilities with a maturity profile of more than one year.

3.5 Insurance risk

Insurance risk is the risk of loss arising from actual experience being different than that assumed when an insurance product was designed and priced. For the Group, the key insurance risks are lapse risk, expense risk and mortality risk. However, the size of insurance risk is not deemed to be materially significant. From an accounting perspective all contracts have been classified as investment contracts.

3.5.1 Lapse risk

A key risk for investment contracts is policyholder behaviour risk – in particular the risk that contracts are surrendered or significant cash withdrawals are made before sufficient fees have been collected to cover up-front commissions paid by the Group. The risk is mitigated by charging penalties on the early surrender of contracts.

3.6 Classification and subsequent measurement of financial assets and liabilities

The Group recognises deposits with financial institutions and loans and borrowings on the date on which they are originated. All other financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at 'fair value through profit and loss' ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

On initial recognition, a financial asset is classified as measured at amortised cost, 'fair value through other comprehensive income' ("FVOCI") or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. The classification of each financial asset and liability is commented on within each respective financial statement note. As at 30 June 2021, only financial assets measured at amortised cost and FVTPL are held.

The subsequent measurement of each class of financial assets is defined in the below table:

Class of asset	Subsequent measurement
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss.
Financial assets at amortised cost	Measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

On initial recognition, a financial liability is designated as amortised cost or FVTPL. The criteria for classification and subsequent measurement mirrors that of the financial assets, albeit the classification of 'FVOCI' does not exist for financial liabilities. Therefore, any liabilities which do not meet the amortised cost classification criteria, are designated as FVTPL.

3.7 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 using quoted prices (unadjusted) in active markets for identical assets.
- Level 2: fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value is determined using inputs for the asset that are not based on observable market data (unobservable inputs).

The following table analyses the Group's financial assets and liabilities at fair value through profit or loss, at 30 June 2021:

Financial assets at fair value through profit or loss	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equity securities	**58.0**	**-**	**-**	**58.0**
Collective investment schemes	**1,026.1**	**-**	**7.0**	**1,033.1**
Fixed income securities, bonds and structured notes	**-**	**52.3**	**5.2**	**57.5**
Total financial assets at fair value through profit or loss	**1,084.1**	**52.3**	**12.2**	**1,148.6**

All other financial assets and liabilities are designated as held at amortised cost which approximates to fair value.

During the period under review, £52.3m of fixed income securities, bonds and structured notes were transferred from Level 1 to Level 2 following a review of their classification. A further £5.2m of similar assets were reclassified from Level 1 to Level 3 as a result of the same classification review, reflecting that the value of these assets are not based on observable market data.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss	**-**	**1,224.2**	**-**	**1,224.2**

Financial liabilities at fair value through profit or loss are classified as level 2 on the basis that they relate to policies investing in financial assets at fair value through profit and loss.

The following tables analyse the Group's financial assets and liabilities at fair value through profit or loss, at 30 June 2020. The classification of fixed income securities, bonds and structured notes has been restated to be presented on a consistent basis to the current period:

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, bonds and structured notes	-	52.6	-	52.6
Total financial assets at fair value through profit or loss	907.6	52.6	16.6	976.8

During the year ended 30 June 2020, no assets were transferred from Level 1 to Level 2, other than the restatement noted above.

	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

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable input	Sensitivity to changes in unobservable inputs
Suspended assets £7m (2020: £16.6m)	Latest available information including or such as net asset values (NAV) or other communication received	Discount factor and NAV	If the NAV was higher/lower, the fair value would be higher/lower. If the discount factor was higher/lower, the fair value would be lower/higher.
Bonds and structured notes £52.3m (2020: £52.6m)	Market comparison/ discounted cash flow: The fair value is estimated considering: (i) current or recent quoted prices for identical securities in markets that are not active; and (ii) a net present value calculated using discount rates which are determined with reference to observable market transactions in instruments with substantially the same terms and characteristics including credit quality, the remaining term to repayments of the principal and the currency in which the payments are made.	Not applicable (Level 2)	Not applicable

Level 3 sensitivity to changes in unobservable measurements

For financial assets assessed as Level 3, based on its review of the prices used, the Company believes that any reasonable change to the unobservable inputs used to measure fair value would not result in a significantly higher or lower fair value measurement at year end, and therefore would not have a material impact on its reported results.

The reconciliation between opening and closing balances of Level 3 assets are presented in the table below:

	2021 £m	2020 £m
Opening balance	**16.6**	26.8
Unrealised gains /(losses)	**(1.7)**	(14.3)
Transfers in to level 3	**5.4**	4.7
Transfers out of level 3	**(0.3)**	-
Purchases, sales, issues and settlements	**(7.8)**	(0.6)
Closing balance	**12.2**	16.6

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 direct origination costs incurred during the year as set out in the Business and Operating Review section of this Annual Report and Accounts.

	2021 £m	2020 £m
Middle East and Africa	**4.7**	5.1
Latin America	**3.8**	4.3
Rest of the World	**1.4**	1.6
Far East	**0.8**	0.8
Net Issued Compensation Credit	**10.7**	11.8
Other commission costs paid to third parties	**5.3**	6.6
Enhanced unit allocations	**1.7**	1.5
Direct origination costs incurred during the year	**17.7**	19.9

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

	2021 £m	2020 £m
Isle of Man	**46.8**	45.5
Republic of Ireland	**3.0**	3.3
The Bahamas*	**0.7**	0.7
	50.5	49.5

* Hansard Worldwide, which is based in the Bahamas, fully reinsures its business to Hansard International. All external fees and commissions for Hansard Worldwide are therefore presented within the Isle of Man category. Fees shown in respect of Hansard Worldwide represent fees received from Hansard International.

4.2 Geographical analysis of profit before taxation

	2021 £m	2020 £m
Isle of Man	**5.5**	5.0
Republic of Ireland	**(1.0)**	(0.9)
The Bahamas	**0.6**	0.6
	5.1	4.7

4.3 Geographical analysis of gross assets

	2021 £m	2020 £m
Isle of Man*	**1,314.1**	1,158.7
Republic of Ireland	**114.0**	120.0
The Bahamas	**1.7**	1.3
	1,429.8	1,280.0

*Includes assets held in the Isle of Man in connection with policies written in The Bahamas. As at 30 June 2021 these amounted to £111.6m (30 June 2020: £51.2m).

4.4 Geographical analysis of gross liabilities

	2021 £m	2020 £m
Isle of Man	**1,194.5**	1,100.3
Republic of Ireland	**98.2**	102.6
The Bahamas	**112.4**	51.2
	1,405.1	1,254.1

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 may be chargeable on either a fixed fee basis, a fee per transaction or as a percentage of assets under administration. 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.

	2021 £m	2020 £m
Contract fee income	**32.2**	32.2
Fund management charges	**13.6**	12.7
Commissions receivable	**4.7**	4.6
	50.5	49.5

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.

	2021 £m	2020 £m
Interest income	**0.1**	1.3
Dividend income	**5.7**	4.9
Gains on realisation of investments	**9.8**	25.7
Movement in unrealised gains/(losses)	**147.7**	(30.0)
	163.3	1.9

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.

	2021 £m	2020 £m
Amortisation of deferred origination costs	**14.1**	14.6
Other origination costs	**2.3**	3.4
	16.4	18.0

8 Administrative and other expenses

Included in administrative and other expenses are the following:

	2021 £m	2020 £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	**0.3**	0.4
- Other services provided to the Group	**-**	0.1
Employee costs (see note 9)	**11.4**	11.0
Directors' fees	**0.4**	0.4
Fund management fees	**4.9**	4.8
Renewal and other commission	**0.3**	1.7
Professional and other fees	**3.8**	2.8
Litigation fees and settlements	**1.9**	1.3
Licences and maintenance fees	**2.0**	1.7
Insurance costs	**1.0**	1.4
Depreciation of property, plant and equipment	**0.9**	0.7
Communications	**0.4**	0.3

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:

	2021 £m	2020 £m
Wages and salaries	**10.6**	10.7
Social security costs	**1.1**	1.0
Contributions to pension plans	**0.9**	1.0
	12.6	12.7

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

	2021 £m	2020 £m
Administrative and other expenses	**11.3**	11.1
Origination costs	**1.3**	1.6
	12.6	12.7

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 46 to 51.

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

	2021 No.	2020 No.
Administration	**133**	144
Distribution and marketing	**16**	15
IT development	**42**	33
	191	192

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 2021 was £0.2m (2020: £0.2m). Corporation tax is charged on any profits arising at the following rates depending on location of the company or branch:

Isle of Man	0% (2020: 0%)
Republic of Ireland	12.5% (2020: 12.5%)
Japan branch	23.4% (2020: 23.4%)
Labuan	24% (2020: 24%)
The Bahamas	0% (2020: 0%)

	2021 £m	2020 £m
Current year tax provisions	**0.2**	0.1
Adjustment to prior year tax provisions	**-**	0.1
	0.2	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

	2021	2020
Profit after tax (£m)	**4.9**	4.5
Weighted average number of shares in issue (millions)	**137.6**	137.6
Basic and diluted earnings per share in pence	**3.6**	3.2

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 3.6p per share (2020: 3.2p).

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 2021 p	Total 2021 £m	Per share 2020 p	Total 2020 £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**	**2.5**	1.80	2.4
	4.45	**6.1**	4.45	6.0

The Board has resolved to pay a final dividend of 2.65p per share on 11 November 2021, subject to approval at the Annual General Meeting, based on shareholders on the register on 1 October 2021.

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.

	2021 £m	2020 £m
Intangible assets	**9.2**	5.9

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 15 years

The increase in intangible assets 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 2022, at which point amortisation will commence over an expected life of 15 years.

The cost of computer software at 30 June 2021 is £9.9m (2020: £6.6m), with a net book value of £9.2m (2020: £5.9m). Accumulated amortisation at 30 June 2021 is £0.7m (2020: £0.7m) All amortisation relates to externally generated costs.

The cost of computer software includes £5.7m of externally generated costs (2020: £4.1m) and £4.2m of internally generated costs (2020: £2.5m).

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'.

	2021 £m	2020 £m
Property, plant and equipment	**0.9**	0.6
Right of use assets	**2.4**	3.0
	3.3	3.6

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 2021 is £10.6m (2020: £10.1m), with a net book value of £0.9m (2020: £0.6m). Additions during 30 June 2021 total £0.5m (2020: £0.1m). Disposals during the year were negligible.

Accumulated depreciation at 30 June 2021 is £9.7m (2020: £9.5m). The depreciation charge for the year ending 30 June 2021 is £0.2m (2020: £0.3m).

IFRS 16 – Leases

The right-of-use assets for property leases are 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 commencement date. The liabilities are measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate. The weighted average incremental borrowing rate applied to the lease liabilities on 30 June 2020 was 4%.

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 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.

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 year to 30 June 2021, the Group entered into extensions to existing leases and recognised these under IFRS 16 accordingly. The weighted average borrowing rate applied to the lease liabilities at 30 June 2021 was 4%.

The recognition of the right-of-use asset represents an increase in the property, plant and equipment figure of £2.4m (30 June 2020: £3.0m). Lease liabilities relating to the right-of-use asset are included within other payables. The interest recognised on the lease liabilities in respect of the right of use asset was less than £0.1m (30 June 2020: less than £0.1m).

During 2021, the Group has entered into a sub-lease for part of a building that is reported as a right-of-use asset. The group has classified the sub-lease as an operating lease, as it does not transfer substantially all of the risks and rewards incidental to the ownership of the sub-let asset. During the year ending 30 June 2021, the Group recognised rental income of less than £0.1m (2020: nil).

	2021 £m	2020 £m
Right of use asset recognised 1 July	**3.0**	0.9
Additions during the period	**0.1**	2.6
Depreciation	**(0.7)**	(0.5)
Net book value of right of use asset as at 30 June	**2.4**	3.0
Lease liability recognised 1 July	**3.0**	0.9
Additions during the period	**0.1**	2.6
Lease payments made during the period	**(0.4)**	(0.5)
Lease liability recognised as at 30 June 2020	**2.7**	3.0
Of which are:		
Current lease liabilities	**0.5**	0.4
Non-current lease liabilities	**2.2**	2.6

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.

	2021 £m	2020 £m
At beginning of financial year	**122.3**	118.0
Origination costs incurred and deferred during the year	**16.9**	18.9
Origination costs amortised during the year	**(14.1)**	(14.6)
	125.1	122.3

Carrying value	2021 £m	2020 £m
Expected to be amortised within one year	**11.8**	11.4
Expected to be amortised after one year	**113.3**	110.9
	125.1	122.3

15 Other receivables

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

	2021 £m	2020 £m
Commission receivable	**1.4**	1.7
Other debtors	**0.1**	2.3
Prepayments	**1.2**	1.2
	2.7	5.2
Estimated to be settled within 12 months	**2.7**	5.2
Estimated to be settled after 12 months	**-**	-
	2.7	5.2

There are no receivables overdue but not impaired (2020: £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.

	2021 £m	2020 £m
Money market funds	**51.4**	35.0
Short-term deposits with credit institutions	**5.3**	4.6
	56.7	39.6

17 Financial liabilities under investment contracts

17.1 Investment contract liabilities, premiums and benefits paid

17.1.1 Investment contract liabilities

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

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

17.1.2 Investment contract premiums

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

17.1.3 Benefits paid

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

17.2 Movement in financial liabilities under investment contracts

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

	2021 £m	2020 £m
Deposits to investment contracts	**148.8**	143.0
Withdrawals from contracts and charges	**(167.2)**	(142.3)
Change in provisions for investment contract liabilities	**162.1**	0.1
Movement in year	**143.7**	0.8
At beginning of year	**1,080.5**	1,079.7
	1,224.2	1,080.5

	2021 £m	2020 £m
Contractually expected to be settled within 12 months	**40.2**	36.7
Contractually expected to be settled after 12 months	**1,184.0**	1,043.8
	1,224.2	1,080.5

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 trade receivables. Financial investments consist of units in collective investment schemes, equity securities, fixed income securities and deposits with credit institutions. Collective investment schemes, equity securities and fixed income securities are designated at fair value through profit or loss. Deposits with credit institutions are designated at amortised cost.

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.

	2021 £m	2020 £m
Equity securities	**58.0**	40.7
Investments in collective investment schemes	**1,033.1**	833.5
Fixed income securities, bonds and structured notes	**57.5**	52.6
Deposits and money market funds	**78.1**	105.1
Total assets held to cover financial liabilities	**1,226.7**	1,081.9
Other payables	**(2.5)**	(1.4)
Financial investments held to cover financial liabilities	**1,224.2**	1,080.5

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

17.4 Amounts due to investment contract holders

Where financial liabilities under investment contracts mature or are redeemed by contact holders, such amounts payable are recorded as amounts due to investment contract holders.

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 recognition of balances in the deferred income reserve is based on actuarial assumptions around future income over the life of each policy. These actuarial assumptions are complex in nature and are subject to estimation uncertainty. The actuarial assumptions are reviewed regularly by the Appointed Actuary.

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

	2021 £m	2020 £m
At beginning of financial year	**137.8**	133.2
Income received and deferred during the year	**21.4**	21.6
Income amortised and recognised in contract fees during the year	**(16.7)**	(17.0)
	142.5	137.8

Carrying value	**2021 £m**	2020 £m
Expected to be amortised within one year	**13.6**	13.0
Expected to be amortised after one year	**128.9**	124.8
	142.5	137.8

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.

	2021 £m	2020 £m
Commission payable	**1.7**	1.8
Other creditors and accruals	**6.2**	7.0
Provisions	**0.4**	0.1
Lease liabilities	**2.7**	3.0
	11.0	11.9

Provisions represent amounts to settle a number of the claims referred to in Note 25 'Contingent Liabilities' where it is economically beneficial to do so. Such provisions are calculated where there is an established pattern of settlement for that grouping of claims. The following table reflects the movement in the provision during the period under review.

	2021 £m
Settlement provision as at 1 July 2020	**0.1**
Additional provisions made in the period	**0.5**
Released from the provision for settlement	**(0.2)**
Settlement provision as at 30 June 2021	**0.4**

Further information outlined within IAS 37.85 is not disclosed on the basis that it may prejudice the Company's position.

With the exception of the lease liabilities shown in note 13, and the provisions referred to above, 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. The Group continued 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 Group's lead regulator, Isle of Man FSA, monitors capital requirements for the Group as a whole. The insurance subsidiaries are directly supervised by their local regulators. The lead regulator's approach to the measurement of capital adequacy is primarily based on monitoring the relationship of the Solvency Capital Requirement ('SCR') to regulatory capital. All regulated entities within the Group exceed 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

	2021 £m	2020 £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 (2020: 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.

	2021 £m	2020 £m
Merger reserve	**(48.5)**	(48.5)
Share premium	**0.1**	0.1
Share based payments reserve	**-**	0.4
Share save reserve	**0.1**	0.1
Reserve for own shares held within EBT	**-**	(0.4)
	(48.3)	(48.3)

At 30 June 2020, included within other reserves was an amount representing 510,000 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	2021 No. of options	2020 No. of options
2015	**-**	61,763
2016	**-**	-
2017	**20,717**	62,730
2018	**270,279**	384,083
	290,996	508,576

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

	2021		2020	
	No. of options	Weighted average exercise price (p)	No. of options	Weighted average exercise price (p)
Outstanding at the start of year	**508,576**	**64**	838,196	65
Granted	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Forfeited	**(217,580)**	**66**	(329,620)	66
Outstanding at end of year*	**290,996**	**63**	508,576	64

*None of these options are exercisable as at 30 June 2021.

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 498,000 share awards which vested during the year (2020: 75,000).

The Trust was funded with a loan of £446,000 during 2018 and as at 30 June 2021 the Trust held 12,000 shares (2020: 510,000 shares). As at 30 June 2021, the outstanding balance on the loan was £12,000 (30 June 2020: £446,000).

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 11 individuals (2020: 10), being members of the Group's Executive Committee and executive Directors of direct subsidiaries of the Company.

The aggregate remuneration paid to key management during the year-ended 30 June was as follows:

	2021 £m	2020 £m
Short-term employee benefits	**1.8**	1.9
Post-employment benefits	**0.3**	0.3
Total	**2.1**	2.2

There were no outstanding amounts as at 30 June 2021 (2020: nil).

The total value of investment contracts issued by the Group and held by key management is zero (2020: 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. As at 30 June 2020, Dr Polonsky had an investment contract issued by the Group on terms available to employees in general. This contract had a fair value of £0.9m as at 30 June 2020. In the year to 30 June 2021, the investment contract was redeemed by Dr Polonsky resulting in no balances with the Group as at 30 June 2021 and to the date of this report.

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 2021 the Trust held 12,000 shares (2020: 510,000). Awards totalling 498,000 shares vested during the year (2020: 75,000).

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 2021, the Group had been served with cumulative writs with a net exposure totalling €26.5m, or £22.7m in sterling terms (30 June 2020: €25.8m / £23.4m) arising from contract holder complaints and other asset performance-related issues. The increase in euro terms since 30 June 2020 was driven by a reduction in the fair value of investment assets backing the claims.

During the year, the Group successfully defended sixteen cases with net exposures of approximately £1.6m, ten of which have been appealed by the plaintiffs (2020: successfully defended nine cases with net exposures of £0.6m). 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.

We have previously noted that we expect a number of our larger claims to ultimately be covered by our Group insurance cover. During 2021 we 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 £22.7m 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. Where an established pattern of settlement is established for any grouping of claims, a provision for expected future settlements is made in line with IAS 37. This is outlined in Note 19.

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

Between 30 June 2021 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:

	2021	2020
US Dollar	**1.38**	1.24
Japanese Yen	**153**	134
Euro	**1.17**	1.10

27 Events after the reporting period

This report for the year ended 30 June 2021 was approved for issue on 22 September 2021. No material events have occurred between the reporting date and the issue date that require disclosure under IAS 10.

Hansard Global plc
Parent Company Statement of Changes in Equity for the year ended 30 June 2021

	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**
Equity settled 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**

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2020	68.8	0.6	12.8	**82.2**
Profit and total comprehensive income for the year after taxation	-	-	7.1	**7.1**
Equity settled share based payments reserve	-	(0.4)	-	**(0.4)**
Transactions with owners				
Dividends paid	-	-	(6.1)	**(6.1)**
At 30 June 2021	**68.8**	**0.2**	**13.8**	**82.8**

The notes on pages 89 to 93 form an integral part of these financial statements.

Hansard Global plc
Parent Company Balance Sheet as at 30 June 2021

	Notes	2021 £m	2020 £m
Assets			
Fixed assets			
Intangible assets	6	**9.1**	5.9
Property, plant and equipment	7	**0.9**	0.5
Investment in subsidiary companies	4	**72.5**	72.5
Current assets			
Cash and cash equivalents		**0.6**	3.9
Amounts due from subsidiary companies	5	**0.7**	0.6
Other receivables		**0.4**	0.5
Total assets		**84.2**	83.9
Liabilities			
Other payables		**1.3**	0.8
Amounts due to subsidiary companies		**0.1**	0.9
Total liabilities		**1.4**	1.7
Net assets		**82.8**	82.2
Shareholders' equity			
Called up share capital	8	**68.8**	68.8
Share premium		**0.1**	0.1
Retained earnings		**13.8**	12.8
Share based payments reserve		**0.1**	0.4
Share save reserve		**-**	0.1
Total shareholders' equity		**82.8**	82.2

The notes on pages 89 to 93 form an integral part of these financial statements.

The parent company financial statements on pages 86 to 93 were approved by the Board on 22 September 2021 and signed on its behalf by:

Graeme Easton

Graeme Easton
Director

Tim Davies

Tim Davies
Director

Hansard Global plc
Parent Company Cash Flow Statement
for the year ended 30 June 2021

	2021 £m	2020 £m
Cash flow from operating activities		
Profit before tax for the year	**7.1**	8.5
Adjustments for:		
Dividends received	**(14.8)**	(16.5)
Movement in share based payments reserve	**(0.4)**	0.2
Changes in operating assets and liabilities		
(Increase) / decrease in amounts due to/from subsidiaries	**(0.9)**	0.6
Decrease in debtors	**0.1**	-
Increase / (decrease) in creditors	**0.5**	(0.6)
Cash flow used in operations	**(8.4)**	(7.8)
Cash flows from investing activities		
Dividends received	**14.8**	16.5
Purchase of investments	**(3.6)**	(2.9)
Cash flows from investing activities	**11.2**	13.6
Cash flows from financing activities		
Dividends paid	**(6.1)**	(6.0)
Cash flows used in financing activities	**(6.1)**	(6.0)
Net decrease in cash and cash equivalents	**(3.3)**	(0.2)
Cash and cash equivalents at beginning of year	**3.9**	4.1
Cash and cash equivalents at year end	**0.6**	3.9

The notes on pages 89 to 93 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 55 Athol Street, 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 2021, including dividends received from subsidiaries, is £7.1m (2020: £8.5m).

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 suite of IT systems which have not yet begun their 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 suite of IT systems. During the current financial year £3.2m (2020: £2.9m) 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 2021 was £9.1m (2020: £5.9m). Accumulated amortisation at 30 June 2021 was £nil (2020: £nil). The cost of computer software includes £4.9m of externally generated costs (2020: £3.4m) and £4.2m of internally generated costs (2020: £2.5m).

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

	2021 **£m**	2020 £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 (2020: 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 2021, 924,123 shares remained available for listing (2020: 924,123).

9. Related party transactions

The company has wholly-owned subsidiaries as referred to in Note 4. Dr L S Polonsky is regarded as the controlling shareholder of the Group, as defined by the Listing Rules of the Financial Conduct Authority.

During the year fees totalling £0.3m (2020: £0.3m) were paid to non-Executive Directors.

The aggregate remuneration paid to key management of the Company for the year ended 30 June 2021 was as follows:

	2021 **£m**	2020 £m
Salaries, wages and bonuses	**1.3**	1.3

10. Equity settled share-based payments

10.1 SAYE programme

Shareholders have approved a Save as You Earn ("SAYE") share save programme for employees. The scheme is a standard SAYE plan, approved by the Revenue Authorities in the Isle of Man and is available to eligible employees. Under the terms of the scheme, individuals can invest up to £500 per month for a three or five-year period to purchase shares at a price not less than 80% of the market price on the date of the invitation to participate.

The scheme is typically operated annually, with the option price and awards criteria normally being established in February. No scheme was issued however during the years ended 30 June 2021 and 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 2021 the Trust held 12,000 shares (2020: 510,000). Awards totalling 498,000 shares vested during the year (2020: 75,000).

Risk Based Solvency Capital

A) Risk Based Solvency capital position

The Group is 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 2021 has been reported below on this basis.

The Group Risk Based Solvency free assets at 30 June 2021 were £58.7m (30 June 2020: £66.5m;), before allowing for payment of the 2021 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	**30 June 2021 Total £m**	30 June 2020 Total £m
Own Funds	**145.5**	149.1
Solvency Capital Requirement	**86.8**	82.6
Surplus	**58.7**	66.5
Solvency ratio (%)	**168%**	180%

All Own Funds are considered Tier 1 capital.

The following compares Own Funds as at 30 June 2021 and 30 June 2020:

	30 June 2021 Own Funds £m	30 June 2020 Own Funds** £m
Value of In-Force	**145.8**	147.9
Risk Margin	**(29.4)**	(29.5)
Net Worth	**29.1**	30.7
Total	**145.5**	149.1

B) Analysis of movement in Group Solvency surplus

A summary of the movement in Group Solvency surplus from £66.5m at 30 June 2020 to £58.7m at 30 June 2021 is set out in the table below.

	£m
Risk Based Solvency surplus at 30 June 2020	**66.5**
Operating experience	**(3.1)**
Investment performance	**18.0**
Changes in assumptions	**(4.6)**
Impact of dividends paid	**(5.6)**
Foreign exchange	**(12.5)**
Risk Based Solvency surplus at 30 June 2021	**58.7**

The movement in Group Risk Based Solvency surplus in 2021 was reduced by dividends paid, operating experience and assumption changes offset by overall positive market movements,

New business written had a £(1.0)m impact on solvency surplus 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 2021 % of SCR**	30 June 2020 % of SCR
Market		
Equity	**52%**	48%
Currency	**12%**	12%
Insurance		
Lapse	**44%**	48%
Expense	**20%**	21%
Default	**2%**	1%
Operational	**16%**	15%

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

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

	30 June 2021 £m	30 June 2020 £m
IFRS shareholders' equity	**24.7**	25.9
Elimination of DOC	**(125.1)**	(122.3)
Elimination of DIR	**142.5**	137.8
Value of In-Force	**145.8**	147.9
Liability valuation differences*	**(3.8)**	(4.7)
Impact of risk margin	**(29.4)**	(29.5)
Other**	**(9.2)**	(6.0)
Risk Based Solvency Shareholder Own Funds	**145.5**	149.1

* 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.

E) Sensitivty analysis

The sensitivity of the Own Funds of the Group and of the Group's life insurance subsidiaries to significant changes in market conditions is as follows:

	30 June 2021 Group £m	30 June 2020 Group £m
Own Funds	**145.5**	149.1
Impact of:		
10% instantaneous fall in equity markets	**(10.5)**	(9.2)
100 basis points decrease in interest rates	**(2.8)**	(1.3)
10% increase in expenses	**(9.3)**	(9.0)
1% increase in expense inflation	**(7.1)**	(6.8)
10% strengthening of sterling	**(8.0)**	(9.2)

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 2022

Annual General Meeting	3 November 2021
Publication of 1st quarter trading update	4 November 2021
Payment date for final dividend	11 November 2021
Announcement of 2nd quarter new business results	27 January 2022
Publication of half-yearly results	3 March 2022
Declaration of interim dividend	3 March 2022
Ex-dividend date for interim dividend	10 March 2022
Record date for interim dividend	11 March 2022
Payment of interim dividend	21 April 2022
Publication of 3rd quarter trading update	5 May 2022
Announcement of 4th quarter new business results	21 July 2022
Announcement of results for the year ended 30 June 2022	22 September 2022
Declaration of final dividend	22 September 2022
Ex-dividend date for final dividend	29 September 2022
Record date for final dividend	30 September 2022
Annual General Meeting	2 November 2022
Payment date for final dividend	10 November 2022

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