



HANSARD
GLOBAL PLC

3 March 2022

**Hansard Global plc
Results for the six months ended 31 December 2021**

Hansard Global plc (“Hansard” or “the Group”), the specialist long-term savings provider, issues its results for the six months ended 31 December 2021. All figures refer to the six months ended 31 December 2021 (“H1 2022”), except where indicated.

- New business levels for the Group on a Present Value of New Business Premiums (“PVNBP”) basis were £64.9m for H1 2022 (H1 2021: £76.3m);
- IFRS profit before tax was £1.9m for the period, down from £2.9m in H1 2021. This was primarily as a result of a £1.0m provision against fees and other receivables following fair value impairments to a specific range of funds in liquidation. The impairment of fair value has reduced the likelihood of liquidation proceeds and therefore the recovery of amounts due to the Group. There are no further financial exposures relating to this fund range and any fees recoverable out of any future liquidation proceeds received will be recorded on a cash received basis;
- Fees and commissions earned totalled £25.2m for H1 2022 compared to £25.6m in H1 2021;
- Assets under administration were £1.23 billion as at 31 December 2021 (30 June 2021: £1.22 billion);
- Value of in-force as at 31 December 2021 was £140.6m (30 June 2021: £145.8m);
- Contingent liabilities arising out of litigation in Hansard Europe were down 9% to £22.4m since 31 December 2021;
- The Board has declared an interim dividend of 1.8p per share (H1 2021: 1.8p);
- The Group has continued its investment in future growth initiatives across its product proposition and systems environment;
- The Group continues to work with its prospective Japanese distribution partner towards a suitable launch date, against the current challenging background of Covid-19 in Japan.

Hansard Global plc

55 Athol Street, Box 192, Douglas, Isle of Man IM99 1QL, British Isles
Telephone: +44 1624 688000 Website: [hansard.com](https://www.hansard.com)

Registered Office: as above. Registered Number: 113389C

Legal Entity Identifier: 213800ZJ9F2EA3Q24K05

	H1 2022	H1 2021
New business sales - PVNBP	£64.9m	£76.3m
IFRS profit before tax	£1.9m	£2.9m
IFRS basic earnings per share	1.3p	2.0p
Interim dividend – <i>to be paid on 21 April 2022</i>	1.8p	1.8p
As at	31 December 2021	30 June 2021
Assets under Administration	£1.23b	£1.22b
Value of In-Force (regulatory basis)	£140.6m	£145.8m

OUTLOOK

The external global environment and the ability for our Independent Financial Advisor (“IFA”) distribution channel to grow new long-term savings business continues to be challenging as Covid-19 related restrictions and economic confidence fluctuate. We therefore expect IFA sales for FY 2022 to be lower than FY 2021 but note that will not have a material impact to our profit under International Financial Reporting Standards (“IFRS”). This is because initial income and origination costs are deferred at point of sale and recognised over the lifetime of contracts sold. The £1.0m impact to our IFRS profit from provisions against fees and other receivables is not expected to be made up elsewhere in H2 of our financial year and if no related recovery is achieved prior to 30 June 2022 we expect our full year profit to be lower than planned by that amount. The provision does not otherwise reflect on our expectations for future trading results.

We remain confident that our Japanese product will successfully launch when the environment improves in Japan and that it will produce long-term business growth for the Group.

NEXT TRADING UPDATE

The next trading update in respect of our financial year ending 30 June 2022 is expected to be published on 5 May 2022.

Graham Sheward, Group Chief Executive Officer, commented:

“Covid-19 continues to provide a challenging backdrop for our business and in particular for launching our new product in Japan, where new States of Emergency were declared in several regions in January. We continue to work with our prospective distribution partner towards a suitable launch date in a positive and engaged manner.

We are also taking a number of actions to improve new business levels both with respect to our traditional business and by progressing opportunities to deploy new products more widely in Japan and in other suitable territories around the world.”

For further information:

Hansard Global plc

Graham Sheward, Group Chief Executive Officer
Tim Davies, Chief Financial Officer

Email: investor-relations@hansard.com

+44 (0) 1624 688 000

Camarco LLP

Ben Woodford, Hugo Liddy

+44 (0) 7990 653 341

Notes to editors:

- Hansard Global plc is the holding company of the Hansard Group of companies. The Company was listed on the London Stock Exchange in December 2006. The Group is a specialist long-term savings provider, based in the Isle of Man.
- The Group offers a range of flexible and tax-efficient investment products within a life assurance policy wrapper, designed to appeal to affluent, international investors.
- The Group utilises a controlled cost distribution model via a network of independent financial advisors and the retail operations of certain financial institutions who provide access to their clients in more than 170 countries. The Group's distribution model is supported by Hansard OnLine, a multi-language internet platform, and is scalable.
- The principal geographic markets in which the Group currently services contract holders and financial advisors are the Middle East & Africa, the Far East and Latin America. These markets are served by Hansard International Limited and Hansard Worldwide Limited.
- Hansard Europe dac previously operated in Western Europe but closed to new business with effect from 30 June 2013.
- The Group's objective is to grow by attracting new business and positioning itself to adapt rapidly to market trends and conditions. The scalability and flexibility of the Group's operations allow it to enter or develop new geographic markets and exploit growth opportunities within existing markets without the need for significant further investment.

Forward-looking statements:

This announcement may contain certain forward-looking statements with respect to certain of Hansard Global plc's plans and its current goals and expectations relating to future financial condition, performance and results. By their nature forward-looking statements involve risk and uncertainties because they relate to future events and circumstances which are beyond Hansard Global plc's control. As a result, Hansard Global plc's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in Hansard Global plc's forward-looking statements. Hansard Global plc does not undertake to update forward-looking statements contained in this announcement or any other forward-looking statement it may make. No statement in this announcement is intended to be a profit forecast or be relied upon as a guide for future performance.

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regime.

Legal Entity Identifier: 213800ZJ9F2EA3Q24K05

Hansard Global plc

CHAIRMAN'S STATEMENT

I am pleased to present to you our financial results for the first six months of our 2022 financial year ("H1 2022").

Hansard Global plc ("Hansard"), like many other businesses, has continued to experience a challenging external environment as we navigated our way through the constraints arising from the Covid-19 global pandemic. While new business was lower than the prior year comparative, the business has remained resilient, with our award-winning systems and customer service operations fully operational at all times.

The Board and I remain confident in the future opportunities for the business. We are operationally ready to launch our innovative new product in Japan and will move forward when our distribution partner is in a position to launch following an improvement in local Covid-related restrictions. The product will 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.

New business

New business for H1 2022 was £64.9m on a Present Value of New Business Premiums ("PVNBP") basis, down 14.9% over the comparative period ("H1 2021"), reflecting the continuing challenges of Covid-19 restrictions around the world and a general hesitancy by clients to commit to long-term savings products.

Financial performance

The Group's profit before tax under International Financial Reporting Standards ("IFRS") of £1.9m for the period was £1.0m lower than the comparative period profit of £2.9m.

The primary driver of this decrease arose from provisions made in full against fees and other receivables totalling £1.0m following fair value impairments to a range of funds currently in liquidation.

Consolidated fees and commissions were down marginally to £25.2m (H1 2021: £25.6m). Costs were managed robustly during the period with administrative costs excluding legal and bad debt provisions down £0.2m from H1 2021.

Capitalisation and solvency

The Group continues to be well capitalised to meet the requirements of regulators, contract holders, intermediaries and other stakeholders. Free assets in excess of the Solvency Capital Requirements of the Group were £55.8m (166% coverage) (30 June 2021: £58.7m and 168%). We have maintained our prudent investment policy for shareholder assets, which minimises market risk and has provided a stable and resilient solvency position over recent years.

Dividends

Taking into account the current financial position and future outlook, the Board has resolved to maintain its interim dividend at 1.8p per share (H1 2021: 1.8p per share). This will be paid on 21 April 2022 with an ex-dividend date of 10 March 2022.

Graeme Easton
Chairman
2 March 2022

INTERIM MANAGEMENT REPORT

REPORT OF THE GROUP CHIEF EXECUTIVE OFFICER GRAHAM SHEWARD

Strategy implementation and new business distribution

The Group provides regular and single premium savings products to expatriate and local clients around the world seeking access to a range of international investments from a safe-haven jurisdiction where the product can typically provide additional tax and inheritance planning advantages.

We continue to pursue our strategy of growing our business organically through Independent Financial Advisor ("IFA") relationships and the pursuit of targeted opportunities to improve our scale, either through new licences or via new institutional strategic partnerships.

Our strategic focus for 2022 remains the delivery of two significant projects:

- Launching our new locally-licensed investment product in Japan via regional banks, and
- Replacing our policy administration systems to support our next generation of products whilst realising associated cost and efficiency gains.

Both of these projects are on track internally, although the challenges of the Omicron Covid-19 variant, now prevalent, have delayed our new product launch in Japan where travel and face-to-face contact have been constrained.

Covid-19

As reported in our 2021 Annual Report and Accounts, our business has operated throughout the pandemic without any significant disruption to our corporate systems or service.

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.

We have supported our IFA network by implementing 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.

In light of lower levels of new business being written by IFAs this year, a number of actions are being taken. These include a targeted product campaign initiated in December, the approval of a number of new brokers to add to our distribution coverage, re-commencement of international travel to a number of our key IFAs by our relationship managers and further leveraging of fintech and automation initiatives.

Results for the period

IFRS profit for the period was £1.9m before tax (H1 2021: £2.9m). The decrease in profit was primarily as a result of provisions made in full against fees and other balances considered unlikely to be recoverable following fair value impairments to a range of funds currently in liquidation.

A summary of the results for H1 2022 are as follows:

	H1 2022	H1 2021
IFRS profit before tax	£1.9m	£2.9m
IFRS basic earnings per share	1.3p	2.0p
Interim dividend – to be paid on 21 April 2022	1.8p	1.8p

Hansard Global plc

As at	31 December 2021	30 June 2021
Assets under Administration	£1,230.2m	£1,224.2m
Value of In-Force (regulatory basis)	£140.6m	£145.8m

The Value of In-Force ("VIF") on a regulatory basis at 31 December 2021 was £140.6m as compared to £145.8m at 30 June 2021. VIF has decreased due to dividend payments and lower new business volumes, offset by positive market movements.

Details of the results for the period are contained in the Business and Financial Review.

Capitalisation and solvency

A 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 remains well capitalised.

The Group's Solvency Capital Requirements under risk based solvency regulations basis have a coverage ratio of 166%, slightly down from the 30 June 2021 level of 168%. The Group's capital is typically held in a wide range of deposit institutions and in highly-rated money market liquidity funds.

Hansard Europe dac's ("Hansard Europe") capital is considered not available for distribution until there is better clarity over the expected outcome of the litigation against the company.

Hansard Europe dac ("Hansard Europe")

Hansard Europe was closed to new business in 2013 and the Group's objective is to run the business off in an efficient and well managed manner. We continue to meet the requirements of the company's policyholders, regulators and stakeholders while utilising operational efficiencies through the use of Hansard OnLine. The servicing of policy contracts and other administrative operations are performed at the Group's head office on the Isle of Man. Regulatory control and management of outsourced activities are exercised from the company's offices in Dublin. The company remains strongly capitalised with net assets of £16.8m.

We continue to deal with complaints in circumstances where a policyholder believes that the performance of an asset linked to a particular contract is not satisfactory. We do not give investment advice and are not party to the selection of the asset and therefore we feel that we are justified in robustly defending each complaint. Sometimes these complaints progress to threatened or actual litigation with the resulting increase in cost and resource to the Group. In many cases the litigation relates to decisions taken by individuals during, or as a result of, the global financial crisis in 2007/2008.

We reported in our 2021 Annual Report that Hansard Europe was facing litigation based on writs totalling £22.7m as a result of these and related complaints. As at 31 December 2021, total writs were £22.4m.

We will continue to defend ourselves from all claims, considering early settlement (without admission of liability) only where there is a clear economic benefit. During the period cases totalling less than £0.1m were settled.

We have previously noted that we expect a number of our larger claims to ultimately be covered by our Group insurance cover. As a result, we expect that a significant amount of the 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. We also continue to pursue recovery of litigation defence costs attaching to such cases.

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 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

Hansard Global plc

strategic goal of delivery of excellent customer service. It has been a strong factor in facilitating the continued smooth operation of the business during the Covid-19 pandemic. We were delighted to see this recognised as part of winning International Investment's "Excellence in Fintech" award in October 2021.

As noted in our 2021 Annual Report, we continue to make good progress with our project to replace our administration systems and ensure our infrastructure remains fit for purpose for our next generation of products and strategic development. Phase One of this project has delivered the functionality for our Japanese product that is due to be launched. We expect the migration of our existing business to the new system to take place on 1 January 2023.

Regulation and risk management

The pace, scale, and complexity of regulatory developments continues to evolve and the Group devotes significant resources in this area to meet these challenges.

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 period under review.

Dividend

The Board has resolved to pay an interim dividend of 1.8p per share (H1 2021: 1.8p). This dividend will be paid on 21 April 2022.

Our people

Our people are critical to our success. We have a dedicated dynamic workforce across a number of locations around the world. During the past 12 months we have dedicated significant resources on culture and engagement and I expect to see this position us positively for the future. I would like to thank all of my colleagues for their continued commitment, flexibility and resilience in a challenging environment.

We have a commitment to service and 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 2021 we won "Excellence in Client Service – Industry" from International Investment for the Asian region. We also maintained our five-star rating for customer service by AKG Financial Analytics in their 2021 review.

Graham Sheward
Chief Executive Officer
2 March 2022

BUSINESS AND FINANCIAL REVIEW

1. BUSINESS MODEL

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 within secure insurance 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.

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 Limited ("Hansard International") is regulated by the Financial Services Authority of the Isle of Man Government. It has a branch in Malaysia, regulated by the Labuan Financial Services Authority, and one in Japan to support its Japanese proposition, regulated by the Japanese Financial Services Agency.

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

Hansard Europe is regulated by the Central Bank of Ireland. Hansard Europe ceased accepting new business with effect from 30 June 2013.

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

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

2. 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 are actively testing innovative technologies, propositions and business models. It remains critical to support the online and digital needs of our clients alongside improving organisational efficiency and scalability.

3. HANSARD ONLINE

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

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

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

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

The benefit of Hansard OnLine is recognised by many IFAs as market leading and our online proposition has been nominated for and won a number of independent industry awards in recent years. Most recently this included winning International Investment's "Excellence in Fintech" award in October 2021.

Online Accounts

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

To support our commitment to delivering 'excellent customer service', we believe it is vital to provide our clients with a modern and secure online platform that allows them to access their finances easily and comprehensively, 24/7. We provide this through our client-facing version of Hansard OnLine, called Online Accounts.

Similar to our IFA-facing online platform, the client's Online Account allows them to access all their policy information, valuation statements, transaction history, premium reports, switch funds online, access all correspondence, access a library of forms and literature, and more.

A large and increasing number of clients have signed up for this service which allows them to view all documentation and communications relating to their contracts via their Online Account as well as choosing to receive post electronically, rather than in hard-copy form. This not only provides a more secure, faster and more cost efficient means of communication with clients but also the convenience to manage their own contract within a timeframe which is more suitable. This has gained further traction during the restrictions encountered during the Covid-19 pandemic.

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.

4. NEW BUSINESS

PROPOSITION

The Group's proposition is to develop and enhance relationships with contract holders and intermediaries through the use of our people, products and technology in a way that meets shared objectives.

The results of activities in each region in H1 2022 are reported in the table below.

NEW BUSINESS PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

New business for the first six months of our 2022 financial year ("H1 2022") was £64.9m on a PVNBP basis, down 14.9% from the comparative period ("H1 2021"), reflecting the continuing challenges of Covid-19 restrictions around the world and a hesitancy by clients to commit to long-term savings products.

New business flows for H1 2022 are summarised as follows:

	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
Present value of New Business Premiums	64.9	76.3	173.0
Annualised Premium Equivalent	8.8	10.9	23.1

The following tables show the breakdown of new business flows calculated on the basis of PVNBP:

	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
By type of contract			
Regular premium	40.6	49.6	109.6
Single premium	24.3	26.7	63.4
	64.9	76.3	173.0

	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
By geographical area			
Middle East and Africa	22.6	28.6	68.3
Rest of World	20.6	24.3	50.7
Latin America	14.4	18.5	40.3
Far East	7.3	4.9	13.7
Total	64.9	76.3	173.0

PVNBP and other terms are defined in the Glossary contained within the Group's annual financial statements, which are available from the Group's website (www.hansard.com).

We continue to receive new business from a diverse range of financial advisors around the world. The majority of new business premiums are denominated in US dollars at approximately 81% (H1 2021: 78%), with approximately 15% denominated in sterling (H1 2021: 17%), and the remainder in euro or other currencies.

Hansard Global plc

While the second quarter of the financial year saw an increase in new business of 6.7% from the first quarter, the overall environment remained challenging for investment and long-term savings plans, with new business for H1 2022 down 14.9% from H1 2021. Regular premium new business fell 18.1%, with single premiums falling 9.0%.

The general experience across each region saw a reduction both in the number of cases sold and in the quantity of high-value cases sold. New business in Latin America was additionally impacted by a tightening of our business acceptance criteria in parts of the region to better control the quality of new business submissions.

The exception to the above was our Far East region which continued to show recovery from a low base in 2021. As outlined in previous reports, our main strategic focus in the Far East is to bring our new Japanese proposition to market.

In light of the above experience, a number of actions are being taken to improve new business levels, including a product campaign initiated with a number of key brokers in December, the approval of a number of new brokers to add to our distribution coverage, re-commencement of international travel to a number of our key brokers by our relationship managers and further leveraging of fintech and automation initiatives.

5. IFRS RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

The Group administers, and earns fees from, a portfolio of unit-linked investment contracts distributed to contract holders around the world.

The nature of the Group's products means that new business flows have a limited immediate impact on current earnings reported under 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.

The Group also continues to invest strategically for the future, particularly in relation to new markets and new licensing opportunities.

Results under IFRS

Consolidated profit before taxation for the period was £1.9m (H1 2021: £2.9m), with the reduction primarily arising from the provision in full of fees and other balances likely to be irrecoverable from a set of funds which are in the process of liquidation.

The following is a summary of key items to allow readers to better understand the results of the period.

ABRIDGED INCOME STATEMENT

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

- Investment gains attributable to contract holder assets were £22.4m (H1 2021: £98.0m). These assets are selected by the contract holder or an authorised intermediary and the contract holder bears the investment risk and 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 H1 2022 these were £2.9m (H1 2021: £2.7m). These are reflected on a gross basis in both income and expenses under IFRS.

An abridged consolidated income statement is presented below, excluding the items of income and expenditure indicated above.

Hansard Global plc

	Six months ended 31 December		Year ended 30 June 2021
	2021 £m	2020 £m	2021 £m
Fees and commissions	22.4	22.9	45.2
Investment and other income	0.3	0.5	0.5
	22.7	23.4	45.7
Origination costs	(8.2)	(8.4)	(16.4)
Administrative and other expenses attributable to the Group	(11.2)	(11.4)	(22.5)
Operating profit for the period before litigation and non-recurring expense items	3.3	3.6	6.8
Net litigation and non-recurring expense items	(1.4)	(0.7)	(1.7)
Profit for the period before taxation	1.9	2.9	5.1
Taxation	(0.1)	(0.1)	(0.2)
Profit for the period after taxation	1.8	2.8	4.9

Fees and commissions

Fees and commissions attributable to Group operations for H1 2022 were £22.4m, marginally lower than £22.9m in H1 2021. A summary of fees and commissions attributable to Group activities is set out below:

	Six months Ended 31 December		Year ended 30 June 2021
	2021 £m	2020 £m	2021 £m
Contract fee income	15.6	16.3	32.2
Fund management fees	4.2	4.2	8.3
Commissions receivable	2.6	2.4	4.7
	22.4	22.9	45.2

Included in contract fee income is £8.3m (H1 2021: £8.6m) representing the amounts prepaid in previous years and amortised to the income statement, as can be seen in section 7 in the reconciliation of deferred income.

Net fund management fees, together with commissions receivable, totalling £6.8m (H1 2021: £6.6m), are related to the value of contract holder Assets under Administration ("AuA") but also have elements amortised from previous periods.

Fees and commissions relating to Hansard Europe were £0.2m lower than the prior period, reflecting its on-going run-off having closed to new business in 2013.

Investment and other income

	Six months Ended 31 December		Year ended 30 June 2021
	2021 £m	2020 £m	2021 £m
Bank interest and other income receivable	0.5	0.8	1.4
Foreign exchange losses on revaluation of net operating assets	(0.2)	(0.3)	(0.9)
	0.3	0.5	0.5

Hansard Global plc

The Group's own liquid assets are held predominantly in sterling and invested in highly-rated money market funds and bank deposits.

Further information about the Group's foreign currency exposures is disclosed in note 4.1 to these condensed consolidated financial statements.

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 life of that contract to match the longer-term income streams expected to accrue from it. Typical terms range between 6 and 16 years, depending on the nature of the product. Other elements of the Group's new business costs, which reflect investment in distribution resources in line with our strategy, are expensed as incurred.

This accounting policy reflects that the Group will continue to earn income over the long-term from contracts issued in a given financial year.

Origination costs in the period were:

	Six months Ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
Origination costs - deferred to match future income streams	6.3	8.6	16.9
Origination costs - expensed as incurred	1.1	1.2	2.3
Investment in new business in period	7.4	9.8	19.2
Net amortisation of deferred origination costs	0.8	(1.4)	(2.8)
	8.2	8.4	16.4

Reflecting the long-term nature of the Group's income streams, amounts totaling £7.1m (H1 2021: £7.2m) have been expensed to match contract fee income of £8.3m (H1 2021: £8.6m) earned in H1 2022 from contracts issued in previous financial years. This reflects the profitability of the existing book.

Origination costs incurred in H1 2021 have decreased as a result of lower levels of new business.

Summarised origination costs for the period were:

	Six months Ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
Amortisation of deferred origination costs	7.1	7.2	14.1
Other origination costs incurred during the period	1.1	1.2	2.3
	8.2	8.4	16.4

Hansard Global plc

Administrative and other expenses

We continue to manage our expense base robustly to control administrative expenses while investing strategically in our systems infrastructure and our Japanese proposition.

A summary of administrative and other expenses attributable to the Group is set out below:

	Six months Ended 31 December		Year Ended 30 June
	2021	2020	2021
	£m	£m	£m
Salaries and other employment costs	5.7	5.6	11.0
Other administrative expenses	4.0	4.3	8.0
Professional fees, including audit	1.2	1.1	2.6
Recurring administrative and other expenses	10.9	11.0	21.6
Growth investment spend	0.3	0.4	0.9
Administrative and other expenses, excl. litigation and non-recurring expense items	11.2	11.4	22.5
Net litigation defence and settlement costs	0.6	0.9	1.9
Provision for doubtful debts	0.8	(0.2)	(0.2)
Total administrative and other expenses	12.6	12.1	24.2

Salaries and other employment costs have increased marginally by £0.1m over the comparative period to £5.7m. The average Group headcount for H1 2022 was 189 compared to 191 for the full 2021 financial year. Headcount at 31 December 2021 was 187.

Other administrative expenses have decreased by £0.3m over the comparative period to £4.0m. The decrease is driven by a number of general cost control savings implemented across recurring administration expenses, together with a credit of £0.2m relating to credit card subsidy costs.

Professional fees including audit (excluding litigation defence costs) have increased marginally by £0.1m over the comparative period to £1.2m.

Growth investment spend of £0.3m represents internal and external costs to generate opportunities for growth. This includes the costs of our head office strategy team and development costs associated with our Japanese proposition.

Litigation costs in defending claims against Hansard Europe of £0.6m for the period were lower than H1 2021 as a provision of £0.3m was made at 31 December 2020 for expected future settlements. No further strengthening of this provision was required in H1 2022.

Provision for doubtful debts primarily reflects the provision in full for fees and other balances considered unlikely to be recoverable following fair value impairments to a range of funds currently in liquidation.

6. CASH FLOW ANALYSIS

The sale of the Group's products typically produces an initial cash strain as a result of the commission and other costs incurred at inception of a contract.

The following summarises the Group's own cash flows in the period:

	Six months Ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
Net cash surplus from operating activities	11.5	11.5	23.8
Interest received	0.1	0.2	0.4
Net cash inflow from operations	11.6	11.7	24.2
Net cash investment in new business	(6.4)	(8.3)	(16.5)
Purchase of software, computer equipment and property	(1.6)	(1.9)	(3.8)
Corporation tax paid	(0.1)	(0.1)	(0.3)
Net cash inflow before dividends	3.5	1.4	3.6
Dividends paid	(3.6)	(3.6)	(6.1)
Net cash outflow after dividends	(0.1)	(2.2)	(2.5)

Cash flows from operating activities was consistent with H1 2022. Initial new business cash strain is shown within "net cash investment in new business" and varies depending on the level and type of new business written. £1.6m was spent during the period primarily on the project to upgrade the Group's IT infrastructure.

The factors described above, together with the payment of our final dividend for 2021, led to a net cash outflow of £0.1m (H1 2021: £2.2m outflow) in the Group's own cash resources since 1 July 2021. The Group continues to maintain significant cash reserves to cover short-term outflows during this period of strategic investment.

	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
Net cash outflow after dividends	(0.1)	(2.2)	(2.5)
Increase/ (decrease) in amounts due to contract holders	8.8	(0.7)	3.6
Net Group cash movements	8.7	(2.9)	1.1
Group cash - opening position	63.5	60.8	60.8
Effect of exchange rate movements	(0.2)	1.1	1.6
Group cash - closing position	72.0	59.0	63.5

Bank deposits and money market funds

The Group's liquid assets at the balance sheet date are held in highly-rated money market liquidity funds and with a wide range of deposit institutions, predominantly in sterling. This approach protects the Group's capital base from stock market falls.

Deposits totalling £6.8m (H1 2021: £12.2m) have original maturity dates greater than 3 months and are therefore excluded from the definition of "cash and cash equivalents" under IFRS.

Hansard Global plc

The following table summarises the total shareholder cash and deposits at the balance sheet date.

	31 December 2021	2020	30 June 2021
	£m	£m	£m
Money market funds	61.7	38.0	52.6
Short-term deposits with credit institutions	3.5	8.8	4.1
Cash and cash equivalents under IFRS	65.2	46.8	56.7
Longer-term deposits with credit institutions	6.8	12.2	6.8
Group cash and deposits	72.0	59.0	63.5

7. ABRIDGED CONSOLIDATED BALANCE SHEET

The condensed consolidated balance sheet presented under IFRS reflects the financial position of the Group at 31 December 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 £1,230.2m (31 December 2020: £1,167.0m). Additionally, that portion of the Group's capital that is held in bank deposits is disclosed in "cash and cash equivalents" based on original maturity terms, as noted above.

The abridged consolidated balance sheet presented below, adjusted for those differences in disclosure, allows a better understanding of the Group's own capital position. Additional factors impacting upon the Group's capital position at the balance sheet date are summarised in section 8 of this Review.

As at	31 December 2021	2020	30 June 2021
	£m	£m	£m
Assets			
Deferred origination costs	124.3	123.7	125.1
Other assets	16.3	15.6	15.2
Bank deposits and money market funds	72.0	59.0	63.5
	212.6	198.3	203.8
Liabilities			
Deferred income	144.5	139.7	142.5
Other payables	45.2	33.5	36.6
	189.7	173.2	179.1
Net assets	22.9	25.1	24.7
Shareholders' equity			
Share capital and reserves	22.9	25.1	24.7

Deferred origination costs

The deferral of origination costs ("DOC") 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.

Hansard Global plc

The table below shows lower origination costs deferred during the period as a result of lower levels of new business sold compared to last year.

	31 December 2021 £m	2020 £m	30 June 2021 £m
At beginning of financial year	125.1	122.3	122.3
Origination costs deferred during the period	6.3	8.6	16.9
Origination costs amortised during the period	(7.1)	(7.2)	(14.1)
	124.3	123.7	125.1

Deferred income

The treatment of deferred income ensures that initial 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 period relate 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 period is summarised below.

	31 December 2021 £m	2020 £m	30 June 2021 £m
At beginning of financial year	142.5	137.8	137.8
Initial fees collected in the period and deferred	10.3	10.5	21.4
Income amortised during the period to fee income	(8.3)	(8.6)	(16.7)
	144.5	139.7	142.5

8. ASSETS UNDER ADMINISTRATION

In the following paragraphs, AuA refers to net assets held to cover financial liabilities as analysed in note 13 to the condensed 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 charges, withdrawals, premium holidays affecting regular premium policies and by market valuation movements.

The majority of premium contributions and AuA are designated in currencies other than sterling, reflecting the wide geographical spread of those contract holders. The currency denomination of AuA at 31 December 2021 is similar to that of 31 December 2020 and consists of approximately 68% denominated in US dollars, 21% in sterling and 9% denominated in euro, as reflected in note 4.1 to the condensed consolidated financial statements.

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.

Hansard Global plc

The following table summarises Group AuA movements for H1 2022:

	31 December 2021 £m	2020 £m	30 June 2021 £m
Deposits to investment contracts – regular premiums	43.3	42.3	84.7
Deposits to investment contracts – single premiums	24.6	26.7	64.1
Withdrawals from contracts and charges	(83.7)	(78.2)	(167.2)
Effect of market and currency movements	21.8	95.7	162.1
Movement in period	6.0	86.5	143.7
Opening balance	1,224.2	1,080.5	1,080.5
Closing balance	1,230.2	1,167.0	1,224.2

Group AuA increased to £1,230.2m during H1 2022, an increase of £6.0m from the position at 30 June 2021, reflective of positive global stock markets during the period.

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

	31 December 2021 £m	2020 £m	30 June 2021 £m
Hansard International	1,146.1	1,074.2	1,134.8
Hansard Europe	84.1	92.8	89.4
	1,230.2	1,167.0	1,224.2

Premiums acquired by Hansard Worldwide are reinsured to 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 withdrawals are made or contracts mature.

9. CAPITALISATION AND SOLVENCY

The Group's life insurance subsidiaries continue to be well capitalised with free assets in excess of the regulatory requirements in each relevant jurisdiction. There has been no material change in the Group's management of capital during the period.

Solvency capital is a combination of future margins, where permitted by regulation, and capital. Where future margins are denominated in non-sterling currencies, it is vulnerable to the weakening of those currencies relative to sterling. All of the Group's excess capital is invested in a wide range of deposit institutions and highly-rated money market liquidity funds, predominantly in sterling. This approach protects the Group's capital base from stock market falls.

The in-force portfolio has no material investment options or guarantees that could cause capital strain and retains very little of the mortality risk that it has accepted (the balance being reinsured with premium reinsurers). There is no longevity risk exposure.

Policy on capital maintenance

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;
- generate operating cash flows; and
- fund dividend requirements.

Hansard Global plc

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 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 section 11 below are substantially resolved.

10. DIVIDENDS

A final dividend of 2.65p per share in relation to the previous financial year was paid in November 2021. This amounted to £3.6m.

The Board has considered the results for H1 2022, the Group's continued cash flow generation and its future expectations and has resolved to pay an interim dividend of 1.8p per share (H1 2021: 1.8p). This dividend will be paid on 21 April 2022.

11. COMPLAINTS AND POTENTIAL LITIGATION

The Group continues to deal with contract holder complaints, principally in relation to asset performance issues arising from contract holders resident in 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.

Some of these complaints escalate into litigation. As at the date of the 2021 Annual Report, the Group faced litigation based on writs totalling €26.5m or £22.7m. The corresponding figure as at 31 December 2021 was €26.7m or £22.4m (31 December 2020: €27.4m or £24.6m). The increase since 30 June 2021 was driven primarily by a reduction in the fair value of investment assets backing the claims. Between 31 December 2021 and the date of this report, there have been no material changes.

We expect that a significant amount of the £22.4m of contingent liabilities referred to above would be covered by insurance should those cases be ruled against us. As of 31 December 2021, we continue to estimate 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 18 to the condensed consolidated financial statements.

12. NET ASSET VALUE PER SHARE

The net asset value per share on an IFRS basis at 31 December 2021 is 16.7p (31 December 2020: 18.2p) based on the net assets in the consolidated balance sheet divided by the number of shares in issue, being 137,557,079 ordinary shares (31 December 2020: 137,557,079).

13. RISK MANAGEMENT

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

The Executive Management Team works within the risk appetite established by the Board and the governance, risk management and internal control arrangements which constitute the Group Enterprise Risk Management ("ERM") Programme.

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

Hansard Global plc

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

Risk management processes are undertaken on both a bottom-up and top-down basis. The top-down aspect involves the Board assessing, analysing and evaluating what it believes to be the principal risks facing the Group. The bottom-up approach involves the identification, review and monitoring of current and forward-looking risks on a continuous basis at functional and divisional levels, with analysis and formal reporting to the Executive Risk Committee, established by the Board, on a quarterly basis and onward analytical reporting to the Board. A review of the Group ERM Framework has been completed during H1 of the 2022 Financial Year. The primary objectives of the review have been:

- To update and enhance the evidencing and demonstration of risk ownerships, ensuring responsibilities and accountabilities for risk management and risk-based decision making are further embedded within working practices
- To identify opportunities for additional refinement of the mechanics of the ERM Framework
- To update Management Risk Committee structures, building on core aspects of the Group Culture Programme and its alignment with the objectives and principles of effective risk management
- To understand the impacts of changes in the internal and external environments, which might contribute to the need for change
- To create clearer and more dynamic interfaces between the governance, risk management and internal control conventions of the ERM Framework and those constituting the Group and subsidiary Own Risk and Solvency Assessment cycles
- To support Board oversight of the effective operation of the ERM Framework and its embedding across the Business

The resultant changes will take effect from 1 January 2022 and include the establishment of a 'Group Risk Forum', which replaces the pre-existing Executive Risk Committee.

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

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 contract benefits are directly linked to the value of the assets in the funds. These assets are administered in a manner consistent with the expectations of the contract holders. By definition, there is a precise match between the investment assets and the contract holder liabilities, and so the market risk and credit risk lie with contract holders.

The Group's exposure on this unit-linked business is limited to the extent that income arising from asset management charges and commissions is generally based on the value of assets in the funds, and any sustained falls in value will reduce earnings. In addition, there are certain financial risks (credit, market and liquidity risks) in relation to the investment of shareholders' funds. The Group's exposure to financial risks is explained in note 4 to the condensed consolidated financial statements.

A comprehensive review of risk management and internal control, including the principal risks and uncertainties facing the business and the Group's approach to managing these risks and uncertainties, is outlined on pages 20 to 27 of the 2021 Annual Report. These principal risks and uncertainties have not changed materially since the 2021 Annual Report was published.

Hansard Global plc

In relation to the Covid-19 pandemic, the Group ERM Framework has continued to enable the Board to take decisive and informed decisions in response to the risks presented to the Group, its employees, customers and wider stakeholder groups. Pandemic-specific business continuity planning and the inherent strength of the Group's systems infrastructure have remained robust and resilient throughout the residual uncertainties inherent in the Pandemic environment at local and international levels.

Established ERM protocols have supported continuous monitoring of operational performance, customer and intermediary impacts and the potential consequences of market volatilities and related stresses to global economies. Operational and Executive Risk Committee Meetings have maintained close scrutiny of these monitoring activities during H1 of the Financial Year with formal reporting to the Group and subsidiary Boards.

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 period ended 31 December 2021 have continued to specifically consider the impacts, uncertainties and any emerging risks.

Risk	Risk Factors and management
<p>Market Risk:</p> <p>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</p>	<p>While the Group does not invest shareholder funds in assets subject to any significant market risk, the Group's earnings and profitability are influenced by the performance of contract holder assets and the fees derived from their value. Significant changes in equity markets and interest rates can adversely affect fee income earned.</p> <p>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.</p> <p>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.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> • 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.
<p>Credit Risk:</p> <p>Arising from the failure of a counterparty</p>	<p>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.</p> <p>Financial loss can also arise when the funds invested in by contract holders become illiquid resulting in past and future fee income not being received. The failure of Independent Financial Agents (IFAs) can also result in loss where unearned commissions can be due back to the Group.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> • 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.

	<ul style="list-style-type: none"> 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	<p>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.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> 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.
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	<p>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.</p> <p>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.</p> <p>The interpretation or application of regulation over time may impact market accessibility, broker relationships and / or competitive viability. If the Group fails to monitor the regulatory environment or adequately integrate the management of associated obligations within strategic, business model or business planning processes there may be material risk to the achievement of strategic objectives both in the short and longer term.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> Robust strategic planning processes informed by analytical review of the external environment and consideration of associated risk in the short and longer term. Continuous monitoring and review of developments in international law and regulation and proactive management of how such developments might shape jurisdictional specific reaction. Active and transparent engagement with regulatory authorities and industry bodies on a multi-jurisdictional basis, including active engagement in and responding to regulatory consultation exercises. Maintenance of robust governance, risk management and internal control arrangements to ensure that legal and regulatory obligations are substantively met on a continuing basis. Active engagement with professional advisors to address specific risks and issues that arise.

<p>Fraud and Financial Crime Risk:</p> <p>Arising from the potential increase in fraud and deception activity due to Covid-19</p>	<p>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.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> • 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.
<p>Distribution Risk:</p> <p>Arising from market changes, technological advancement, loss of key intermediary relationships or competitor activity</p>	<p>The business environment in which the international insurance industry operates is subject to continuous change as new market and competitor forces come into effect and as technology continues to evolve. Hansard may be unable to maintain competitive advantage in commercially significant jurisdictions, or market segments, or be unable to build and sustain successful distribution relationships, particularly in the event of any prolonged uncertainties consequent to the pandemic environment.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> • Close monitoring of marketplaces and competitor activity for signs of threats to forecast new business levels. • 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.
<p>Conduct Risk:</p> <p>Arising from any failure of governance, risk management and internal control arrangements, via corporate or individual actions, leading to customer detriment</p>	<p>Failure to adequately assess, monitor, manage and mitigate risks to the delivery of fair customer outcomes, or to market integrity, can be expected to result in material detriment to the achievement of strategic objectives and could incur regulatory censure, financial penalty, contract holder litigation and / or reputational damage.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> • Enhancements to the Group's ERM framework continue to drive and deliver the integration of conduct risk management at both a cultural and practical level.

	<ul style="list-style-type: none"> 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	<p>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.</p> <p>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.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> 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	<p>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.</p> <p>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.</p> <p>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</p>

	<p>confidential data being exposed and/or systems interruption. A significant cybercrime event could result in reputational damage, regulatory censure and financial loss.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> • 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.
<p>Environmental, Social and Governance (ESG) Risk: (emerging risk)</p> <p>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</p>	<p>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.</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> • 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.

	<ul style="list-style-type: none"> • 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.
<p>Employee Engagement and Cultural Risk:</p> <p>Arising from any failure to drive and support the right corporate culture and attract, develop, engage and retain key personnel</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> • Significant investment in initiatives to address and support cultural change and development, shape strategy and inform tactical solutions. • Establishment of a ‘Culture Programme’ with clearly defined workstreams and timebound deliveries targeting business fundamentals including learning and innovation, leadership and communication and performance management. These are in active progress led by the Executive Management Team with oversight by the HG plc Board

Further detail around financial risks is outlined in note 4 (Financial Risk Management) to the condensed consolidated financial statements.

Hansard Global plc

Statement of Directors' responsibilities

The Directors, whose names are reflected on the Company's website, www.hansard.com, confirm that, to the best of their knowledge, this condensed set of consolidated interim financial statements has been prepared in accordance with IAS 34 as adopted by the United Kingdom and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

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

By order of the Board

G M Easton
Non-executive Chairman

G Sheward
Chief Executive Officer

2 March 2022

Condensed Consolidated Statement of Comprehensive Income

		Six months ended		Year ended
		31 December 2021	31 December 2020	30 June 2021
	Notes	£m	£m	£m
Fees and commissions	6	25.2	25.6	50.5
Investment and other operating income		22.7	98.5	164.2
		47.9	124.1	214.7
Change in provisions for investment contract liabilities		(22.4)	(98.0)	(163.7)
Origination costs		(8.2)	(8.4)	(16.4)
Administrative and other expenses	7	(15.4)	(14.8)	(29.5)
		(46.0)	(121.2)	(209.6)
Profit on ordinary activities before taxation		1.9	2.9	5.1
Taxation on profit on ordinary activities	8	(0.1)	(0.1)	(0.2)
Profit and total comprehensive income for the period after taxation		1.8	2.8	4.9

Earnings Per Share

		Six months ended		Year ended
		31 December 2021	31 December 2020	30 June 2021
	Note	(p)	(p)	(p)
Basic	9	1.3	2.0	3.6
Diluted	9	1.3	2.0	3.6

The notes on pages 30 to 47 form an integral part of these condensed financial statements.

Condensed Consolidated Statement of Changes in Equity

	Note	Share Capital £m	Other reserves £m	Retained earnings £m	Total £m
Shareholders' equity at 1 July 2020		68.8	(48.3)	5.4	25.9
Profit and total comprehensive income for the period after taxation		-	-	2.8	2.8
Transactions with owners					
Dividends	10	-	-	(3.6)	(3.6)
Shareholders' equity at 31 December 2020		68.8	(48.3)	4.6	25.1

	Note	Share Capital £m	Other reserves £m	Retained earnings £m	Total £m
Shareholders' equity at 1 July 2021		68.8	(48.3)	4.2	24.7
Profit and total comprehensive income for the period after taxation		-	-	1.8	1.8
Transactions with owners					
Dividends	10	-	-	(3.6)	(3.6)
Shareholders' equity at 31 December 2021		68.8	(48.3)	2.4	22.9

The notes on pages 30 to 47 form an integral part of these condensed financial statements.

Condensed Consolidated Balance Sheet

		31 December 2021 £m	31 December 2020 £m	30 June 2021 £m
	Notes			
Assets				
Intangible assets	11	10.7	7.8	9.2
Property, plant and equipment	11	3.0	3.2	3.3
Deferred origination costs	12	124.3	123.7	125.1
Financial investments				
Measured at fair value:				
Equity securities		66.4	50.8	58.0
Collective investment schemes		1,028.3	972.2	1,033.1
Fixed income securities		50.4	56.6	57.5
Measured at amortised cost:				
Deposits and money market funds		93.6	101.1	84.2
Other receivables		2.3	4.6	2.7
Cash and cash equivalents		65.2	46.8	56.7
Total assets		1,444.2	1,366.8	1,429.8
Liabilities				
Financial liabilities under investment contracts	13	1,230.2	1,167.0	1,224.2
Deferred income	14	144.5	139.7	142.5
Amounts due to investment contract holders		36.4	23.2	27.4
Other payables	15	10.2	11.8	11.0
Total liabilities		1,421.3	1,341.7	1,405.1
Net assets		22.9	25.1	24.7
Shareholders' equity				
Called up share capital	16	68.8	68.8	68.8
Other reserves		(48.3)	(48.3)	(48.3)
Retained earnings		2.4	4.6	4.2
Total shareholders' equity		22.9	25.1	24.7

The notes on pages 30 to 47 form an integral part of these condensed financial statements.

The condensed financial statements on pages 26 to 47 were approved by the Board on 2 March 2022 and signed on its behalf by:

G Sheward
Director

T N Davies
Director

Condensed Consolidated Cash Flow Statement

	Six months ended		Year ended
	31 December 2021	31 December 2020	30 June 2021
	£m	£m	£m
Cash flow from operating activities			
Profit before tax for the period	1.9	2.9	5.1
Adjustments for:			
Depreciation	0.3	0.4	0.9
Dividends receivable	(2.9)	(2.5)	(5.7)
Interest receivable	(0.1)	(0.2)	(0.4)
Foreign exchange losses/(gains)	0.2	(1.1)	(1.6)
Changes in operating assets and liabilities			
Decrease in other receivables	0.4	0.6	2.5
Dividends received	2.9	2.5	5.7
Interest received	0.1	0.1	0.3
Decrease/(increase) in deferred origination costs	0.8	(1.4)	(2.8)
Increase in deferred income	2.0	1.9	4.7
Increase/(decrease) in creditors	8.4	(0.5)	3.1
Increase in financial investments	(5.9)	(77.4)	(135.3)
Increase in financial liabilities	6.0	86.5	149.6
Cash flow from operations	14.1	11.8	26.1
Corporation tax paid	(0.1)	(0.1)	(0.3)
Net cash from operations after taxation	14.0	11.7	25.8
Cash flows from investing activities			
Investment in intangible assets	(1.6)	(1.9)	(3.8)
Proceeds from sale of investments	0.1	0.1	0.1
Purchase of investments	-	-	(0.1)
Cash flows used in investing activities	(1.5)	(1.8)	(3.8)
Cash flows from financing activities			
Dividends paid	(3.6)	(3.6)	(6.1)
Principal elements of lease liabilities	(0.2)	(0.2)	(0.4)
Cash flows used in financing activities	(3.8)	(3.8)	(6.5)
Net increase in cash and cash equivalents	8.7	6.1	15.5
Cash and cash equivalents at beginning of period	56.7	39.6	39.6
Effect of exchange rate changes	(0.2)	1.1	1.6
Cash and cash equivalents at period end	65.2	46.8	56.7

The notes on pages 30 to 47 form an integral part of these condensed financial statements.

Notes to the Condensed Consolidated Financial Statements

1 General information

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

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

These condensed consolidated interim financial statements are unaudited and do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. The condensed consolidated interim financial statements were approved by the Board of Directors on 2 March 2022.

The Board of Directors approved the Group's statutory financial statements for the year ended 30 June 2021 on 22 September 2021. The report of the independent auditor on those financial statements was unmodified and did not contain an emphasis of matter paragraph.

2 Basis of presentation

These condensed consolidated interim financial statements for the half-year ended 31 December 2021 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (“DTR”) and with IAS 34 “Interim Financial Reporting” as adopted by the United Kingdom (“UK”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2021, which were prepared in accordance with International Financial Reporting Standards as adopted by the UK.

The condensed consolidated interim 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.

Except where otherwise stated, all figures included in the condensed consolidated interim financial statements are stated in pounds sterling, which is also the functional currency of the Company, rounded to the nearest hundred thousand pounds.

The following new standards, amendments and interpretations are in issue but not yet effective for these financial statements and have not been early adopted by the Group. The following amended standards are not expected to have a material impact on the Group's reported results:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) – effective from January 2022
- 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
- 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
- Amendments to IFRS 17 – effective from January 2023
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – effective from January 2023
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax related Asset and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes – effective 1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendments to IFRS 10 and IAS 28)

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 reported results.

Hansard Global plc

Going Concern

As shown within the Business and Financial Review, the Group's capital position is strong and well 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 condensed 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 Directors expect the acquisition of new business will continue to be challenging throughout the remainder of the financial year. 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.

3 Principal accounting policies

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, this condensed set of consolidated financial statements has been prepared applying the accounting policies and standards that were applied, and the critical accounting estimates and judgements in applying them, in the preparation of the Group's published consolidated financial statements for the year ended 30 June 2021, except as disclosed in note 4.2. The published consolidated financial statements for the year ended 30 June 2021 can be accessed on the Company's website: www.hansard.com.

4 Financial risk management

Risk management objectives and risk policies

The Group's operations expose it to a variety of financial risks. 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. The Group's exposure is limited to the extent that certain fees and commission income are based on the value of assets in the unit-linked funds. 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. Information concerning the operation of the ERM framework to manage financial and other risks is contained within the Report and Accounts for the year ended 30 June 2021, and particularly in note 3 thereto, "Financial risk management".

The more significant financial risks to which the Group is exposed, and an estimate of the potential financial impact of each on the Group's IFRS earnings, are set out below. For each category of risk, the Group determines its risk appetite and sets its investment, treasury and associated policies accordingly.

4.1 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 markets, as mentioned above). Financial assets and liabilities to support Group capital resources held outside unitised funds primarily consist of units in money market funds, cash and cash equivalents, and other assets and liabilities. Cash held in unitised money market funds and at bank is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements.

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

(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 31 December 2021 was £1,145.1m (31 December 2020: £1,079.6m). 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.

Hansard Global plc

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 annual 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 (H1 2021: £1.7m).

(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.

Taking into account the proportion of Group funds held on longer-term, fixed-rate deposits, a change of 1% p.a. in interest rates will result in an increase or decrease of approximately £0.7m (H1 2021: £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 4.3.

(c) Currency risk

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

(c) (i) Group foreign currency exposures

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

At the balance sheet date the Group had exposures in the following currencies:

	31 December					
	2021 US\$m	2021 €m	2021 ¥m	2020 US\$m	2020 €m	2020 ¥m
Gross assets	21.0	11.5	226.3	16.6	5.3	190.6
Matching currency liabilities	(18.6)	(10.1)	(186.6)	(13.1)	(4.5)	(130.9)
Uncovered currency Exposures	2.4	1.4	39.7	3.5	0.8	59.6
Sterling equivalent of exposures (£m)	1.7	1.2	0.3	2.8	0.8	0.4

The approximate effect of a 5% change in the value of US dollars to sterling is £0.1m (H1 2021: £0.1m); in the value of the euro to sterling is £0.1m (H1 2021: less than £0.1m); and in the value of the yen to sterling is less than £0.1m (H1 2021: 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% (H1 2021: 68%); sterling: 21% (H1 2021: 21%); euro: 9% (H1 2021: 10%); other: 2% (H1 2021: 1%).

4.2 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 the balance sheet date, 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.

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 respectively. 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.

	31 December 2021	30 June 2020	2021
	£m	£m	£m
Deposits with credit institutions and investments in unitised money market funds (Based on Standards & Poor's ratings)			
AAA	34.2	18.2	30.1
AA- to AA+	3.0	-	2.9
A- To A+	8.0	19.4	9.1
Cash at bank	26.8	21.4	21.4
Group cash and deposits	72.0	59.0	63.5

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

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 period is less than £0.1m (H1 2021: less than £0.1m).

There have been no changes in the assets in the period ended 31 December 2021 attributable to changes in credit risk (31 December 2020: nil).

Hansard Global plc

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

	31 December 2021 £m	2020 £m	30 June 2021 £m
Longer term deposits with credit institutions	6.8	12.2	6.8
Cash and cash equivalents under IFRS	65.2	46.8	56.7
	72.0	59.0	63.5

The increase in cash and cash equivalents is as a result of the Group changing its accounting policy with regards to the recognition of cash and cash equivalents to better present its financial position. Cash and cash equivalents are now recognised on receipt prior to investment to contract holder funds. There is an equal increase recorded within contract holder amounts payable.

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

Liquidity risk is principally managed in the following ways:

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

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

4.4 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.

4.4.1 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.

4.5 Fair value of financial assets and liabilities

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

Due to the linked nature of the contracts administered by the Group's 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

Hansard Global plc

included in investment income and investment contract benefits, respectively, in the condensed 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 tables analyse the Group's financial assets and liabilities at fair value through profit or loss, at 31 December 2021:

Financial assets at fair value through profit or loss	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equity securities	66.4	-	-	66.4
Collective investment schemes	1,023.7	-	4.6	1,028.3
Fixed income securities, bonds and structured notes	-	43.3	7.1	50.4
	1,090.1	43.3	11.7	1,145.1

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

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss	-	1,230.2	-	1,230.2

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 or loss.

The following tables analyse 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	50.8	-	-	50.8
Collective investment schemes	1,026.1	-	7.0	1,033.1
Fixed income securities, bonds and structured notes	-	52.3	5.2	57.5
	1,084.1	52.3	12.2	1,148.6

	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

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 £4.6m (30 June 2021: £7.0m)	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 £43.3m (30 June 2021: £52.3m)	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.

Hansard Global plc

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

	31 December		30 June
	2021	2020	2021
	£m	£m	£m
Opening balance	12.2	18.8	16.6
Unrealised losses	(1.9)	(5.0)	(1.7)
Transfers in to level 3	2.3	-	2.3
Transfers out of level 3	(0.3)	-	(0.3)
Purchases, sales, issues and settlements	(0.6)	(2.9)	(7.8)
Closing balance	11.7	10.9	12.2

During the period under review, £2.3m of assets were transferred into Level 3, reflecting that the value of these assets were no longer based on observable market data or inputs. Separately £0.3m of assets were transferred out of Level 3 as they were again able to be valued based on observable market data or inputs. Unrealised losses include additional fair value impairments to a range of assets in liquidation which have resulted in £1.0m of bad debt provisions being made to fees and other receivables as shown in note 7.

5 Segmental information

Disclosure of operating segments in these condensed consolidated 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 in relation to the Republic of Ireland 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 a measure of the value of new in-force business and top-ups on existing single premium contracts. NICC is the total 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 during the period as set out in section 5 of the Business and Financial Review.

	Six months ended		Year
	31 December		ended
	2021	2020	2021
	£m	£m	£m
Middle East and Africa	1.3	2.2	4.7
Latin America	1.6	2.1	3.8
Rest of World	0.9	0.7	1.4
Far East	0.3	0.3	0.8
Net issued compensation credit	4.1	5.3	10.7
Other commission costs paid to third parties	1.9	2.7	5.3
Enhanced unit allocations	0.7	0.9	1.7
Direct origination costs during the period	6.7	8.9	17.7

Hansard Global plc

Revenues and expenses allocated to geographical locations contained in sections 5.1 to 5.4 below, reflect the revenues and expenses generated in or incurred by the legal entities in those locations.

5.1 Geographical analysis of fees and commissions by origin

	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
Isle of Man	23.5	23.7	46.8
Republic of Ireland	1.4	1.6	3.0
The Bahamas *	0.3	0.3	0.7
	25.2	25.6	50.5

* 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.

5.2 Geographical analysis of profit/(loss) before taxation

	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
Isle of Man	1.7	3.0	5.5
Republic of Ireland	(0.1)	(0.4)	(1.0)
The Bahamas	0.3	0.3	0.6
	1.9	2.9	5.1

5.3 Geographical analysis of gross assets

	31 December		30 June
	2021	2020	2021
	£m	£m	£m
Isle of Man *	1,329.2	1,247.3	1,314.1
Republic of Ireland	112.3	118.2	114.0
The Bahamas	2.7	1.3	1.7
	1,444.2	1,366.8	1,429.8

* Includes assets held in the Isle of Man in connection with policies written in The Bahamas. As at 31 December 2021 these amounted to £131.3m (31 December 2020: £78.4m).

5.4 Geographical analysis of gross liabilities

	31 December		30 June
	2021	2020	2021
	£m	£m	£m
Isle of Man	1,192.1	1,161.1	1,194.5
Republic of Ireland	96.7	101.7	98.2
The Bahamas	132.5	78.9	112.4
	1,421.3	1,341.7	1,405.1

Hansard Global plc

6 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.

	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
Contract fee income	15.6	16.4	32.2
Fund management fees	7.0	6.8	13.6
Commission receivable	2.6	2.4	4.7
	25.2	25.6	50.5

7 Administrative and other expenses

Included in Administrative and other expenses are the following:

	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
	£m	£m	£m
Auditors' remuneration			
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	0.1	0.1	0.1
- Fees payable for the audit of the Company's subsidiaries pursuant to legislation	0.2	0.2	0.3
- Other services provided to the Group	-	0.1	-
Employee costs	5.7	5.8	11.4
Directors' fees	0.2	0.2	0.4
Fund management fees	2.9	2.7	4.9
Renewal and other commission	0.4	0.4	0.3
Professional and other fees	1.6	1.5	3.8
Litigation defence and settlement costs	0.6	0.9	1.9
Provisions for doubtful debts	1.0	0.3	0.5
Licences and maintenance fees	1.1	1.0	2.0
Insurance costs	0.5	0.6	1.0
Depreciation of property, plant and equipment	0.3	0.4	0.9
Communications	0.1	0.2	0.4

Hansard Global plc

8 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 H1 2022 was £0.1m (H1 2021: £0.1m). Corporation tax is charged on any profits arising at the following rates depending on location of the company or branch:

Isle of Man	0% (2021: 0%)
Republic of Ireland	12.5% (2021: 12.5%)
Japan	23.2% (2021: 23.2%)
Labuan	24% (2021: 24%)
The Bahamas	0% (2021: 0%)

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.

9 Earnings per share

	Six months ended 31 December		Year ended 30 June
	2021	2020	2021
Profit after tax (£m)	1.8	2.8	4.9
Weighted average number of shares in issue (millions)	137.6	137.6	137.6
Earnings per share in pence	1.3p	2.0p	3.6p

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 1.3 pence per share (H1 2021: 2.0p).

10 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 period:

	Six months ended 31 December				Year ended 30 June	
	2021		2020		2021	
	Per share p	Total £m	Per share p	Total £m	Per share p	Total £m
Final dividend paid	2.65	3.6	2.65	3.6	2.65	3.6
Interim dividend paid	-	-	-	-	1.80	2.5
	2.65	3.6	2.65	3.6	4.45	6.1

The Board have resolved to pay an interim dividend of 1.8p per share. This amounts to £2.4m and will be paid on 21 April 2022 to shareholders on the register at 11 March 2022.

Hansard Global plc

11 Intangible 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.

	31 December 2021 £m	2020 £m	30 June 2021 £m
Intangible assets	10.7	7.8	9.2

The increase in computer software relates to capitalised costs associated with the development of a replacement policy administration system. The first segment of this development is expected to be put into use during 2022, at which point amortisation will commence over its estimated expected life.

Property, plant and equipment

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

	31 December 2021 £m	2020 £m	30 June 2021 £m
Property, plant and equipment	0.9	0.6	0.9
Right of use assets	2.1	2.6	2.4
	3.0	3.2	3.3

IFRS 16 – Leases

During the period to 31 December 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 31 December 2021 was 4%.

The recognition of the right-of-use asset represents an increase in the property, plant and equipment figure of £2.1m (31 Dec 2020: £2.6m). Lease liabilities relating to the right-of-use asset are included within other payables.

During the year ended 30 June 2021, the Group 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 period ending 31 December 2021, the Group recognised rental income of less than £0.1m (31 Dec 2020: nil).

	31 December 2021 £m	2020 £m	30 June 2021 £m
Right of use asset recognised b/f	2.4	3.0	3.0
Additions during the period	0.1	-	0.1
Depreciation	(0.4)	(0.4)	(0.7)
Net book value of right of use asset c/f	2.1	2.6	2.4
Lease liability recognised b/f	2.7	3.0	3.0
Additions during the period	0.1	-	0.1
Lease payments made during the period	(0.3)	(0.2)	(0.4)
Lease liability recognised c/f	2.5	2.8	2.7

	31 December 2021 £m	2020 £m	30 June 2021 £m
Of which are:			
Current lease liabilities	0.3	0.5	0.5
Non-current lease liabilities	2.2	2.3	2.2

12 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 period under review is summarised below.

	31 December 2021 £m	2020 £m	30 June 2021 £m
At beginning of financial year	125.1	122.3	122.3
Origination costs incurred during the period	6.3	8.6	16.9
Origination costs amortised during the period	(7.1)	(7.2)	(14.1)
	124.3	123.7	125.1

	31 December 2021 £m	2020 £m	30 June 2021 £m
Carrying value			
Expected to be amortised within one year	12.1	11.5	11.8
Expected to be amortised after one year	112.2	112.2	113.3
	124.3	123.7	125.1

13 Financial 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, other assets and liabilities are held to cover financial liabilities under investment contracts. They are included within the relevant headings on the condensed consolidated balance sheet.

	31 December		30 June
	2021	2020	2021
	£m	£m	£m
Equity securities	66.4	50.8	58.0
Investment in collective investment schemes	1,028.3	972.2	1,033.1
Fixed income securities, bonds and structured notes	50.4	56.6	57.5
Deposits and money market funds	86.3	89.3	78.1
Total assets	1,231.4	1,168.9	1,226.7
Other payables	(1.2)	(1.9)	(2.5)
Financial investments held to cover liabilities	1,230.2	1,167.0	1,224.2

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

14 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 period is summarised below:

	31 December 2021	2020	30 June 2021
	£m	£m	£m
At beginning of financial year	142.5	137.8	137.8
Income received and deferred in period	10.3	10.5	21.4
Income recognised in contract fees in the period	(8.3)	(8.6)	(16.7)
	144.5	139.7	142.5

	31 December 2021	2020	30 June 2021
Carrying value	£m	£m	£m
Expected to be amortised within one year	14.2	13.1	13.6
Expected to be amortised after one year	130.3	126.6	128.9
	144.5	139.7	142.5

15 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.

	31 December 2021	2020	30 June 2021
	£m	£m	£m
Commission payable	2.0	1.8	1.7
Other creditors and accruals	5.4	7.0	5.8
Provisions	0.3	0.2	0.4
Lease liabilities of which:			
Current lease liabilities	0.3	0.5	0.4
Non-current lease liabilities	2.2	2.3	2.7
	10.2	11.8	11.0

Hansard Global plc

Provisions represent amounts to settle a number of the claims referred to in Note 18 '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.

	31 December 2021 £m
Settlement provision as at 1 July 2021	0.4
Additional provisions made in the period	-
Released from the provision for settlement	(0.1)
Settlement provision as at 31 December 2021	0.3

16 Called up share capital

	31 December 2021 £m	2020 £m	30 June 2021 £m
Authorised:			
200,000,000 ordinary shares of 50p	100.0	100.0	100.0
Issued and fully paid:			
137,557,079 ordinary shares of 50p			
(30 June 2021: 137,557,079 ordinary shares)	68.8	68.8	68.8

17 Related party transactions

Intra-group transactions are eliminated on consolidation and are not disclosed separately here.

There have been no significant related party transactions in the period, nor changes to related parties. Related party transactions affecting the results of previous periods and an understanding of the Group's financial position at previous balance sheet dates are as disclosed in the Annual Report & Accounts for the year ended 30 June 2021.

There have been no awards during the period under the Save As You Earn (SAYE) share-save programme for employees. The estimated fair value of the schemes and the imputed cost for the period under review is not material to these financial statements.

18 Contingent liabilities

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.

Hansard Global plc

As at the date of the 2021 Annual Report and Accounts, the Group had been served with cumulative writs with a net exposure totalling €26.5m or £22.7m in sterling terms arising from contract holder complaints and other asset performance-related issues. The corresponding figure as at 31 December 2021 was €26.7m or £22.4m (31 December 2020: €27.4m or £24.6m). The increase since 30 June 2021 was driven primarily by a reduction in the fair value of investment assets backing the claims.

We have previously reported that we expect a number of our larger claims to ultimately be covered by our Group insurance cover. During the six months ended 31 December 2021, recoveries of £0.4m (H1 2021 less than £0.1m) were received or receivable. We expect such reimbursement to continue during the course of that litigation.

As a result, we also expect that a significant amount of the £22.4m of contingent liabilities referred to above would be covered by insurance should those cases be ruled against us. As of 31 December 2021, we continue to estimate 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 to be in the best interests of the Group and its shareholders to reach a commercial resolution with regard to certain of these claims. Such cases totalled less than £0.1m (H1 2021: less than £0.1m) during the period. A provision of £0.3m has been established where based on past experience it is expected that future settlements may be reached.

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

Between 31 December 2021 and the date of this report, there have been no material developments.

19 Foreign exchange rates

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

	31 December 2021	2020	30 June 2021
US Dollar	1.35	1.36	1.38
Japanese Yen	155	141	153
Euro	1.19	1.11	1.17

20 Events after the reporting period

This report for the period ended 31 December 2021 was approved for issue on 2 March 2022. No material events have occurred between the reporting date and the issue date that require disclosure under IAS 10.

INDEPENDENT REVIEW REPORT TO HANSARD GLOBAL PLC

Conclusion

We have been engaged by Hansard Global plc (the "Company") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 31 December 2021 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 31 December 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting and the Disclosure and Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Financial Reporting Council for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual consolidated financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 Interim Financial Reporting.

In preparing the half-yearly financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the scope of review paragraph of this report.

Hansard Global plc

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

KPMG Audit LLC

Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM1 1LA

Hansard Global plc

Risk Based Solvency Capital

A) Risk Based Solvency capital position at 31 December 2021

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 Group shareholder Risk Based Solvency surplus at 31 December 2021 was £55.8m (30 June 2021: £58.7m), before allowing for payment of the 2021 interim 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	31 Dec 2021 Total £m	30 June 2021 Total £m	31 Dec 2020 Total £m
Own Funds	140.8	145.5	149.4
Solvency Capital Requirement	85.0	86.8	85.6
Surplus	55.8	58.7	63.8
Solvency ratio (%)	166%	168%	175%

Totals may differ due to rounding

All Own Funds are considered Tier 1 capital.

The following table analyses the components of Own Funds:

	31 Dec 2021 Own Funds £m	30 June 2021 Own Funds £m	31 Dec 2020 Own Funds £m
Value of In-Force	140.6	145.8	149.9
Risk Margin	(28.6)	(29.4)	(29.7)
Net Worth	28.8	29.1	29.2
Total	140.8	145.5	149.4

Own Funds decreased due to dividend payments and low new business volumes, offset by positive market movements.

B) Analysis of movement in Group capital position

A summary of the movement in Group Risk Based Solvency surplus from £58.7 at 30 June 2021 to £55.8m at 31 December 2021 is set out in the table below.

Analysis of movement in Group shareholder surplus	£m
Risk Based Solvency surplus at 30 June 2021	58.7
Operating experience	(2.3)
Investment performance	0.7
Changes in assumptions	0.9
Dividends paid	(3.3)
Foreign exchange	1.2
Risk Based Solvency surplus at 31 December 2021	55.8

The movement in Group Risk Based Solvency surplus in the first half of the 2022 financial year was the result of dividends paid and operating experience, offset by minor changes in assumptions, positive investment market performance and exchange rate movements.

New business written had a negative £1.4m (H1 2021: positive £0.6m) impact on Own Funds for the period.

C) Analysis of Group Solvency Capital Requirements

The analysis of the Group's Solvency Capital Requirement by risk type is as follows:

Split of the Group's Solvency Capital Requirement*	31 Dec 2021	30 June 2021	31 Dec 2020
Risks	% of SCR	% of SCR	% of SCR
Market			
Equity	50%	52%	51%
Currency	11%	12%	12%
Insurance			
Lapse	45%	44%	45%
Expense	21%	20%	21%
Default	2%	2%	1%
Operational	16%	16%	14%

* 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

	31 Dec 2021 £m	30 June 2021 £m	31 Dec 2020 £m
IFRS shareholders' equity	22.9	24.7	25.1
Elimination of DOC	(124.3)	(125.1)	(123.7)
Elimination of DIR	144.5	142.5	139.7
Value of In-Force	140.6	145.8	149.9
Liability valuation differences*	(3.6)	(3.8)	(4.6)
Impact of risk margin	(28.6)	(29.4)	(29.7)
Other**	(10.7)	(9.2)	(7.3)
Risk Based Solvency Shareholder Own Funds	140.8	145.5	149.4

* 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) Sensitivity analysis

The sensitivity of the Own Funds to significant changes in market conditions is as follows:

Impact of market sensitivities	31 Dec 2021 Group £m	30 June 2021 Group £m	31 Dec 2020 Group £m
Own Funds	140.8	145.5	149.4
Impact of:			
10% instantaneous fall in equity markets	(10.0)	(10.5)	(10.1)
100 basis points decrease in interest rates	(1.9)	(2.8)	-
10% increase in expenses	(9.0)	(9.3)	(9.1)
1% increase in expense inflation	(7.3)	(7.1)	(7.4)
10% strengthening of sterling	(7.5)	(8.0)	(9.0)

Hansard Global plc

Contacts and Advisors

Registered Office 55 Athol Street Douglas Isle of Man IM99 1QL Tel: +44 (0)1624 688000 Fax: +44 (0)1624 688008 www.hansard.com	Media Enquiries Camarco 107 Cheapside London EC2V 6DN Tel: +44 (0)20 3757 4980
President Dr L S Polonsky, CBE Leonard.Polonsky@hansard.com	Broker Panmure Gordon (UK) Limited One New Change London EC4M 9AF Tel. +44 (0)20 7886 2500
Non-executive Chairman G M Easton Graeme.Easton@hansard.com	Registrar Link Market Services (Isle of Man) Limited Clinch's House Lord Street Douglas Isle of Man IM99 1RZ Tel (UK): 0871 664 0300* Tel: +44 (0)20 8639 3399
Financial Advisor Macquarie Capital (Europe) Limited 28 Ropemaker Street London EC2Y 9HD Tel: +44 (0)20 3037 2000	
Independent Auditor KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM1 1LA Tel: +44 (0)1624 681000	UK Transfer Agent Link Market Services Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Tel (UK): 0871 664 0300* Tel: +44 (0)20 8639 3399
* NB: 0871 Number – calls cost 12p per minute plus network extras. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales.	

Financial Calendar	
Ex-dividend date for interim dividend	10 March 2022
Record date for interim dividend	11 March 2022
Payment date for interim dividend	21 April 2022
Third quarter trading update	05 May 2022
Announcement of fourth quarter new business results	21 July 2022
Announcement of full year results	22 September 2022