HANSARD
GLOBAL PLC

The Company notes that the announcement released at 7.00 am on 24 September 2020 under reference 9288Z contained an error. The ex-dividend date for the proposed final dividend is 1 October 2020, and not 30 September 2020 as stated in the original announcement.

All other details in the announcement remain correct.

25 September 2020

Hansard Global plc
Results for the year ended 30 June 2020

Resilient performance; dividend maintained

Hansard Global plc ("Hansard" or "the Group"), the specialist long-term savings provider, issues its results for the year ended 30 June 2020 ("FY 2020").

Summary

	FY 2020	FY 2019
New business sales – PVNBP [1] basis	**£159.8m**	£155.9m
IFRS profit before tax	**£4.7m**	£4.6m
Underlying profit	**£6.2m**	£6.1m
Operating cash surplus	**£22.7m**	£20.6m
Recommended final dividend per share [2]	**2.65p**	2.65p
IFRS earnings per share	**3.2p**	3.3p

As at	**30 June 2020**	30 June 2019
Assets under Administration	**£1,081m**	£1,080m
Value of In-Force [3]	**£148m**	£145m

[1] Present Value of New Business Premiums
[2] Subject to approval at the AGM
[3] New basis of calculation implemented in FY 2020 to reflect implementation of Group Solvency in the Isle of Man. The prior year comparative has been restated for consistency (previously £140m).

Gordon Marr, Group Chief Executive Officer, commented:
"This has been a year of resilient progress given the challenges presented by Covid-19. After starting the first eight months of our financial year with strong new business growth, the impact of the global pandemic naturally dampened results in the latter part of the year. Despite this, new business, assets under administration and profit before tax were all slightly higher than 2019. Given this resilience and our current financial outlook with new business levels for Q1 2021 only slightly behind that of Q1 2020, we are delighted to be in a position to maintain our dividend in line with last year."

Hansard Global plc
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Registered Office: as above. Registered Number 113389C
Legal Entity Identifier: 213800ZJ9F2EA3Q24K05

NEW BUSINESS
As previously announced, our new business levels were £159.8m on a Present Value of New Business Premiums ("PVNBP") basis, 2.5% higher than FY 2019. The primary driver of growth in 2020 was our Latin American region, up 44% for the year.

STRATEGY IMPLEMENTATION
During the past financial year, the primary focus has been on delivering our two most significant near-term strategic initiatives:

- Bringing to market our locally-licensed investment product in Japan; and
- Upgrading and streamlining our administration systems and IT infrastructure.

While the circumstances of Covid-19 have presented challenges and some delays, we continue to work closely with a targeted number of prospective distribution partners in Japan to conclude distribution agreements and seek to launch the proposition in the third quarter of our current financial year.

TRADING RESULTS
IFRS profit before tax for the year was £4.7m (FY 2019: £4.6m). Excluding litigation defence costs and other non-recurring provisions, underlying IFRS profit was £6.2m compared with £6.1m in FY 2019.

Fee and commission income was £49.5m for the year (2019: £48.5m) as increased fee income in Hansard International offset lower fee income in Hansard Europe which continues to run-off since closing to new business in 2013.

Administrative expenses, exclusive of litigation and one-off items, were £23.0m (2019: £23.3m). Investment in our Japanese branch was offset by prudent cost management across a range of areas. No Covid-19 related government support was sought or required during the year.

During the year we implemented the Isle of Man's Group Solvency regime which has meant that we have incorporated the Group's non-insurance companies into the calculation of Value of In-Force ("VIF") and Own Funds. VIF represents the present value of expected future shareholder profits less the present value cost of holding capital required to support the in-force business. VIF totalled £148m as at 30 June 2020, up from £140m at 30 June 2019. The equivalent VIF at 30 June 2019 under the revised methodology was £145m.

New Business Margin, calculated on an EEV basis, improved marginally to -0.1% as compared to -0.6% in FY 2019. The improvement was primarily due to lower initial expenses. We expect the primary catalyst for margin improvement to be a successful launch of our new product into the Japanese market in the 2021 financial year.

DIVIDENDS
The Board has proposed a final dividend of 2.65p per share, the same level as last year. In making this proposal, the Board has carefully considered its current financial position and future outcomes under a range of plausible adverse scenarios taking into account Covid-19.

This dividend, if approved by the shareholders at the Annual General Meeting on 4 November 2020, represents a total dividend of 4.45p (2019: 4.45p) per share in respect of the financial year. Such dividend will be paid on 12 November 2020 to shareholders on the register on 2 October 2020. The associated ex-dividend date is 1 October 2020.

POLICYHOLDER LITIGATION

The Group continues to manage carefully its litigation exposures relating to the legacy operations of Hansard Europe. We continue to believe we have strong defences against the claims being made. Exposures from outstanding writs totalled €25.8m (£23.4m) at 30 June 2020, up €4.1m (£4.0m) from 30 June 2019. The primary drivers of the increase have been a combination of additional cases being added in Italy and Belgium and a reduction in the fair value of investment assets backing the claims.

During the year, the Group successfully defended nine cases with net exposures of approximately €0.7m (£0.6m), three of which have been appealed by the plaintiffs. Our policy is to maintain contingent liabilities even where we win cases in the court of first instance if such cases have been subsequently appealed. These successes continue to affirm confidence in the Group's legal arguments.

We received our first insurance recovery for one of our larger cases during the year, with £0.5m in recoveries recognised. We expect such recoveries to continue during the course of that litigation.

CURRENT TRADING

With the external environment remaining a challenge, new business levels for Q1 2021 are currently running slightly behind that of Q1 2020. We are maintaining flexibility with our customers with respect to their ability to pay recurring premiums, but have not otherwise seen any major persistency issues. Our assets under management remain strong at similar levels to the year-end.

NEXT TRADING UPDATE

The first trading update in respect of the year ending 30 June 2021 is expected to be published on 5 November 2020.

For further information:

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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 often 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

Chairman's Statement

Introduction

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

New business

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

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

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

Financial performance

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

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

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

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

Japan

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

Capitalisation and solvency

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

£86.8m or £65.4m on the current year basis), a coverage of 180% (2019: 233% or 178% on the current year basis). We have maintained our prudent investment policy for shareholder assets, which minimises market risk and has provided a stable and resilient solvency position over many years and economic cycles.

Dividends

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

The dividend is subject to approval at the Annual General Meeting. If approved, this will represent total dividends for the financial year of 4.45p per share (2019: 4.45p). Upon approval, the final dividend will be paid on 12 November 2020. The ex-dividend date will be 1 October 2020 and the record date will be 2 October 2020.

Board membership

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

The future

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

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

Philip Gregory
Chairman
23 September 2020

GROUP CHIEF EXECUTIVE OFFICER'S OVERVIEW

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

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

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

Both of these projects have made steady and positive progress.

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

COVID-19

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

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

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

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

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

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

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

RESULTS FOR THE YEAR UNDER REVIEW

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

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

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

1. New business distribution

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

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

2. Operational, Business and Financial Risks

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

2.1 Litigation Risk

As explained more fully in the Business and Financial Review, we continue to manage complaints and litigation arising from our closed-book, Hansard Europe, where the performance of assets linked to a particular contract have suffered or become illiquid. We continue to maintain that we do not give investment advice and are not party to the selection of the asset and therefore we believe that such claims have no merit.

As at 30 June 2020, the Group had been served with cumulative writs with a net exposure totalling €25.8m, or £23.4m in sterling terms, arising from contract holder complaints and other asset performance-related issues.

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

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

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

3. Hansard OnLine

Our award-winning IT systems and online customer platform are key aspects of our proposition. Hansard OnLine is a powerful sales and business administration tool that is used by independent financial advisors ("IFAs") and clients the world over. It is an integral part of the Group's operating model and allows us to better service IFAs and clients, embed process efficiencies and be flexible in operational deployment.

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

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

Additional information concerning Hansard OnLine is set out in the Business and Financial Review.

4. Operating cash flows and dividends

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

As outlined in the Cash Flow analysis section of the Business and Financial Review, the Group generated £2.1m in overall net cash inflows before dividends (2019: inflows of £2.0m), after the investment of £19.1m (2019: £17.5m) in acquiring new business and £3.0m (2019: £2.5m) in IT software and equipment expenditure. Dividends of £6.0m were paid in the financial year (2019: £6.0m).

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

FINANCIAL PERFORMANCE

Results for the year

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

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

* £145.4m on the current year basis.

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

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

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

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

CAPITALISATION AND SOLVENCY

Our key financial objective is to ensure that the Group's solvency is managed safely through the economic cycle to meet the requirements of regulators, contract holders, intermediaries and shareholders. The Group continues to be well capitalised. Under risk-based capital methodologies, total Group Free Assets in excess of the Solvency Capital Requirements of our insurance subsidiaries were £66.5m (2019: £86.8m or £65.4m on the current year basis), a coverage of 180% (2019: 233% or 178% on the current year basis). Shareholder assets are typically held in a wide range of deposit institutions and in highly-rated money market liquidity funds. This prudent investment policy for shareholder assets minimises market risk and has provided a stable and resilient solvency position over recent years.

OUR PEOPLE

Our people are critical to our success. We have a dedicated dynamic workforce across a number of locations around the world. It was only through their commitment, flexibility and resilience that we were able to successfully navigate our way through the operational challenges of Covid-19 and I thank them enormously for that.

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

Gordon Marr
Group Chief Executive Officer
23 September 2020

BUSINESS AND FINANCIAL REVIEW

OUR BUSINESS MODEL AND STRATEGY

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

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

Business Model

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

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

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

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

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

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

Vision and Strategy

Our vision for the Hansard Group is:

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

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

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

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

i. Improve our business: We will improve customer outcomes through the introduction of new disclosures, the provision of new products and services, focusing on the quality of our IFAs with whom we work with and continuing to drive up the engagement of our people within our business.

ii. Grow our business: We established a new life company in The Bahamas in 2018. We have acquired the necessary licence and approvals to access the Japanese market in the 2021 financial year. We will continue to drive our strategic alliance with Union Insurance in the UAE and hope to pursue opportunities to replicate this model in other targeted jurisdictions over the coming years.

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

STRATEGY DEVELOPMENT

Our strategy team, led by Ollie Byrne our Chief Strategy Officer, has three main aims:

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

During the past financial year the primary focus has been on delivering our two most significant near-term strategic initiatives:

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

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

REGULATORY CHANGE

The Isle of Man Financial Services Authority (the "Authority") has continued its work to revise the framework for insurance regulation and supervision and maintain a high level of observance with the International Association of Insurance Supervisors Insurance Core Principles. The Authority has sought to develop and implement these revisions in a way which is appropriate and proportionate for the Isle of Man's diverse insurance sector whilst promoting regulatory best practice and preserving the continued reputation of the Isle of Man as a stable and well-regulated jurisdiction.

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

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

Products

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

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

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

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

Revenues

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

From this income we meet the overheads of the business, invest in our business, remunerate our distribution network and pay dividends.

Managing Risk

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

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

Hansard OnLine

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

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

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

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

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

Online Accounts

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

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

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

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

Continuous Improvements to our Online Proposition

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

Cyber Security

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

Excellent Customer Service

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

KEY PERFORMANCE INDICATORS

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

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

New Business – The Group's internal indicator of calculating new business production, Compensation Credit ("CC") reflects the amount of base commission payable to intermediaries. Incentive arrangements for intermediaries and the Group's Account Executives incorporate targets based on CC (weighted where appropriate). New business levels are reported daily and monitored weekly against target levels. Modest business growth was achieved this year during a period of significant challenge due to Covid-19. Growth initiatives in 2021 will focus on commercialising the opportunity in Japan where significant upside exists.
Administrative Expenses (excl. litigation and non-recurring items) – The Group maintains a rigorous focus on expense levels and the value gained from such expenditure. The objective is to develop processes to restrain increases in administrative expenses to the rates of inflation assumed in the charging structure of the Group's policies. The Group's administrative and other expenses for the year (excl. litigation and non-recurring items) were £23.0m compared to £23.3m in the previous year. Further detail is contained in the section on Administrative and other expenses.
Cash – Bank balances and significant movements on balances are reported monthly. The Group's liquid funds at the balance sheet date were £60.8m (2019: £65.3m). The change is reflective of the level of dividends paid and the level of new business written during the year which has an initial cash flow strain.
Business continuity – Maintenance of continual access to data is critical to the Group's operations. This has been achieved throughout the year through a robust infrastructure. The Group is pro-active in its consideration of threats to data, data security and data integrity. Business continuity and penetration testing is carried out regularly by internal and external parties. Business continuity was further evidenced by a successful switch to remote-working in March 2020 due to the Covid-19 pandemic.
Risk profile – The factors impacting on the Group's risk profile are kept under continual review. Senior management review operational risk issues at least monthly. The significant risks faced by the Group are summarised later in this Strategic Report.

BUSINESS AND FINANCIAL REVIEW

NEW BUSINESS PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

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

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

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

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

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

Present Value of New Business Premiums

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

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

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

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

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

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

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

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

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

Currency denominations (as a percentage of PVNBP)	**2020 %**	2019 %
US dollar	**82**	68
Sterling	**15**	23
Euro	**2**	7
Other	**1**	2
	100	100

New business margins

New business margins (calculated on a PVNBP basis) are sensitive to sales levels and product mix (regular premium products and smaller single premium sizes typically have a higher margin). Our new business margin was -0.1% for the year, compared to -0.6% for 2019. The improvement was primarily due to lower initial expenses. We expect the primary catalyst for margin improvement to be a successful launch of our new product into the Japanese market in the 2021 financial year.

PRESENTATION OF FINANCIAL RESULTS

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

Results for the year

The following is a summary of key items to allow readers to better understand the results for the year. IFRS profit before tax for the year was £4.7m, slightly higher than 2019.

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

ABRIDGED CONSOLIDATED INCOME STATEMENT

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

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

assets were £4.8m (2019: £4.7m). These are reflected in both income and expenses under the IFRS presentation.

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

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

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

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

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

A summary of fees and commissions is set out below:

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

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

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

Investment and other income

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

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

Origination costs

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

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

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

Amounts totalling £14.6m (2019: £13.8m) have been expensed to match contract fee income earned this year from contracts issued in previous financial years, as can be seen in the analysis below.

Summarised origination costs for the year were:

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

Administrative and other expenses

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

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

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

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

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

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

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

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

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

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

CASH FLOW ANALYSIS

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

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

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

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

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

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

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

Bank deposits and money market funds

The Group holds its liquid assets in highly-rated money market liquidity funds and with a wide range of deposit institutions to minimise market risk. Deposits totalling £21.2m (2019: £25.1m) have original maturity dates typically greater than 3 months and are therefore excluded from the definition of "cash and cash equivalents" under IFRS as reflected in note 16 to the consolidated balance sheet. The following table summarises the total shareholder cash and deposits at the balance sheet date.

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

ABRIDGED CONSOLIDATED BALANCE SHEET

The consolidated balance sheet presented under IFRS reflects the financial position of the Group at 30 June 2020. As a result of its method of presentation, the consolidated balance sheet incorporates the financial assets held to back the Group's liability to contract holders, and also incorporates the net liability to those contract holders of £1,080.5m (2019: £1,079.7m). Additionally, that portion of the Group's capital that is held in bank deposits is disclosed in "cash and cash equivalents" based on original maturity terms, as noted above.

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

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

Deferred origination costs

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

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

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

Deferred income

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

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

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

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

Carrying value	**2020** **£m**	2019 £m
At beginning of financial year	**133.2**	130.3
Initial fees collected in the year and deferred	**21.6**	19.8
Income amortised during the year to fees income	**(17.0)**	(16.9)
	137.8	133.2

CONTRACT HOLDER ASSETS UNDER ADMINISTRATION

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

The Group enjoys a stream of cash flows from the large number of regular premium contracts administered on behalf of clients around the world. The Group also acquires assets via lump sum single premium business which totalled £57.2m this year (2019: £70.4m). The majority of premium contributions are designated in currencies other than sterling, reflecting the wide geographical spread of those contact holders. Premium contributions during the year also includes additional contributions of approximately £2.6m (2019: £2.9m) relating to single and regular premium contracts issued by Hansard Europe in prior years.

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

The currency composition of AuA at the balance sheet date is similar to that as at 30 June 2019, with 67% of AuA designated in US dollar (2019: 65%) and 11% in euro (2019: 13%).

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

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

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

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

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

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

DIVIDENDS

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

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

COMPLAINTS AND POTENTIAL LITIGATION

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

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

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

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

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

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

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

While it is not possible to forecast or determine the final results of such litigation, based on the pleadings and advice received from the Group's legal representatives, we believe we have a strong chance of success in defending these claims. The writs have therefore been treated as contingent liabilities and are disclosed in note 25 to the consolidated financial statements.

NET ASSET VALUE PER SHARE

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

Approach

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

- Facilitate the effective and efficient operation of the Group and its subsidiaries by enabling appropriate responses to be made to significant business, operational, financial, compliance and other risks to business objectives, so safeguarding the assets of the Group;
- Help to ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the Group;
- Seek to ensure continuous compliance with applicable laws and regulations as well as with internal policies governing the conduct of business; and
- Drive the cultural tone and expectations of the Board in respect of governance, risk management and internal control arrangements and the delegation of associated authorities and accountabilities.

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

The ERM Framework has been designed to be appropriate to the nature, scale and complexity of the Group's business at both corporate and subsidiary level. The Framework components are reviewed on at least an annual basis and refined, if necessary, to ensure they remain fit for purpose in substance and form and continue to support the Directors' assessment of the adequacy and effectiveness of the Group's risk management and internal control systems. Such assessment depends upon the Board maintaining a thorough understanding of the Group's risk profile, including the types, characteristics, interdependencies, sources and potential impact of both existing and emerging risks on an individual and aggregate basis. The disciplines of the ERM Framework seek to coordinate risk management in respect of the Group as a whole, including for the purpose of ensuring compliance with capital adequacy requirements, liquidity adequacy requirements and regulatory capital requirements, in line with the Isle of Man Financial Services Authority risk-based capital regime.

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

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

Emerging Risks

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

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

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

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

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

Review of risk management and internal control systems

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

Independently of its quarterly and ad hoc risk reporting arrangements the Board has conducted its annual review of the effectiveness of the Company's risk management and internal control systems including financial, operational and compliance controls. This review is undertaken in collaboration with the Audit Committee and is based upon analysis and evaluation of:

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

The Board has determined that there were no areas for enhancement which constituted a significant weakness for the year under review and they are satisfied that the Group's governance, risk management and internal control systems are operating effectively and as intended, having particular regard to the disruptions and risks arising from the Covid-19 pandemic.

Financial reporting process

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

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

Outsourcing

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

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

CIL is required to confirm monthly that no material control issues have been identified in their operations; this is overseen via the delivery of services monitoring performed by the relationship manager. Each year CIL are required to confirm and evidence the adequacy and effectiveness of their internal control framework through an Assurance report, with an external independent review performed every second year. The last such report, which included an external independent review, was issued by CIL on 5 June 2018 and did not reveal any material control deficiencies in the relevant period. For 2020, it was agreed that CIL's Internal Audit department conduct the 2020 review due to difficulties in completing an external review on a timely basis due to Covid-19. This report did not reveal any material control deficiencies in the period. An external independent review will be conducted in 2021.

Risks relating to the Group's financial and other exposures

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

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

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

Principal Risks

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

Risk	Risk Factors and Management
Market Risk: **Arising from major market stresses, or fluctuation in market variables, resulting in falls in equity or other asset values, currency movements or a combined scenario manifesting**	While the Group does not invest shareholder funds in assets subject to any significant market risk, the Group's earnings and profitability are influenced by the performance of contract holder assets and the fees derived from their value. Significant changes in equity markets and interest rates can adversely affect fee income earned. In addition, the Group operates internationally and earns income in a range of different currencies. The vast majority of its operational cost base is denominated in Sterling. The movement of Sterling against US Dollars is the most significant exposure to reported income levels. Extreme market conditions also have the capacity to influence the purchase of financial services products and the period over which business is retained. **How we manage the risk:** The Board recognise that market volatilities and currency movements are unpredictable and driven by a diverse range of factors and these risks are inherent in the provision of investment-linked products. Business plans are modelled across a broad range of market and economic scenarios and take account of alternative economic outlooks within overall business strategy, which provide for a greater understanding of market and currency risk, the limits of the Company's resilience and the range of possible mitigating options. Stress testing during the year ended 30 June 2020 considered the impacts of both market and currency shocks, having regard to the risks inherent to the Company's unit-linked business and macroeconomic environment generated by an extreme and aggressive event, such as the Covid-19 pandemic. The long-term nature of the Group's products serves to smooth currency movements over time reducing the need for active hedging policies. However, long term trends are monitored and considered in pricing models.
Credit Risk: **Arising from the failure of a counterparty**	In dealing with third party financial institutions, including banking, money market and settlement, custody and other counterparties, the Group is exposed to the risk of financial loss and potential disruption of core business functional and operational processes. **How we manage the risk:** The Group seeks to limit exposure to loss or detriment via counterparty failure through robust selection criteria, minimum rating agency limits, pre-defined risk-based limits on concentrations of exposures and continuous review of positions to identify, evaluate, restrict and monitor various forms of exposure on an individual and aggregate basis.

Liquidity Risk: **Arising from a failure to maintain an adequate level of liquidity to meet financial obligations under both planned and stressed conditions**	If the Group does not have sufficient levels of liquid assets to support business activities or settle its obligations as they fall due, the Group may be in default of its obligations and may incur significant sanction, loss or cost to rectify the position. **How we manage the risk:** The Group maintains highly prudent positions in accordance with its risk appetite and investment policies which ensures a high level of liquidity is available in the short term at all times. Generally, shareholder assets are invested in cash or money market instruments with highly rated counterparties.
Legal and Regulatory Risk: **Arising from changes in the regulatory landscape, which adversely impact the Group's business model, or from a failure by the Group, or one of its subsidiary entities, to meet its legal, regulatory or contractual obligations, resulting in the risk of loss or the imposition of penalties, damages or fines**	The scale and pace of change in regulatory and supervisory standards at an international level continue to drive developments at a jurisdictional level. The interpretation or application of regulation over time may impact market accessibility, broker relationships and / or competitive viability. If the Group fails to monitor the regulatory environment or adequately integrate the management of associated obligations within strategic, business model or business planning processes there may be material risk to the achievement of strategic objectives both in the short and longer term. **How we manage the risk:** • Robust strategic planning processes informed by analytical review of the external environment and consideration of associated risk in the short and longer term. • Continuous monitoring and review of developments in international law and regulation and proactive management of how such developments might shape jurisdictional specific reaction. • Active and transparent engagement with regulatory authorities and industry bodies on a multi-jurisdictional basis, including active engagement in and responding to regulatory consultation exercises. • Maintenance of robust governance, risk management and internal control arrangements to ensure that legal and regulatory obligations are substantively met on a continuing basis.
Distribution Risk: **Arising from market changes, technological advancement, loss of key intermediary relationships or competitor activity**	The business environment in which the international insurance industry operates is subject to continuous change as new market and competitor forces come into effect and as technology continues to evolve. Hansard may be unable to maintain competitive advantage in commercially significant jurisdictions, or market segments, or be unable to build and sustain successful distribution relationships, particularly in the event of any prolonged uncertainties consequent to the pandemic environment. **How we manage the risk:** • Close monitoring of marketplaces and competitor activity for signs of threats to forecast new business levels. • Stress and scenario modelling considers the consequences of production falling materially above or below target and enable the Board to ensure that forecasting and planning activities are sufficiently robust and revised product and distribution strategies are designed to add additional scale to the business, on a more diversified basis, through organic growth at acceptable levels of risk and profitability. • Continuous investment in and development of technology.

Conduct Risk: **Arising from any failure of the Group's governance, risk management and internal control arrangements**	Any failure to adequately assess, monitor, manage and mitigate risks to the delivery of fair customer outcomes, or to market integrity, can be expected to result in material detriment to the achievement of strategic objectives and could incur regulatory censure, financial penalty, contract holder litigation and / or reputational damage. **How we manage the risk:** • Developments in the Group's ERM framework continue to drive and deliver the integration of conduct risk management at both a cultural and practical level. • Business activities designed to manage the volume and velocity of regulatory change are fundamentally concerned with ensuring compliance with conduct risk obligations, managing conflicts of interest, preventing market abuse and building robust governance arrangements around new product development and product suitability processes. • The Group maintains regular dialogue with its regulatory authorities and with its advisors in relation to developments in the regulatory environment in which we operate.
Information Systems and Cyber Risk: **Arising from the increased digitalisation of business activities and reliance upon technology**	The increasing digitalisation of business activities incurs an inherent exposure to the risk of cybercrime together with the risk of significant, costly interruptions, customer dissatisfaction and regulatory censure. In the event of any material failure in our core business systems, or business processes, or if the Group fails to take adequate and appropriate measures to protect its systems and data from the inherent risk of attack, disruption and/or unauthorised access by internal or external parties, then this could result in confidential data being exposed and/or systems interruption. A significant cybercrime event could result in reputational damage, regulatory censure and financial loss. **How we manage the risk:** • Continuous focus on the maintenance of a robust, secure and resilient IT environment that protects customer and corporate data. • Control techniques deployed to evaluate the security of systems and proactively address emerging threats both internally within the organisation and externally, through regular engagement with internet and technology providers and through industry forums. • Maintenance of detailed and robust Business Continuity Plans, including full data replication at an independent recovery centre, which can be invoked when required. • Frequent and robust testing of business continuity and disaster recovery arrangements.
Employee Engagement and Cultural Risk: **Arising from any failure to drive and support the right corporate culture and attract, develop, engage and retain key personnel**	Delivery of the Group's strategy is dependent on attracting and retaining experienced and high-performing management and staff. The knowledge, skills, attitudes and behaviours of our employees are central to our success. We must attract, integrate, engage and retain the talent required to deliver our strategy and have the appropriate processes and culture in place. The inability to retain key people, and adequately plan for succession can be expected to negatively impact the performance of the Group. **How we manage the risk:** • Significant resources focussed on communicating strategy and desired cultural behaviours to all employees. • Forums established for employees to provide feedback for continuous improvement.

	• Employee engagement monitored and measured through periodic employee surveys. • Group performance management system in place, which measures both hard and soft skills. • Training and development strategy in place to manage talent, provide development opportunities and address any skill gaps. • Remuneration models and trends monitored closely by the Group's Human Resources Department and the Remuneration Committee. • Succession planning strategy in place, to manage and mitigate 'key person' risk.

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

Philip Gregory
Chairman
23 September 2020

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

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

Earnings per share

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2020

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

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

Consolidated Balance Sheet
As at 30 June 2020

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

Consolidated Cash Flow Statement
for the year ended 30 June 2020

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

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

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

1.1 Principal accounting policies

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

1.2 Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"), International Financial Reporting Standards Interpretations Committee ("IFRSIC") interpretations, and with the Isle of Man Companies Acts 1931 to 2004. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial investments and financial liabilities at fair value through profit or loss. The Group has applied all International Financial Reporting Standards adopted by the European Union and effective at 30 June 2020.

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

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

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

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

IFRS 16 Leases

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

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

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

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

1.3 Basis of consolidation

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

1.4 Going concern

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

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

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

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

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

- The Group's business model focuses on long term savings products, a majority of which are regular premium paying products which continue to receive cash inflows regardless of the amount of new business sold.

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

2 Critical accounting estimates and judgements in applying accounting policies

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

2.1 Accounting estimates and assumptions

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

2.1.1 Origination costs

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

2.1.2 Amortisation of deferred origination costs and deferred income

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

2.1.3 Recoverability of deferred origination costs

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

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

2.2 Judgements

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

- The classification of contracts between insurance and investment business. All contracts are treated as investment contracts as they do not transfer significant insurance risk;
- The fair value of certain financial investments. Where the Directors determine that there is no active market for a particular financial instrument, fair value is assessed using valuation techniques based on available relevant information and an appraisal of all associated risks. This process requires the exercise of significant judgement on the part of Directors, as is discussed further in note 3.5 to these consolidated financial statements; and
- To determine whether a provision is required in respect of any pending or threatened litigation, which is addressed in note 25.

3 Financial risk management

Risk management objectives and risk policies

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

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

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

3.1 Market risk

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

Sensitivity analysis to market risk

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

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

(a) Price risk

Unit linked funds are exposed to securities price risk as the investments held are subject to prices in the future which are uncertain. The fair value of financial assets (designated at fair value through profit or loss) exposed to price risk at 30 June 2020 was £976.8m (2019: £996.3m). In the event that investment income is affected by price risk then there will be an equal and opposite impact on the value of the changes in provisions for investment contract liabilities in the same accounting period. The impact on the profit or loss before taxation in a given financial year is negligible.

An overall change in the market value of the unit-linked funds would affect the annual management charges accruing to the Group since these charges, which are typically 1% per annum, are based on the market value of contract holder assets under administration. The approximate impact on the Group's profits and equity of a 10% change in fund values, either as a result of price, interest rate or currency fluctuations, is £1.2m (2019: £1.5m).

(b) Interest rate risk

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

The Group is primarily exposed to interest rate risk on the balances that it holds with credit institutions and in money market funds. A change of 1% per annum in interest rates will result in an increase or decrease of approximately £0.6m (2019: £0.6m) in the Group's annual investment income and equity.

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

(c) Currency risk

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

(c)(i) Group foreign currency exposures

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

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

The approximate effect of a 5% change: in the value of US dollars to sterling is less than £0.1m (2019: £0.2m); in the value of the euro to sterling is less than £0.1m (2019: less than £0.1m); and in the value of the yen to sterling is less than £0.1m (2019: less than £0.1m).

(c)(ii) Financial investments by currency

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

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

At the balance sheet date the analysis of financial investments by currency denomination is as follows, US dollars: 67% (2019: 64%); euro: 11% (2019: 13%); sterling: 21% (2019: 22%); other: 1% (2019: 1%).

3.2 Credit risk

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

The clearing and custody operations for the Group's security transactions are mainly concentrated with one broker, namely Capital International Limited, a member of the London Stock Exchange. At 30 June 2020 and 2019, substantially all contract holder cash and cash equivalents, balances due from broker and financial investments are placed in custody with Capital International Limited. These operations are detailed in a formal contract that incorporates notice periods and a full exit management plan. Delivery of services under the contract is monitored by a dedicated relationship manager against a documented Service Level Agreement and Key Performance Indicators, and attested periodically by external advisors. Investment risk is borne by the contract holder.

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

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

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

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

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

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

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

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

3.3 Liquidity risk

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

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

Liquidity risk is principally managed in the following ways:

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

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

3.4 Undiscounted contractual maturity analysis

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

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

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

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

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

3.5 Fair value of financial assets and liabilities

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

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

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

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

The following table analyses the Group's financial assets and liabilities at fair value through profit or loss, at 30 June 2020:

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

Transfers into and out of Level 3 in 2020

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

In total, assets with a fair value of £16.6m are classified as Level 3 as the Directors believe that valuations can no longer be obtained for these assets from an observable market price due to suspension in trading or the asset becoming illiquid. The Directors value these assets at the latest available NAV of the investment unless there is more appropriate information which indicates a reduction to the fair value.

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

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss	**-**	**1,080.5**	**-**	**1,080.5**

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

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

Transfers into and out of Level 3 in 2019

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

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

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

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

4 Segmental information

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

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

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

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

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

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

4.1 Geographical analysis of fees and commissions by origin

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

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

4.2 Geographical analysis of profit before taxation

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

4.3 Geographical analysis of gross assets

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

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

4.4 Geographical analysis of gross liabilities

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

5 Fees and commissions

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

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

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

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

6 Investment income

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

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

7 Origination costs

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

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

8 Administrative and other expenses

Included in administrative and other expenses are the following:

	2020	2019
	£m	£m
Auditors' remuneration:		
- Fees payable for the audit of the Company's annual accounts	**0.1**	0.1
- Fees payable for the audit of the Company's subsidiaries pursuant to legislation	**0.4**	0.4
- Other services provided to the Group	**0.1**	0.1
Employee costs (see note 9)	**11.1**	11.0
Directors' fees	**0.4**	0.3
Fund management fees	**4.8**	4.7
Renewal and other commission	**0.8**	1.2
Professional and other fees	**2.8**	3.2
Provision for doubtful debts	**0.9**	0.5
Litigation fees and settlements	**1.3**	1.4
Operating lease rentals	**-**	0.7
Licences and maintenance fees	**1.7**	1.4
Insurance costs	**1.4**	1.3
Depreciation of property, plant and equipment	**0.7**	0.4
Communications	**0.3**	0.4

9 Employee costs

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

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

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

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

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

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

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

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

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

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

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

10 Taxation

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

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

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

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

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

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

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

11 Earnings per share

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

The Directors believe that there is no material difference between the weighted average number of shares in issue for the purposes of calculating either basic or diluted earnings per share. Earnings under either measure is 3.2p per share (2019: 3.3p).

12 Dividends

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

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

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

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

13 Intangible assets and property, plant and equipment

Intangible Assets

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

	2020 £m	2019 £m
Intangible assets	**5.9**	3.0

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

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

The economic lives used for this purpose are:

Computer software	3 to 10 years

The increase in computer software relates to capitalised costs associated with the development of a replacement policy administration system. This development is expected to be completed and put into use during the financial year ending 30 June 2021, at which point amortisation will commence over an expected life of 10 years.

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

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

Property, plant and equipment

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

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

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

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

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

The economic lives used for this purpose are:

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

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

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

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

IFRS 16 – Leases

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

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

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

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

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

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

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

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

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

Of which are:	
Current lease liabilities	**0.4**
Non-current lease liabilities	**2.6**

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

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

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

14 Deferred origination costs

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

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

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

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

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

15 Other receivables

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

	2020	2019
	£m	£m
Commission receivable	**1.7**	1.7
Other debtors	**2.3**	1.8
Prepayments	**1.2**	1.2
	5.2	4.7

Estimated to be settled within 12 months	**5.2**	4.7
Estimated to be settled after 12 months	**-**	-
	5.2	4.7

There are no receivables overdue but not impaired (2019: £nil). Due to the short-term nature of these assets the carrying value is considered to reflect fair value.

16 Cash and cash equivalents

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

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

17 Financial liabilities under investment contracts

17.1 Investment contract liabilities, premiums and benefits paid

17.1.1 Investment contract liabilities

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

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

17.1.2 Investment contract premiums

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

17.1.3 Benefits paid

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

17.2 Movement in financial liabilities under investment contracts

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

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

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

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

17.3 Investments held to cover liabilities under investment contracts

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

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

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

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

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

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

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

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

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

18 Deferred income

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

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

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

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

19 Other payables

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

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

With the exception of the lease liabilities shown in note 13, all other payable balances, including amounts due to contract holders, are deemed to be current. Due to the short-term nature of these payables the carrying value is considered to reflect fair value.

20 Capital management

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

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

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

The Company monitors capital on two bases:

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

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

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

There has been no material change in the Group's management of capital during the period, other than to perform additional modelling around risks arising from the Covid-19 pandemic and to give consideration to emerging market practice and regulatory expectations around capital conservation. All regulated entities within the Group exceed significantly the minimum solvency requirements at the balance sheet date.

The capital held within Hansard Europe is considered not to be available for dividend to Hansard Global plc until such time as the legal cases referred to in note 25 are resolved.

21 Share capital

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

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

22 Other reserves

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

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

Included within other reserves is an amount representing 510,000 (2019: 585,000) ordinary shares held by the Group's employee benefit trust ('EBT') which were acquired at a cost of £0.4m (see note 23.2). The ordinary shares held by the trustee of the Group's employee benefit trust are treated as treasury shares in the consolidated balance sheet in accordance with IAS 32 "Financial Instruments: Presentation".

This reserve arose when the Group acquired equity share capital under its EBT, which is held in trust by the trustee of the Group's employee benefit trust. Treasury shares cease to be accounted for as such when they are sold outside the Group or the interest is transferred in full to the employee pursuant to the terms of the incentive plan. 498,000 shares vested on 1 July 2020 in line with the terms of the EBT and were subsequently sold or transferred from the EBT, leaving 12,000 remaining in the EBT. See note 23.2 for further details.

23 Equity settled share-based payments

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

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

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

23.1 SAYE programme

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

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

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

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

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

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

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

23.2 Incentive Plan Employee Benefit Trust

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

Shares awarded under the scheme are purchased by the Trust in the open market and held until vesting. Awards made under the scheme would normally vest after three years. There were 75,000 share awards which vested during the year (2019: nil).

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

24 Related party transactions

24.1 Intra-group transactions

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

24.2 Key management personnel compensation

Key management consists of 10 individuals (2019: 12), being members of the Group's Executive Committee and executive Directors of direct subsidiaries of the Company.

The aggregate remuneration paid to key management as at 30 June 2020 is as follows:

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

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

24.3 Transactions with controlling shareholder

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

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

24.4 Incentive Plan Employee Benefit Trust

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

24.5 Other related party transactions

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

The Group had a contract with CCC Consulting for the purposes of professional services. CCC Consulting was owned by Mr Graham Morrall, a member of the Executive Committee. With effect from 1 April 2020, Hansard Development Services Limited purchased CCC Consulting for a par value of AED

5,000 (£1,081). The amount paid to CCC Consulting in the current year, prior to acquisition, was £59,526 (2019: £58,330).

25 Contingent liabilities

25.1 Litigation

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

As reported previously, the Group has been subject to a number of complaints in relation to the selection and performance of assets linked to contracts. The Group has been served with a number of writs arising from such complaints and other asset-related issues. All such writs relate to historic business written by Hansard Europe prior to its closure to new business in 2013.

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

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

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

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

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

While it is not possible to forecast or determine the final results of pending or threatened legal proceedings, based on the pleadings and advice received from the Group's legal representatives, the Directors believe that the Group has strong defences to such claims. Notwithstanding this, there may be circumstances where in order to avoid the expense and distraction of protracted litigation the Board may consider it in the best interests of the Group and its shareholders to reach a commercial resolution with regard to certain of these claims. Such cases totalled less than £0.1m (2019: £0.1m) during the year.

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

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

25.2 Isle of Man Policyholders' Compensation Scheme

The Group's principal subsidiary, Hansard International is a member of the Isle of Man Policyholders' Compensation Scheme governed by the Life Assurance (Compensation of Policyholders) Regulations

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

26 Foreign exchange rates

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

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

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

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

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

27 Non statutory accounts

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 June 2020 or 2019, but is derived from those accounts. The auditor has reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

28 Annual report

The Company's annual report and accounts for the year ended 30 June 2020 is expected to be posted to shareholders by 6 October 2020. Copies of both this announcement and the annual report and accounts will be available to the public at the Company's registered office at Harbour Court, Lord Street, PO Box 192, Douglas, Isle of Man, IM99 1QL and through the Company's website at www.Hansard.com.

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

The Directors confirm to the best of their knowledge that:

- The financial statements have been prepared in accordance with International Reporting Financial Standards as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit for the Company and the undertakings included in the consolidation as a whole as required by the Disclosure and Transparency Rules Chapter 4.2.4; and
- Pursuant to Disclosure and Transparency Rules Chapter 4, the Directors' report of the Company's annual report and accounts includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced by the business.

On behalf of the Board

G S Marr	**T N Davies**
Director	**Director**

23 September 2019

OTHER INFORMATION
Risk Based Solvency Capital

A) Risk Based Solvency capital position

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

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

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

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

The Group Risk Based Solvency free assets at 30 June 2020 were £66.5m (30 June 2019: £86.8m; £65.4m on a comparable reporting basis), before allowing for payment of the 2020 final ordinary dividend.

All Risk Based Solvency and related data presented in this section is subject to change prior to submission to regulatory authorities.

Group Risk Based Solvency capital position	**30 June 2020 Total £m**	30 June 2019 Total* £m	30 June 2019 Total £m
Own Funds	**149.1**	148.9	152.2
Solvency Capital Requirement	**82.6**	83.6	65.4
Free assets	**66.5**	65.4	86.8
Solvency ratio (%)	**180%**	178%	233%

*30 June 2019 equivalent on a consolidated accounts basis.

All Own Funds are considered Tier 1 capital.

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

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

* on an equivalent basis to June 2020.
** VIF and risk margins for life companies only.

B) Analysis of movement in Group Free Assets

A summary of the movement in Group Risk Based Free assets from £86.8m at 30 June 2019 to £66.5m at 30 June 2020 is set out in the table below.

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

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

New business written had a £(0.9)m impact on Own Funds for the period.

C) Analysis of Group Solvency Capital Requirement

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

Split of the Group's Solvency Capital Requirement * Risks	**30 June 2020 % of SCR**	30 June 2019 % of SCR**	30 June 2019 % of SCR
Market			
Equity	**48%**	51%	47%
Currency	**12%**	14%	25%
Insurance			
Lapse	**48%**	46%	46%
Expense	**21%**	20%	12%
Default	**1%**	1%	1%
Operational	**15%**	16%	13%

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

** New basis for reporting Group Solvency.

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

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

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

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

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

E) Sensitivity analysis

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

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