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Registered number 01883565

TWG Services Limited
Annual report and financial statements
for the year ended 31 December 2019

ASSURANT®

TWG Services Limited

Annual report and financial statements 2019

Table of contents

Company information

Registered Number:	01883565
Directors:	M Carter C Formby Hernandez C Kersley R Morales-Gomez S Purdy C Sarfo-Agyare
Company secretary:	N Paddock
Registered office:	TWENTY Kingston Road Kingston Road Staines-upon-Thames Surrey TW18 4LG United Kingdom
Independent auditors:	PricewaterhouseCoopers LLP Chartered accountants and statutory auditors 7 More London Riverside London SE1 2RT

Strategic report

The directors present their strategic report for TWG Services Limited ("the Company") for the year ended 31 December 2019.

Principal activities

The principal activities of the Company are intermediation and servicing of insurance and service contracts and the provision of other related support services. The Company serves customers in the UK and major countries in Europe. The Company is regulated by Financial Conduct Authority (FCA).

The Company is part of Assurant in the UK and Europe ("Assurant Europe group" or "AEG"). AEG is a leading provider of automotive protection and mobile device solutions, with a focus on helping connected customers keep their lives running smoothly. Serving 46 million European customers, AEG protects customers in the UK, France, Spain, Germany, the Netherlands, Romania, Hungary, Ireland and Italy and primarily operates with distribution partners by meeting their customer needs.

AEG is part of the International business unit of Assurant, Inc. ("AIZ"). AIZ is a leading global provider of housing, lifestyle and preneed solutions that support, protect and connect major consumer purchases. Anticipating the evolving needs of consumers, Assurant partners with the world's leading brands to develop innovative products and services and to deliver an enhanced customer experience. As a group headed globally by a Fortune 500 company, Assurant partners with clients who are leaders in their industries to provide consumers with a range of protection products and services, and is among the market leaders in mobile device solutions; extended service contracts; vehicle protection services; pre-funded funeral insurance; renters insurance and lender placed homeowners insurance.

Overseas branches

The Company operates branches in France, Germany, Italy, Netherlands, Poland and Spain.

Review of the Business

Strategy

The Company, as part of a US group of companies, aims to create solutions that increase customer loyalty and value, pursue organic and acquisitive growth, build credibility and reputation in the industry, leverage industry best practice to maximise cost-leadership and pursue a compliance-led culture as a competitive advantage. The Company plans to deliver growth in earnings and profit by continuing to grow its insurance client relationships and by winning new clients across Europe by executing a strategy of developing capability in product areas. The Company has ensured that suitable safeguards to control the risks associated with this strategy are implemented to prevent any increase to the Company's risk profile.

Results and dividends

The Company made a profit on ordinary activities after tax for the year of £1,252,000 (2018: loss after tax of £4,945,000). No dividends were paid during the year (2018: Nil). The Directors do not recommend the proposal of any dividend in respect of the year ended 31 December 2019.

Financial performance

The board of directors ("the Board") monitors the financial performance of the Company by reference to the following key performance indicators (KPIs):

	2019 £'000	2018 £'000
Turnover	**28,861**	31,110
Administrative expenses	**28,616**	36,119
Operating profit/(loss)	**245**	(5,009)
Total shareholder's fund	**3,106**	680
Average employees	**297**	333

Strategic report (continued)

Review of the Business (continued)

Turnover has reduced by £2,249,000 to £28,861,000 in 2019 mainly due to loss of a self-funded contract with one of the clients of the Company.

The administrative expenses reduced £7,503,000 in the year to £28,616,000 (2018: £36,119,000), due to lower staff costs. This follows a significant reduction in headcount following the Company becoming part of Assurant in 2018. This has also contributed to a reduction in turnover, following lower fees charged to other group companies. During the year the Company issued 1,000,000 new shares of £1 each to its immediate parent undertaking TWG Europe Limited (2018: nil).

Principal risks and uncertainties

The principal risks faced by the Company are credit and liquidity risk which are managed as part of the AEG's risk management framework and are disclosed within the Directors' report in the Financial instruments section.

Additional risks to the Company are:

UK exit from the European Union (Brexit)
Currently the Company conducts insurance administration services outside of the UK in EU countries through its branch in the Netherlands. AEG has established a separate intermediary business in the Netherlands which will manage future non-UK regulated business, thereby reducing the overall volume of business.

COVID-19
The Company has been actively monitoring the developments of the rapidly evolving situation resulting from COVID-19. Throughout this period of uncertainty, the Company has acted swiftly and deliberately to safeguard AEG related employees, customers and business operations in line with Assurant values.

The Company believes that it must continue to do its part to stem the spread of the virus, while also minimising any disruptions to its operations. To that end, as the virus moved from east to west across the world, AEG related undertakings implemented a global ban on business travel and established work-from-home protocols for employees that were able to do so. For those employees that need to work on site to keep supply chain running, AEG related undertakings continues to enforce safety and hygiene protocols, such as social distancing, per the guidelines of the Center for Disease Control and the World Health Organisation, to safeguard the employees.

Communication throughout this time of uncertainty has been paramount. In addition to communicating with its employees, the Company has been in direct and regular contact with clients, who are also experiencing the challenges of COVID-19, to ensure that the Company does the utmost to support them and their end-consumers.

The Company will continue to evaluate additional actions as the situation evolves.

It remains too early to quantify the impact of COVID-19 on the Company's future performance, which will depend on a number of factors including the extent and duration of the period of disruption and the impact on the UK and European economy. At this point the Company remains focused on supporting its fellow group undertakings' employees and its customers through these challenges whilst maintaining its operational and financial resilience.

Strategic report (continued)

Principal risks and uncertainties (continued)

The Company continues to serve its customers together with its business partners. Although the UK and EU economy has seen wider adverse effects of COVID-19, the insurance industry has been affected to varying degrees. The Company's turnover may reduce as a direct result of declining economic activity. The Company may experience challenges in servicing customer claims if business partners are forced to close. The Company may face increased servicing costs if it has no other alternative to settle retail goods claims in cash, and if the repair network for motor warranty claims is disrupted.

Currency exchange rate fluctuations may adversely impact the foreign currency denominated net assets of the Company, the majority of which are in the Euros.

The Company's receivables may be adversely affected if third parties default.

The COVID-19 crisis has severely affected the UK and EU workforce. The Company faces an unprecedented challenge in terms of its ability to provide ongoing customer policy and claims administration services. Work from home protocols have been established for the majority of AEG related staff. Contact has been made with third party providers to understand their situation and mitigation plans for the current events and ensure that they can continue to support the firm. A number of providers have implemented work from home mitigations, like most companies globally.

Future outlook

The directors aim to continue to build market share and expand the product range by developing the Assurant brand in the UK and Europe. Through a continued investment in technology, the directors plan to further improve the efficiency of the business.

Capital management

Capital requirements for the Company are 2.5% of annualised income as set by the FCA. The capital requirement is based on the income of the Company. The Company has met all externally imposed capital requirements in the year (2018: met).

During the year the Company issued 1,000,000 new shares of £1 each to its immediate parent undertaking, TWG Europe Limited (2018: nil).

Section 172 statement

The individual directors are aware and mindful of their duty under s.172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with its stakeholders, the impact of the Company's operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the Company (together, the "S.172(1) Matters").

Induction materials provided to directors on appointment include an explanation of directors' duties, including the S.172(1) Matters, and the Board is periodically reminded of the S.172(1) Matters, particularly when a strategic decision is due to be taken by the Board.

Strategic report (continued)

Section 172 statement (continued)

The Board recognises that difficult decisions must sometimes be taken which require each director to exercise independent judgment and apply reasonable care, skill and diligence in the decision-making process. In doing so, the Board recognises its responsibilities to the Company's different, but mainly interrelated, stakeholder groups.

The Board has determined the Company's key stakeholder groups to be: Customers, Business Partners (including clients, suppliers and others in a business relationship with the Company), People, Regulators, Shareholders and the Community (together, the "Stakeholder Groups"). Each Stakeholder Group plays an important role in the ability of the Company to execute its strategy and deliver on its unwavering purpose; to protect what matters most in accordance with Assurant's uncompromising values.

The Company has processes in place to capture and consider the views of its Stakeholder Groups and share their views at relevant levels within the business, including with the Board, to ensure that regard is given to these views in decision-making processes. Examples are provided below of typical methods of engagement with the Stakeholder Groups and how the Board stays apprised of their views to inform its decision-making.

Customers
The Company prides itself on anticipating the needs of the people it serves so it can deliver a differentiated customer experience. Various methods are utilised to understand customer needs and feedback including net promoter scores, customer effort scores, complaints information and feedback shared by customers directly with the contact centre operatives.

Views gathered from customers are reported, discussed and utilised at all levels of the governance framework. From the customer experience forum where the Management reviews product performance, key customer metrics and root cause analysis of complaints and claims are presented to the Board where the Customer services director informs the Board directly as to customer matters on at least a quarterly basis, ensuring the Board takes customer interests into account in its decision-making.

In 2019, the Company implemented a number of enhancements to customer experience as a direct result of customer feedback, including an improved online claims journey, allowing customers to log claims online, and introduction of further customer choice as to claim fulfilment channels.

Business Partners
The Board recognises the need to foster the Company's business relationships with suppliers, clients and others and ensures that the Company has processes in place to engage and consult with its business partners on a regular basis to develop and maintain lasting and meaningful relationships.

The Company conducts regular strategic reviews with key clients to understand their strategic agenda, key strategic initiatives and identify opportunities for collaboration. Agreed opportunities are documented in a joint annual plan with key initiatives, milestones and dependencies. Progress against the plan is reported and discussed at appropriate levels of the governance framework, including key strategic updates to the Board by the President, Europe (Chief Executive).

Regular market and customer insight events are held with clients to identify key trends that may impact the business over the medium term. Ongoing research is undertaken with clients' customers via a variety of methodologies to understand the evolving need of customers. This is supplemented with proprietary market research to develop and refine the Company's product strategy with a detailed roadmap for delivery.

The Company proactively engages and consults with its suppliers as required to understand their views and needs. The Company is mindful of its payment policies, practices and performance with respect to its suppliers and takes steps to ensure that agreed payment terms are adhered to so as not to adversely affect supplier cash flows and ability to trade. Prior to making internal process improvements, consideration is given to the potential impact of proposed changes upon suppliers and other business partners.

Strategic report (continued)

Section 172 statement (continued)

People
The Company employs various tools to seek and utilise the views of its people including via informal feedback, employee voice forums, periodic employee opinion surveys and formal reporting through governance framework.

The Company's HR Director serves on the Board as an executive director and keeps the Board directly informed as to people and culture matters via a standing agenda item at quarterly Board meetings.

In 2019, employees participated in an employee opinion survey, the results of which were shared with the Board to inform the Board's decisions as to enhancements to be made by the business with respect to its People.

Further information on this Stakeholder Group is included in the Directors' report on pages 8 and 9.

Regulators
The Company proactively interacts with its regulators as appropriate to fully understand regulatory views and feedback, including full and active participation in industry thematic reviews and application of any resulting learnings to drive business improvements.

The Company operates a horizon-scanning process to ensure that upcoming regulatory change, consultations, guidance and "hot topics" are known and understood by the business, enabling any resulting internal actions to be taken.

Regulatory matters are reported, discussed and actioned at all levels within the Company's governance framework. The Chief Compliance Officer reports regulatory matters directly to a Board-level committee on at least a quarterly basis and Board-level deep dives and briefings into regulatory topics are held as and when required. This ensures that directors are kept informed of regulatory views and matters to enable the Board to make decisions which are aligned with regulatory objectives and views and the Company's Senior managers and certification regime framework.

Shareholders
AIZ, the Company's ultimate parent company, has ongoing engagement with its stockholders on the enterprise's corporate governance practices, executive compensation program and environmental and social topics. A senior employee of AIZ serves on the Board as a group non-executive director with a specific mandate to keep the Board informed as to shareholder (AIZ) views and provide alignment with AIZ. This is facilitated via a standing agenda item at quarterly Board meetings.

Community
Assurant's core values - common sense, common decency, uncommon thinking, uncommon results - guide the Company's actions and inspire its commitment to be a responsible corporate citizen. As part of Assurant's Social Responsibility Framework, the Company actively engages in strengthening its local community, while operating its business with a meaningful environmental commitment.

For example, the Company participates in local business community groups to better understand what matters to those in its community and how the Company can utilise its expertise and support to add value.

In 2019, social responsibility and sustainability matters were discussed at Board meetings which were informed by both internal briefings and emerging regulatory views, particularly relating to climate change considerations.

Strategic report (continued)

By Order of the Board

E-SIGNED by Claude Sarfo-Agyare
on 2020-06-17 11:29:37 GMT

C Sarfo-Agyare,
Chief Financial Officer
17 June 2020

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

As permitted by section 414C (11) of the Companies Act 2006, certain information is not included in the Directors' report because it has instead been shown in the Strategic report. This information is:

- Principal activities of the Company
- Information about overseas branches
- Business review and outlook
- Results and dividends
- Principal risks and uncertainties
- Statement on engagement with suppliers, customers and others in a business relationship with the Company (included as part of section 172 statement in the Strategic report)

Directors

The directors set out below have held office during the whole of the year from 1 January 2019 to the date of this report unless otherwise stated.

M Carter	(Appointed 1 January 2019)
C Formby Hernandez	(Appointed 4 November 2019)
C Kersley	(Appointed 1 January 2019)
R Morales-Gomez	(Appointed 21 January 2019)
S Purdy	(Appointed 1 November 2019)
C Sarfo-Agyare	(Appointed 1 January 2019)
G Bartlett	(Resigned 31 December 2019)
A Morris	(Resigned 4 November 2019)

Directors' qualifying third party indemnity provisions

There are no qualifying indemnity provisions for the benefit of any of existing or previous directors of the Company.

Political contributions

During the year no donations were made by the Company for charitable or political purposes (2018: £nil).

Research and development

The Company has not incurred any costs in respect of research and development (2018: £nil).

People

It is the people that have driven the success of the business to date. The Company works hard to create a culture that gives clear accountability and responsibility and rewards performance.

During the last year the average number of people employed by the Company was 297 (2018: 333).

The Company continuously listens to the views of its people through both informal feedback and more formal confidential employee opinion surveys. The Directors value the ability to listen to, and act, on this feedback.

Directors' report (continued)

People (continued)

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Company's policy is to consult and discuss with employees matters likely to affect their interests. Information on matters affecting them as employees is given through a variety of communication channels including but not limited to: team briefings, internal publications, Employee Voice forums, annual Employee Opinion Surveys, ad-hoc focus groups, Town Hall briefings and notice boards which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance. Most notably the Company uses Employee representative groups; utilising the Employee Forums in the UK, to cascade business messages to the forum representatives on a bi-monthly basis. The forum representatives then cascade this information to their respective departments. The forums are also used to gather feedback from employees and their views are considered by the Company when making business decisions. Further, A bi-annual Employee Opinion Survey is used to gather feedback and to measure progress against a number of themes including but not limited to engagement, alignment, and diversity and inclusion.

Assurant Cares is a community portal which allows employees to make donations to their favourite charities as well as log any volunteer hours. The Assurant fund matches up to $1,000 per employee per year and allows for 8 hours of paid volunteering time per employee per year.

Employees are encouraged to participate in the Company's performance through involvement in an employee share scheme provided by the ultimate parent undertaking.

Quality management

The business is founded on great people who are well trained delivering robust processes. This produces high customer satisfaction and thus repeat business. The Company continues to strive to develop leading edge quality management systems across all business activities to maximise the opportunity. The Company operates to ISO27001.

The business is FCA regulated and the Company works continuously to improve its business processes. As a regulated business, the Company has continued to put "Treating Customers Fairly" at the core of its activities and continually manages and reviews the performance of the business itself, its customers' policies and its client performance, leading to improved customer loyalty and satisfaction resulting in a more sustainable business.

Financial instruments

Credit risk
The Company's principal financial assets are cash at bank, trade debtors and receivables from other group companies.

The Company's credit risk is primarily attributable to its trade debtors. Debtors are monitored by the debt management team who review ageing analysis and chase payments as they fall due. The amounts presented in the balance sheet are net of any provision for doubtful debts.

Directors' report (continued)

Financial instruments (continued)

Liquidity risk
The Company holds significant cash balances with a number of banks, and diversifies its exposure to ensure that any bank failures do not materially impact liquidity. Significant cash exposures are invested in short-term highly liquid money market funds in order to maintain liquidity but diversify risk of counterparty default. In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Company uses a mixture of long-term loans with other group companies and short-term intercompany trading facilities.

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern

In determining whether the Company's financial statements can be prepared on a going concern basis the directors have considered the Company's business activities together with factors likely to affect its future development, performance and its financial position and cash flows and the principal risks and uncertainties relating to its business activities. The Directors have also considered the impact of COVID-19 on the operations and going concern assertion for the financial statements.

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Directors' report (continued)

Going concern (continued)

After making appropriate enquiries and as a result of assessments made, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

Post balance sheet events

The Company has no post balance sheet events requiring adjustments to the financial statements. For information on Brexit and COVID-19 (non-adjusting post balance sheet event) see disclosure in the Strategic report.

Independent auditors

The Company has elected, in accordance with Section 487 of the Companies Act 2006, to dispense with the obligation to appoint auditors annually. PricewaterhouseCoopers LLP has indicated their willingness to remain in office.

By Order of the Board

E-SIGNED by Claude Sarfo-Agyare
on 2020-06-17 11:29:46 GMT

C Sarfo-Agyare,
Chief Financial Officer
17 June 2020

Independent auditors' report to the member of TWG Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, TWG Services Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the "Annual Report"), which comprise: balance sheet as at 31 December 2019; profit and loss account, statement of comprehensive income, statement of changes in equity for the year ended 31 December 2019; and notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the member of TWG Services Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the member of TWG Services Limited (continued)

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 June 2020

Profit and loss account

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Turnover	3	**28,861**	31,110
Administrative expenses	4	**(28,616)**	(36,119)
Operating profit/(loss)	7	**245**	(5,009)
Other expenses		**-**	(29)
Interest receivable and similar income		**17**	10
Profit/(loss) before taxation		**262**	(5,028)
Taxation on profit/(loss)	10	**990**	83
Profit/(loss) for the financial year		**1,252**	(4,945)

Statement of comprehensive income

For the year ended 31 December 2019

	2019 £'000	2018 £'000
Profit/(loss) for the year	**1,252**	(4,945)
Currency translation differences on foreign branch operations	**174**	(79)
Total comprehensive income/(expense) for the year	**1,426**	(5,024)

All profit and loss account transactions relate to continuing operations.

The notes on pages 18 to 33 form an integral part of these financial statements.

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Balance sheet

As at 31 December 2019

Registered number 01883565

	Note	2019 £'000	Restated 2018 £'000
Assets			
Fixed assets			
Intangible assets	11	**10,636**	7,932
Tangible assets	12	**496**	721
		11,132	8,653
Current assets			
Debtors - amounts falling due within one year	13	**48,729**	43,205
- amounts falling due after more than one year	13	**2,842**	2,324
Cash at bank and in hand		**25,796**	27,100
		77,367	72,629
Creditors: amounts falling due within one year	14	**(67,472)**	(62,899)
Net current assets		**9,895**	9,730
Total assets less current liabilities		**21,027**	18,383
Provision for liabilities	15	**-**	(24)
Accruals and deferred income	16	**(17,921)**	(17,679)
Net assets		**3,106**	680
Capital and reserves			
Called up share capital	17	**18,800**	17,800
Other reserves		**5,435**	5,261
Profit and loss account		**(21,129)**	(22,381)
Total shareholder's funds		**3,106**	680

£5,667,000 of deferred income and £2,541,000 of accruals were included in Creditors: amounts falling due within one year for year ended 31 December 2018, these have been restated in these financial statements. Refer to note 1a for more information.

The notes on pages 18 to 33 form an integral part of these financial statements.

The financial statements on pages 15 to 33 were approved and authorised for issue by the Board of Directors on 17 June 2020 and were signed on its behalf by:

E-SIGNED by Claude Sarfo-Agyare
on 2020-06-17 11:30:04 GMT

C Sarfo-Agyare,
Chief Financial Officer

Statement of changes in equity

For the year ended 31 December 2019

	Share capital £'000	Capital Contribution Reserve £'000	Foreign exchange reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	17,800	1,708	(516)	(17,436)	1,556
Loss for the financial year	-	-	-	(4,945)	(4,945)
Exchange difference on translation of foreign operations	-	-	(79)	-	(79)
Total comprehensive loss for the year	-	-	(79)	(4,945)	(5,024)
Share options	-	4,148	-	-	4,148
At 31 December 2018	17,800	5,856	(595)	(22,381)	680
Profit for the financial year	-	-	-	**1,252**	**1,252**
Exchange difference on translation of foreign operations	**-**	**-**	**174**	**-**	**174**
Issue of new shares	**1,000**	**-**	**-**	**-**	**1,000**
Total comprehensive income for the year	**1,000**	**-**	**174**	**1,252**	**2,426**
At 31 December 2019	**18,800**	**5,856**	**(421)**	**(21,129)**	**3,106**

The notes on pages 18 to 33 form an integral part of these financial statements.

Notes to the financial statements

TWG Services Limited is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 2 to 7.

1. Accounting policies

a. Basis of preparation and statement of compliance

The financial statements have been prepared under the provisions of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410") and the provisions of Companies Act 2006. The financial statements have been prepared on the historical cost basis in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council (FRC).

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of financial instruments, presentation of a cash flow statement, remuneration of key management personnel and certain share-based payments disclosures. As the Company is a wholly owned subsidiary it has taken advantage of the exemption permitted by FRS 102 Section 33 Related Party Disclosures, not to disclose transactions or balances with other wholly owned members of the same group.

The Company has changed its accounting policy to present deferred income as non-current liabilities in the balance sheet; this change had no impact on the net assets of the Company for the year ended 31 December 2018. £5,667,000 of deferred income was previously presented as Creditors: Amounts falling due within one year in the financial statements for the year ended 31 December 2018. The Management believes that this change in policy provides more useful and relevant information to the users of financial statements.

b. Functional and presentation currency

The functional currency of the Company is considered to be pounds sterling (GBP) since it is the currency of the primary economic environment in which the Company operates. The presentational currency of the financial statements is also pounds sterling. Except as otherwise indicated, all financial information presented in GBP has been rounded to the nearest thousand (£'000).

c. Going concern

Having assessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

d. Turnover

Administration fee income is receivable by the Company in respect of the administration of insurance and service contracts. The premium processing and policy issuing services are provided at the inception of the policy whereas claims, and therefore the related claims handling expenses, are incurred over the term of the policy. For appliance warranty business an estimate is made of the period over which the obligation to provide claims handling services falls due and the relevant income receivable is earned accordingly.

Deferred income
For motor business 20% of fee income receivable from three major clients is deferred in relation to claims handling and earned over the term of the contract. Fee income in respect of personal service plans for business collected via single premium is earned over the life of the plan according to pre-determined earning factors. Fee income in respect of personal service plans for business collected via multiple direct debits is earned over the life of the plan on the basis of cash collections.

Notes to the financial statements

1. Accounting policies (continued)

e. Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits held at call with banks, treasury bills and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values.

f. Financial instruments

Financial assets and liabilities
Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the profit and loss account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. The Company holds only basic financial assets that include trade and other receivables, cash and bank balances. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

The Company holds only basic financial liabilities that include Loans and payables that are classified as payable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid. Financial liabilities are subsequently measured at amortised cost using effective interest rate method.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Notes to the financial statements

g. Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account as described below.

Non-financial assets
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit and loss account. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit and loss account.

Financial assets
At each reporting date the Company assesses whether financial assets are impaired. A financial asset is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably. For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. All such impairment losses are recognised in profit and loss account.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset only to the extent that the revised recoverable value does not exceed the carrying value had no impairment been recognised.

h. Intangible fixed assets

Intangible fixed assets consist entirely of computer software and the economic life is determined by management by considering relevant factors such as the usage of the asset and potential obsolescence. Expenditure on computer software is capitalised and amortised over the estimated useful economic lives of the assets on a straight-line basis.

Software is amortised over a period of 3 to 7 years. For intangibles with finite useful lives, impairment charges are recognised in the profit and loss account where evidence of such impairment is observed.

The amortisation charge is included in the profit and loss account under administrative expenses.

Notes to the financial statements

1. Accounting policies (continued)

i. Tangible fixed assets

Tangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition. Depreciation is provided on all tangible fixed assets as well as accumulated impairment losses, so as to write off the cost and impairment, if any, less the expected residual value over the expected useful life of the assets concerned.

The Company has three categories of tangible asset; Fixtures & fittings, Motor vehicles and leasehold improvements. Depreciation using the straight-line method is provided for on these assets as follows:

Fixtures & fittings	10 years
Motor vehicles	4 years
Leasehold improvements	Term of the underlying lease

Repairs and maintenance costs are expensed as incurred.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no further economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account and included in other operating (losses)/gains.

j. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax
Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the financial statements

1. Accounting policies (continued)

k. Foreign currencies

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the rates of exchange ruling at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the rates of exchange ruling at the time of the transaction and no subsequent retranslations of the assets or liabilities are made. Revenue transactions in foreign currencies are translated to the functional currency at an average rate for the year. Exchange gains and losses on retranslation or settlement of foreign currency balances are taken to profit and loss account.

Assets and liabilities of the overseas branches denominated in foreign currencies are translated into the reporting currency at the rates of exchange ruling at the end of the financial year. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

l. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made for the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

m. Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

n. Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance lease
Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Such assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Notes to the financial statements

1. Accounting policies (continued)

o. Leases (continued)

Operating lease
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals due under operating leases are charged to the profit and loss account for the period to which the lease term relates.

o. Research and development

Research and development expenditure is written off as incurred.

p. Share based payment

The Company participates in a number of equity-settled and cash-settled share-based compensation plans.

Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the profit and loss account.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that are considered to be reasonable and relevant under the circumstances. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
Critical judgements in applying the Company's accounting policies

The critical judgements the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment of financial assets
At each reporting date a review is performed to assess whether there is any indication that any financial assets are not recoverable. If any balances are not recoverable then a provision is made for the non-recoverable proportion. To assess recoverability of the trade debtors the following are reviewed; aging of the balances, customer payment history, the creditworthiness of the customer and the contract life.

Share based payments
Estimating the fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Fair values of grants are estimated using Black-Scholes option-pricing model and Monte Carlo simulation model using appropriate assumptions.

Notes to the financial statements

3. Turnover

	2019 £'000	2018 £'000
Service fee and other income	3,962	7,418
Sale of goods and services to fellow group undertakings	15,762	15,175
Sale of goods and services to external parties	9,137	8,517
	28,861	31,110

Analysis by geographic area

	2019 £'000	2018 £'000
United Kingdom	20,696	23,089
Rest of Europe	8,165	8,021
	28,861	31,110

4. Administrative expenses

	2019 £'000	2018 £'000
Staff costs	17,646	24,116
Depreciation of tangible fixed assets	234	327
Amortisation of intangible fixed assets	905	963
Restructuring costs	415	473
Other operating expenses	9,416	10,240
	28,616	36,119

5. Staff costs and numbers

	2019 £'000	2018 £'000
Wages and salaries	12,594	14,564
Social security costs	1,791	2,160
Pension costs	732	770
Share based payments	-	4,148
Other costs	2,529	2,474
	17,646	24,116

The average monthly number of employees during the year was made up as follows:

	2019 £'000	2018 £'000
Management	15	13
Sales	20	23
Corporate and administration	262	297
	297	333

Notes to the financial statements

6. Share based payments

The Company has taken advantage of certain share based payment disclosure exemptions available under FRS 102 as these disclosures are included in the published consolidated financial statements of its ultimate parent.

These disclosures are:

- Reconciliation of number and weighted average exercise prices of share options;
- Valuation methodology (including reasons) to measure the fair value of service received under equity-settled share based payment arrangement; and
- Modifications to share based payment arrangements during the year.

Employee Stock Purchase Plan (ESPP)

The Company provides an Employee Stock Purchase Plan to all employees. This allows employees of the Company to purchase shares in the ultimate parent Company, Assurant, Inc..

The ESPP operates under the following rules:

Contribution periods
Each calendar year there are two six-month offering periods (1 January to 30 June and 1 July to 31 December) and the shares are purchased at the end of each offering period.

Contribution/saving rules
For each pay period, an employee of the Company can contribute between 1% and 15% of base salary toward the purchase of Assurant, Inc. stock. The maximum contribution amount is US $7,500 per offering period, for a total of US $15,000 per year. The maximum number of shares that can be purchased, per employee, in any one offering period is 5,000. Contributions are deducted from pay on a post-tax basis.

Purchase price
The purchase price of the shares will be 90% of the lower of:

- The closing price of Assurant, Inc. stock on the offering date - the first day of trading of the offering period; and
- The closing price of Assurant, Inc. stock on the purchase date - the last day of trading of the offering period.

Other
The employee must be employed by the Company on the last day of the offering period in order to purchase Assurant, Inc. stock under the ESPP.

The costs of administering the plan are borne by the ultimate parent Company, Assurant, Inc. with the fellow group company, Lifestyle Services Group Limited (LSG), incurring the cost of the Employee Share Savings Plan for the Company's UK based employees only. No costs were recharged to the Company by LSG (2018: £nil).

The Assurant Long-Term Equity Incentive Plan (ALTEIP)

The Company provides a Long-Term Incentive Plan (ALTEIP) to directors the Company to share in the Group's success and the value created over the long-term. Awards are granted to employees within the plan to provide Restricted Share Units (RSU) and Performance Share Units (PSU) to provide shares in the Company's ultimate parent, Assurant, Inc. Issue of actual shares occurs at the end of vesting period or performance period. Under ALTEIP, Assurant, Inc.'s CEO is authorised to grant RSUs to employees other than directors.

Notes to the financial statements

6. Share based payments (continued)

The ALTEIP operates under the following rules:

Each year, participants will receive an incentive award from the plan. The award is in the form of RSUs and PSUs.

The RSUs granted to employees is based on an individual's performance, their role in and contributions to the organisation and overall compensation level. RSUs vest over a three-year period on the anniversary of the grant date, with a third of the award vesting each year participants are employed by Assurant over the three-year award cycle. RSUs receive dividend equivalents in cash during the restricted period and do not have voting rights during the restricted period. RSUs granted to non-employee directors also vest one-third each year over a three-year period, however, issuance of vested shares and payment of dividend equivalents is deferred until separation from Board service.

PSUs accrue dividend equivalents during the performance period based on a target payout and are paid in cash at the end of the performance period based on the actual number of shares issued.

For the PSU portion of the award, Assurant, Inc., performance is measured against specific metrics, with a performance target established for each metric.

The metrics for 2019 and 2017 awards are based on total shareholder return and net operating earnings per diluted share("EPS") excluding catastrophes, as two equally weighted performance measures. Total shareholder return is defined as appreciation in AIZ's common stock plus dividend yield to stockholders and will be measured by the performance of the Company relative to the S&P 500 Index over the three year performance period. EPS is an absolute metric that is measured against a three-year cumulative target established by the AIZ Compensation Committee at the award date and is not tied to the performance of peer companies.

The metrics for the 2018 awards are: Payout for the PSUs is determined by reference to two metrics measured over a thirty-month performance period:

- Total shareholder return relative to the S&P 500 Index (weighted at 60%); and
- The realisation of net pre-tax synergies in connection with the TWG acquisition (weighted at 40%)

provided that a net operating earnings per share (excluding reportable catastrophes) goal is met in 2020.

At the end of the three-year performance period, the number of shares a participant will receive from their PSUs will depend on how Assurant, Inc. performs against these pre-established metric goals and by measuring performance against the average performance of companies included in the S&P Total Market Index.

If a participant leaves the Company before the end of the vesting period for RSUs or the third anniversary of the PSU grant date, they will forfeit all unvested units or those units for which the employment or performance period has not been completed, subject to termination provisions within the scheme.

The costs of administering the plan are borne by the ultimate parent Company, Assurant, Inc., with the fellow group company, LSG, incurring the cost of the awards. No costs were recharged to the Company by LSG during the year (2018: £nil).

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Notes to the financial statements

7. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2019 £'000	2018 £'000
Operating lease rentals - land and buildings	**1,044**	1,007
- plant and machinery	**74**	88
- motor vehicles	**145**	197
Independent auditors' remuneration (see note 8)	**183**	529
Exchanges rate differences	**(11)**	89

8. Independent auditors' remuneration

The remuneration of the auditors or its associates is further analysed as follows:

	2019 £'000	2018 £'000
Fees payable to current auditor for audit of annual financial statements	**183**	169
Fees payable to previous auditor - audit of annual financial statements	**-**	154
- audit related assurance services	**-**	206
	183	529

9. Directors' remuneration

The directors of the Company are currently paid by a fellow group undertaking, LSG. In 2019 and in prior year some of the previous directors were paid by the Company. During the year the aggregate amount of remuneration paid to previous directors by the Company was £656,000 (2018: £5,076,000). No costs (2018: nil) were recharged to the Company in respect of current Directors' services as it is currently not possible to apportion these costs to the Company. For disclosure in respect of directors' remuneration as received from LSG, refer to the annual financial statements of LSG.

The number of directors, including the highest paid director, who are entitled to receive shares in the ultimate parent undertaking, Assurant Inc., under long-term incentive schemes in the year was 2 (2018: None).

The number of directors to whom retirement benefits are accruing under the portable defined contribution pension scheme during the year was 3 (2018: 1).

Notes to the financial statements

10. Tax on profit on ordinary activities

a) Analysis of credit for the year

	2019 £'000	2018 £'000
UK Corporation tax at 19% (2018: 19%)		
Current tax on profit for the year	(178)	-
Adjustments in respect of previous periods	-	(166)
Total current tax	(178)	(166)
Origination and reversal of timing differences	215	83
Adjustments in respect of origination and reversal of timing differences for previous periods	(1,170)	-
Effect of change in tax rate on opening deferred tax liability	143	-
Total deferred tax	(812)	83
Tax on profit/(loss) on ordinary activities	(990)	(83)

b) Factors affecting the tax credit for the year

The total tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £'000	2018 £'000
Profit/(loss) on ordinary activities before tax	262	(5,028)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	50	(955)
Effects of:		
Adjustments to the tax charge in respect of previous periods	-	(166)
Adjustments to deferred tax in respect of previous periods	(1,170)	119
Inadmissible share-based payment expense	-	892
Effect of change in tax rate for deferred tax	115	-
Inadmissible expenses	15	27
Total tax credit for the year	(990)	(83)

c) Factors affecting current and future tax charges

The legislation as currently enacted states that the rate will reduce to 17% effective from 1 April 2020 onwards. However, the UK Government announced that it plans to remove the tax rate reduction in next Finance Bill, as such the future tax rate would remain at 19%. This change was substantively enacted on 17 March 2020 and will have the impact of increasing the tax charge in the future.

Notes to the financial statements

11. Intangible assets

Software	2019 Cost £'000	2019 Accumulated amortisation £'000	2019 Net book value £'000
As at 1 January	15,941	(8,009)	7,932
Additions / (amortisation charge for the year)	3,609	(905)	2,704
Disposals	(3,452)	3,452	-
Foreign exchange differences	(17)	17	-
As at 31 December	16,081	(5,445)	10,636

The net book value of the above assets as at 31 December 2018 was £7,932,000. Costs of £7,572,000 (2018: £3,963,000) relating to Work in progress is included in the above analysis for which no amortisation has been charged during the year.

12. Tangible assets

	Fixtures & fittings £'000	Leasehold improvements £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 January 2019	4,191	511	66	4,768
Additions	10	-	-	10
Disposals	(2,060)	(415)	-	(2,475)
Foreign exchange differences	(8)	(8)	(3)	(19)
At 31 December 2019	2,133	88	63	2,284
Accumulated depreciation				
At 1 January 2019	3,542	451	54	4,047
Charge for the year	215	12	7	234
Disposals	(2,060)	(415)	-	(2,475)
Foreign exchange differences	(7)	(8)	(3)	(18)
At 31 December 2019	1,690	40	58	1,788
Net book value at 31 December 2019	443	48	5	496
Net book value at 31 December 2018	649	60	12	721

Depreciation on the above assets is included in administrative expenses.

13. Debtors

	2019 £'000	2018 £'000
Trade debtors	24,330	24,243
Amounts due from fellow group undertakings	13,311	11,756
Current taxation recoverable	852	754
Prepayments and accrued income	12,065	8,577
Deferred tax asset	1,000	188
Other debtors	13	11
	51,571	45,529

Notes to the financial statements

13. Debtors (continued)

Trade debtors amounting to £1,842,000 (2018: £2,136,000) fall due after more than one year.

Amounts due from fellow group undertakings are unsecured and non-interest bearing with the full amount repayable on demand.

A deferred tax asset of £1,000,000 (2018: £188,000) has been recognised and included in debtors to the extent that it is considered more likely than not that there will be suitable taxable profits against which they can be utilised.

Analysis of the deferred tax balance is as follows:

	2019 £'000	2018 £'000
On capital allowances	**(38)**	8
On other timing differences	**47**	42
On losses	**991**	138
	1,000	188

Deferred tax asset	2019 £'000	2018 £'000
As at 1 January	**188**	271
Deferred tax credit/(charge) to the profit and loss account	**812**	(83)
At 31 December	**1,000**	188

A reduction in the UK corporation tax to 17% from 1 April 2020 has been legislated for and, accordingly used as the deferred tax rate in these financial statements to calculate the Company's deferred tax assets/liabilities as at 31 December 2019 and 31 December 2018. As announced in the Budget, the corporation tax rate will remain at 19% from 1 April 2020 and this was substantively enacted on 17 March 2020. The impact of the change in tax rate on the deferred tax asset is not expected to be material.

14. Creditors: amounts falling due within one year

	2019 £'000	Restated 2018 £'000
Trade creditors	**55,815**	53,714
Taxation and social security	**774**	788
Amounts due to fellow group undertakings	**5,608**	4,373
Other creditors	**5,275**	4,024
	67,472	62,899

£5,667,000 of deferred income were included in Creditors: amounts falling due within one year for year ended 31 December 2018, this has been restated. Refer to note 1a for more information.

Amounts due to fellow group undertakings are unsecured and non-interest bearing with full amount receivable on demand.

Notes to the financial statements

15. Provision for liabilities

A restructuring provision has been recognised by the Company, the movement of which is as follows:

	2019 £'000	2018 £'000
As at 1 January	**24**	58
Increase in provision in relation to restructuring commencing in the year	**-**	24
Release of provision in relation to restructuring commenced in prior years	**(24)**	(58)
At 31 December	**-**	24

16. Accruals and deferred income

	2019 £'000	2018 £'000
Accruâls	**1,862**	2,541
Deferred income	**16,059**	15,138
	17,921	17,679

17. Called up share capital and reserves

	2019 £'000	2018 £'000
Allotted, called up and fully paid:		
18,800,000 (2018: 17,800,000) ordinary shares of £1 each	**18,800**	17,800

During the year the Company issued 1,000,000 new ordinary shares of £1 each to its sole shareholder.

Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of the winding up of the Company, in proportion to the number of and amounts paid on the shares held.

Other reserves represent the accumulated exchange gain/loss on translation of foreign branches' operations and valuation of cash-settled share-based transactions.

18. Dividends

No dividend was declared and paid in respect of the year ended 31 December 2019 (2018: £nil)

19. Other financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2019	2018 (restated)	2019	2018 (restated)
	£'000	£'000	£'000	£'000
Operating leases which expire:				
within one year	**834**	785	**90**	214
between two and five years	**2,845**	2,727	**71**	322
after five years	**327**	645	**6**	6
	4,006	4,157	**167**	542

Restatement in the above analysis is in relation to erroneously including some amounts as lease commitments.

The Company had no other off-balance sheet arrangements or financial commitments.

Notes to the financial statements

20. Immediate and ultimate parent undertakings

The immediate parent undertaking is TWG Europe Limited, a company registered in England and Wales.

The ultimate parent undertaking is Assurant, Inc., a publicly listed company on the New York Stock Exchange, registered in Delaware, United States of America. Assurant, Inc. is the smallest and largest group to consolidate these financial statements

Copies of the consolidated financial statements can be obtained from the Company Secretary, Europe, Assurant, Emerald Buildings, Westmere Drive, Crewe, Cheshire, CW1 6UN.

21. Subsequent events

Other than COVID-19, there were no significant events occurring after the balance sheet date that would have a material impact on the Company's results of operations, financial position and cash flows.

COVID-19
The Company has been actively monitoring the developments of the rapidly evolving situation resulting from COVID-19. Throughout this period of uncertainty, the Company has acted swiftly and deliberately to safeguard AEG related employees, customers and business operations in line with Assurant values.

The Company believes that it must continue to do its part to stem the spread of the virus, while also minimising any disruptions to its operations. To that end, as the virus moved from east to west across the world, AEG related undertakings implemented a global ban on business travel and established work-from-home protocols for employees that were able to do so. For those employees that need to work on site to keep supply chain running, AEG related undertakings continues to enforce safety and hygiene protocols, such as social distancing, per the guidelines of the Center for Disease Control and the World Health Organisation, to safeguard the employees.

Communication throughout this time of uncertainty has been paramount. In addition to communicating with its employees, the Company has been in direct and regular contact with clients, who are also experiencing the challenges of COVID-19, to ensure that the Company does the utmost to support them and their end-consumers.

The Company will continue to evaluate additional actions as the situation evolves.

It remains too early to quantify the impact of COVID-19 on the Company's future performance, which will depend on a number of factors including the extent and duration of the period of disruption and the impact on the UK and European economy. At this point the Company remains focused on supporting its fellow group undertakings' employees and its customers through these challenges whilst maintaining its operational and financial resilience.

The Company continues to serve its customers together with its business partners. Although the UK and EU economy has seen wider adverse effects of COVID-19, the insurance industry has been affected to varying degrees. The Company's turnover may reduce as a direct result of declining economic activity. The Company may experience challenges in servicing customer claims if business partners are forced to close. The Company may face increased servicing costs if it has no other alternative to settle retail goods claims in cash, and if the repair network for motor warranty claims is disrupted.

Currency exchange rate fluctuations may adversely impact the foreign currency denominated net assets of the Company, the majority of which are in the Euros.

The Company's receivables may be adversely affected if third parties default.

Notes to the financial statements

21. Subsequent events (continued)

The COVID-19 crisis has severely affected the UK and EU workforce. The Company faces an unprecedented challenge in terms of its ability to provide ongoing customer policy and claims administration services. Work from home protocols have been established for the majority of AEG related staff. Contact has been made with third party providers to understand their situation and mitigation plans for the current events and ensure that they can continue to support the firm. A number of providers have implemented work from home mitigations, like most companies globally.