

Registered Number : 04451375

HUGHES INSURANCE SERVICES LIMITED
Directors' Report and Financial Statements

For the Year Ended 31 December 2019

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**HUGHES INSURANCE SERVICES LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

Directors	Richard Fulton Geoffrey Farmer James Czapla Bernadette McHugh Sonner Don Brennan Thomas McIlduff (appointed on 29 January 2020) Iain Heap (appointed on 11 February 2020)	
Company Secretary	Pinsent Masons Secretarial Limited	
Company Number	04451375	
Registered Office	20 Fenchurch Street, London, EC3M 3AW	
Auditor	Ernst & Young LLP Bedford House 16 Bedford Street Belfast, BT2 7DT	
Bankers	Bank of Ireland 1 Donegall Square South Belfast, BT1 5LR	HSBC 62 George White Street Bristol, BS3 1BW
Solicitors	Worthingtons 2 Court Street Newtownards, BT23 7NX	Tughans 30 Victoria Street Belfast, BT1 3GG

**HUGHES INSURANCE SERVICES LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their Strategic Report of Hughes Insurance Services Limited (the 'Company') for the year ended 31 December 2019.

Business review

The Directors consider the results for the period and the financial position at the end of it to be satisfactory and will remain so in the foreseeable future. The Company will continue to seek every opportunity to increase profitable turnover.

The Directors consider that the Company has adequate cash resources to achieve the Company's objectives and meet the Company's liabilities as they fall due.

The Directors do not recommend the payment of a dividend (2018 - £Nil).

Key performance indicators (KPIs)

The Directors consider the key performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being turnover and EBITA.

The Company's key financial performance indicators during the year were as follows:

	Year Ended 2019 £'000	Year Ended 2018 £'000
Turnover	15,289	19,484
EBITA	3,234	3,599

Section 172 of the Companies Act 2006

S.172(1) of the Companies Act 2006 ("S.172") sets out a series of matter to which the Directors must have regard in performing their duty to promote the success of the Company for the benefit of its shareholders, which includes having regard to other stakeholders. These matters are:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Company's employees,
- c) the need to foster the Company's business relationships with key stakeholders,
- d) the impact of the Company's operations on the community and the environment,
- e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Company.

The Directors of the Company consider, both individually and together, that they have acted in accordance with their duties under S.172 as set out above.

The Board considers the Company's key stakeholders to be its ultimate parent company Liberty Mutual Holding Company Inc. (the "Parent") and its immediate parent company Liberty UK and Europe Holdings Limited. It further considers its staff, its customers, its insurance partners, its suppliers, the environment and the community in which it operates to be key stakeholders.

The Board engages with its Parent in accordance with S. 172 and in a way that is proportionate for a company of its size and complexity. Hughes Insurance Services Limited recognises that its success as a business is due primarily to our skilled and professional staff who hold a high level of expertise within the product areas in which they operate. Staff are engaged with on a regular basis through a variety of methods including formal and informal communications, engagement surveys and employee ambassador forums. It is the belief of the Board that these methods of communication build trust and engagement between the Company and its staff.

The Directors are committed to their responsibility to ensure that the Company's operations comply with applicable environmental laws and regulations, as well as health and safety standards and practices in the work place and as such, monitor and ensure ongoing compliance with the effective frameworks and processes that have been put in place. The Directors are committed to their role in overseeing the environmental risks within the Company's overall business strategy.

HUGHES INSURANCE SERVICES LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

Risks and uncertainties

Risk management is ultimately the responsibility of the Board of Directors. The Company has established a Compliance Audit & Risk Committee. One of the key responsibilities of this Committee is the identification and monitoring of key business risks. The Committee is accountable to the Board of Directors of Hughes Insurance Services Limited and is required to report its findings and recommendations to the Board.

The principal risks and uncertainties facing the Company are as follows:

Credit Risk

The Company monitors credit risk closely and considers that its current policies of credit assessment meets the objective of managing exposure to credit risk. The Company has no significant concentrations of credit risk. Amounts shown in the Balance Sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Market risk

The Company operates in a highly competitive market place and is subject to both the risk of margin erosion due to competition combined with market risk associated with changes in the regulatory environment. The Directors continually review the product range, operating policies and processes within the Company to ensure that it is well positioned to maintain its competitive position.

Brexit risk

The Directors consider there to be no impactful risks associated with the result of Brexit.

Coronavirus risk

The Company has recognised the risks posed by the current Coronavirus pandemic, including the potential impact to sales volumes as a result of slowing economic activity together with increased risk to the health and wellbeing of its staff. A number of contingency measures and mitigating actions have been implemented in order to address these threats. The company has appointed a crisis management team, which has implemented a coordinated business response and has taken appropriate actions for the Company and its employees based on government advice. The health and wellbeing of the company employees continues to be of paramount importance and all necessary arrangements have been put in place to ensure that employees are able to work from home. Action has also been taken to ensure that the company premises are a safe environment for the small number of staff who cannot work from home.

Approved by the Board of Directors on 6th July 2020 and signed on its behalf by:



Richard Fulton
Chairman

Company registered number :
04451375

**HUGHES INSURANCE SERVICES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors present their report and the audited financial statements of Hughes Insurance Services Limited (the 'Company') for the year ended 31 December 2019.

Future developments

Likely future developments in the business of the Company are discussed in the strategic report on page 3.

Dividends

No dividends were paid during the year.

The Directors do not propose any dividend to be paid for the year.

Post reporting date events

Prior to sign off of these financial statements, the outbreak of Coronavirus was declared a global pandemic. The directors believe that they have adequate resources to see the company through this period and continue in operational existence for the future. There were no other subsequent events between 31 December 2019 and the date of approval of these financial statements that would require adjustment to or disclosure in the financial statements.

Directors

The Directors who held office during the year and up to the date of signing the financial statements are given below :

Richard Fulton

Geoffrey Farmer

James Czapla

Bernadette McHugh Sonner

Don Brennan

Thomas McIlduff (appointed on 29 January 2020)

Iain Heap (appointed on 11 February 2020)

Going Concern

The market for insurance products in Northern Ireland continues to be highly competitive with significant price driven competition for customers across all distribution channels. Despite the competitive environment, the Directors remain satisfied with the performance of the Company in the current year. The outbreak of the Coronavirus pandemic post the year end has posed additional challenges for the future with a significant reduction in new vehicle registrations having an impact on the market for car insurance. The Coronavirus lockdown is also leading to a softening in the commercial vehicle and property insurance markets as business owners react to the changing trading environment. Whilst there is the continued risk of future volatility as a result of the recent Coronavirus pandemic, the Directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. The company's financial forecasts and projections show that the company continues to be cash generative, taking account of the changes in trading performance as a result of Coronavirus, and it will seek to operate within its facilities and meet its obligations as they fall due for a period of at least 12 months. Accordingly, the Company continues to adopt the going concern basis in preparing the annual report and financial statements.

Political donations

Section 3, subsection 1, of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 requires disclosure of particulars of all political donations and/or political expenditure made during the financial year which in aggregate exceed £2,000. During the year the Company made no political donations.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

**HUGHES INSURANCE SERVICES LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. Regular meetings are held between management and employees to allow a free flow of information and ideas.

Branches outside the UK

The Company has no branches outside of the UK.

Auditor

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

Directors' responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They 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.

Disclosure of information to auditors

So far as each person who was a Director of the Company at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with its report, of which the auditor is unaware. Having made enquiries of fellow Directors of the Company and the Company's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Directors on 6th July 2020 and signed on its behalf by:



**Richard Fulton
Chairman**

Company registered number :
04451375

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUGHES INSURANCE SERVICES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019**

Opinion

We have audited the financial statements of Hughes Insurance Services Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effects of COVID-19

We draw attention to note 1 and note 22 of the financial statements, which describe the economic and operational impact the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUGHES INSURANCE SERVICES LIMITED
(continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (page 5), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 7 July 2020

HUGHES INSURANCE SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Note	£'000	£'000
Turnover	3	15,289	19,484
Cost of sales		-	(3,758)
Gross profit		15,289	15,726
Administrative expenses		(16,536)	(20,960)
Other operating income		65	-
Operating loss	4	(1,182)	(5,234)
Interest receivable and similar income		52	28
Interest payable and similar expenses	8	(105)	(105)
Loss before tax		(1,235)	(5,311)
Taxation on loss	9	103	993
Loss after tax		(1,132)	(4,318)

		2019	2018
		£'000	£'000
Loss for the financial year		(1,132)	(4,318)
Total comprehensive loss for the year		(1,132)	(4,318)

HUGHES INSURANCE SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	11	-	4,416
Tangible assets	12	3,391	3,678
		3,391	8,094
Current assets			
Debtors	13	22,207	21,150
Cash at bank and in hand	14	12,331	9,232
Total current assets		34,538	30,382
Creditors - amounts falling due within one year	15	(2,259)	(1,659)
Net current assets		32,279	28,723
Total assets less current liabilities		35,670	36,817
Creditors - amounts falling due after more than one year	15	(9,500)	(9,500)
Provisions for liabilities	17	(494)	(509)
Net assets		25,676	26,808
Capital and reserves			
Called up share capital	21	50	50
Share premium account	21	50,139	50,139
Profit and loss account		(24,513)	(23,381)
Total shareholders' funds		25,676	26,808

The financial statements on pages 9 to 34 were approved by the Board of Directors and authorised for issue on 6th July 2020. They were signed on its behalf by:



Geoffrey Farmer
Director

**HUGHES INSURANCE SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 January 2018	50	50,139	(19,063)	31,126
Loss for the financial year	-	-	(4,318)	(4,318)
Total comprehensive loss for the year	-	-	(4,318)	(4,318)
At 31 December 2018	50	50,139	(23,381)	26,808
Loss for the financial year	-	-	(1,132)	(1,132)
Total comprehensive loss for the year	-	-	(1,132)	(1,132)
At 31 December 2019	50	50,139	(24,513)	25,676

**HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies

The principal accounting policies are set out below. These policies and measurement bases have been consistently applied to all the years presented.

Basis of preparation

Hughes Insurance Services Limited (the 'Company') is a private company limited by shares and incorporated in England and Wales. The registered office is 20 Fenchurch Street, London, EC3M 3AW. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

The financial statements have been prepared under the historical costs convention and in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

Disclosure exemptions

As the Company is a qualifying entity, a member of a group where the parent of the group prepares publicly available consolidated financial statements which are intended to give a true and fair view, and the Company is included in the consolidated financial statements of the group, the Company is availing of the following reporting and disclosure exemptions:

1. Cash flow statement
2. Key Management Personnel compensation disclosure

Going concern

The market for insurance products in Northern Ireland continues to be highly competitive with significant price driven competition for customers across all distribution channels. Despite the competitive environment, the Directors remain satisfied with the performance of the Company in the current year. The outbreak of the Coronavirus pandemic post the year end has posed additional challenges for the future with a significant reduction in new vehicle registrations having an impact on the market for car insurance. The Coronavirus lockdown is also leading to a softening in the commercial vehicle and property insurance markets as business owners react to the changing trading environment. Whilst there is the continued risk of future volatility as a result of the recent Coronavirus pandemic, the Directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. The company's financial forecasts and projections show that the company continues to be cash generative, taking account of the changes in trading performance as a result of Coronavirus, and it will seek to operate within its facilities and meet its obligations as they fall due for a period of at least 12 months. Accordingly, the Company continues to adopt the going concern basis in preparing the annual report and financial statements.

Foreign currency translation

The financial statements are presented in pounds sterling (£) which is also the company's functional currency.

Transactions in currencies other than the functional currency are recorded using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction and are not retranslated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

1. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. Insurance broking revenue and reinsurance consulting service revenue is recognised in the period to which it relates and when it can be measured with reasonable certainty.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of its identifiable assets and liabilities at the date of acquisition. Goodwill is amortised on a straight line basis to the Income Statement over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Goodwill - 5 years

Policy Renewal Rights - 5 years

Impairment

The Company performs impairment tests based on fair value less costs to sell or a value in use calculation on an annual basis where there are indicators of impairment of individual assets.

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property - 39.5 years

Motor vehicles - 3 years

Fixtures and fittings - 5 years

Furniture - 5-10 years

Computer hardware, software & other equipment - 3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the statement of comprehensive income.

Operating leases

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the period of the lease.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognized in the income statement in administrative expenses.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and loan for related parties.

Financial assets held as debt instruments are measured at amortised cost. Amortised cost is the amount initially recognised, adjusted for the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, less any reduction for impairment or uncollectability.

Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1. Accounting policies (continued)

Employee benefits

Pensions

Qualifying employees are entitled to become members of a defined contribution pension scheme to which the Company makes contributions, which are charged to the Income Statement as they become payable in accordance with the rules of the scheme.

Termination benefits

Termination payments comprising compensation for loss of office are accounted at the earlier of payment or notification in relation to that period.

Share capital

Ordinary shares are classified as equity.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Debtors

Short term debtors are measured at transaction price, less any impairment. Impairment of such debtors involves some estimation uncertainty.

Goodwill

The Company establishes an estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired businesses, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life. Goodwill is subject to an annual impairment review and is fully amortised.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised.

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Analysis of turnover

	2019	2018
	£'000	£'000
Analysis of turnover by class of business:		
Insurance broking	15,272	15,538
Provision of services	17	-
Reinsurance consulting services	-	3,946
Turnover	15,289	19,484

All turnover arose within the United Kingdom.

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Operating loss

Operating loss is stated after charging:	Note	2019	2018
		£'000	£'000
Amortisation of intangible assets		484	968
Amortisation of goodwill		3,932	7,865
Depreciation of tangible fixed assets:			
- Owned		418	508
Operating lease rentals:			
- Land and buildings		131	152
Loss/(Profit) on disposal of tangible fixed assets		5	46
Auditors' remuneration	5	56	59

5. Auditors' remuneration

	2019	2018
	£'000	£'000
Statutory audit of company financial statements	36	36
Tax compliance services	7	7
Other non-audit services	13	16
Auditors' remuneration	56	59

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Staff costs

	2019	2018
Staff costs	£'000	£'000
Wages and salaries	6,428	8,398
Social security costs	631	911
Other pension costs	410	445
	7,469	9,754

	2019	2018
Average monthly number of persons employed by the company during the year	Number	Number
Cost of sales	-	9
Administration	245	232
	245	241

Pension commitments of £45k (2018: £35k) are included in the Balance Sheet at the end of the reporting period.

HUGHES INSURANCE SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2019

7. Directors' remuneration

	2019	2018
	£'000	£'000
Aggregate emoluments	446	566
Company contributions to defined contribution pension schemes	25	27
	471	593

	2019	2018
	Number directors	Number directors
Directors accruing benefits under defined contribution scheme	3	5

	2019	2018
Highest paid Director	£'000	£'000
Aggregate emoluments	149	151
Company contributions to defined contribution pension schemes	9	8
	158	159

The emoluments of one Director are paid through their employing companies which are also fellow group companies. The Director's services to this company are chiefly of a non-executive nature and their emoluments are deemed to be wholly attributable to their services within their employing company. As such, these financial statements include no emoluments in respect of this director.

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Interest

	2019	2018
Interest payable	£'000	£'000
Interest on related party loan	(105)	(105)
Interest payable and similar charges	(105)	(105)

HUGHES INSURANCE SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2019

9. Taxation

	2019	2018
	£'000	£'000
Current tax		
UK corporation tax on losses for the year	0	(920)
Adjustments in respect of prior years	920	20
Total current tax	920	(900)
Deferred tax		
Origination and reversal of temporary differences	(200)	(76)
Adjustments in respect of prior years	(823)	(17)
Total deferred tax	(1,023)	(93)
Total tax credit	(103)	(993)
UK standard effective rate of corporation tax (%)	19	19

The credit for the year can be reconciled to the loss in the income statement as follows:

	2019	2018
	£'000	£'000
Loss before tax	(1,235)	(5,311)
Tax on loss at standard UK corporation tax rate of 19.00% (2018: 19.00%)	(235)	(1,010)
Effects of:		
Expenses not deductible for tax purposes	21	5
Impact of rate change on deferred tax	14	9
Deferred tax adjustment in respect of prior period	(823)	(17)
Current tax adjustment in respect of prior period	920	20
Total tax credit for the year	(103)	(993)

The UK corporation tax rate reduced to 19% from 1 April 2017 and will reduce further to 17% from 1 April 2020. The reduction to 17% was announced in the March 2016 Budget and was substantively enacted on 6 September 2016 and this is the rate at which deferred tax has been provided at.

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Deferred taxation

		2019	
Asset		£'000	
At 1 January 2019		(24)	
Credited to income statement		1,024	
At 31 December 2019		1,000	
	Note	2019	2018
		£'000	£'000
Deferred tax asset	13	1,494	485
Deferred tax liability	17	(494)	(509)
Total asset/(liability)		1,000	(24)

A reduction to the UK corporation tax rate was substantially enacted in September 2016, therefore for a December year end, deferred tax should be recognized at 17%.

HUGHES INSURANCE SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2019

11. Intangible fixed assets

	Policy Renewal Rights	Goodwill	Total
	£'000	£'000	£'000
Cost			
At 1 January 2019	4,843	39,322	44,165
Additions	-	-	-
At 31 December 2019	4,843	39,322	44,165
Amortisation			
At 1 January 2019	4,359	35,390	39,749
Charge for the year	484	3,932	4,416
At 31 December 2019	4,843	39,322	44,165
Net book value			
At 31 December 2018	484	3,932	4,416
At 31 December 2019	-	-	-

HUGHES INSURANCE SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible fixed assets

	Motor vehicles	Computer Software and Equipment	Freehold Land and Buildings	Furniture and Fixtures	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2019	127	1,482	3,375	1,187	6,171
Additions	-	156	-	8	164
Disposals	(78)	-	-	-	(78)
At 31 December 2019	49	1,638	3,375	1,195	6,257
Accumulated depreciation					
At 1 January 2019	60	1,102	383	948	2,493
Charge for the year	12	238	86	82	418
Disposals	(45)	-	-	-	(45)
At 31 December 2019	27	1,340	469	1,030	2,866
Net book value					
At 31 December 2018	67	380	2,992	239	3,678
At 31 December 2019	22	298	2,906	165	3,391

HUGHES INSURANCE SERVICES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2019

13. Debtors

	Note	2019	2018
		£'000	£'000
Amounts falling due within one year			
Trade debtors		15,487	14,507
Amounts owed by group undertakings		2,414	3,324
Deferred taxation	10	1,494	485
Other debtors		15	5
Amounts due from client non statutory trust account	16	2,198	2,433
Prepayments and accrued income		599	396
		22,207	21,150

14. Cash and cash equivalents

	2019	2018
	£'000	£'000
Cash at bank and in hand	12,331	9,232

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Creditors

	Note	2019	2018
		£'000	£'000
Amounts falling due within one year			
Bank loans and overdrafts		(7)	(65)
Trade creditors		(383)	(51)
Amounts owed to group undertakings		(95)	(106)
Other taxation and social security		(131)	(132)
Other creditors		(52)	(39)
Accruals and deferred income		(1,591)	(1,266)
Amounts due to client non statutory trust accounts	16	-	-
		(2,259)	(1,659)
Amounts falling due after more than one year			
Other loans	18	(9,500)	(9,500)
		(9,500)	(9,500)

16. Client non statutory trust bank account

	2019	2018
	£'000	£'000
Insurance / client creditors	5,302	5,364
Amounts due to client non statutory trust account	-	-
Amounts due from client non statutory trust account	2,198	2,433
	7,500	7,797

In accordance with Financial Conduct Authority regulations, the firm is required to maintain client monies in a client Non Statutory Trust Bank Account. This trust account is not included in the Company's own financial statements. The amounts which represent the balance on the Client Non Statutory Trust Bank Account as at 31 December 2019 are set out above.

17. Provisions for liabilities

	Note	2019	2018
		£'000	£'000
Deferred tax liability	10	(494)	(509)
		(494)	(509)

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

18. Loans and other borrowings

	2019	2018
	£'000	£'000
Other loans	(9,500)	(9,500)
	(9,500)	(9,500)
Analysis of the maturity of loans is given below:		
Between one and two years	(9,500)	-
Between two and five years	-	(9,500)
	(9,500)	(9,500)

Loans repayable relate to a loan received from Liberty UK and Europe Holdings Limited.

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

19. Capital and other commitments

	2019	2018
Capital commitments are as follows	£'000	£'000
Contracted for but not provided for:		
Tangible fixed assets	112	150
	112	150

At the balance sheet date, the company had total minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
Operating leases which expire:	£'000	£'000
Not later than 1 year	15	0
Later than 1 year and not later than 5 years	0	32
Later than 5 years	168	185
	183	217

20. Contingent liabilities

The Company's BACS facility is secured by a floating charge over all the company's assets and undertakings with the exception of any funds held on trust for insurers or clients in accordance with FCA client money regulations.

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

21. Called up share capital

	2019	2018
Authorised:	£'000	£'000
100,000 ordinary shares of £1 each	100	100
	2019	2018
Issued and fully paid:	£'000	£'000
50,002 ordinary shares of £1 each	50	50
Share premium	50,139	50,139
	50,189	50,189

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

22 Post balance sheet events

The outbreak of the Coronavirus pandemic was declared a global pandemic post year end and therefore is a non-adjusting event. No provisions for any liabilities have therefore been made in these financial statements. No estimate of the financial affect can be made at this point. There were no other subsequent events between 31 December 2019 and the date of approval of these financial statements that would require adjustment to or disclosure in the financial statements.

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

23. Reserves

Share premium

This reserve records the amounts above the nominal value received for shares sold, less transaction costs.

Retained earnings / deficit

The Company's retained earnings / deficit includes the accumulated losses of the Company less any dividends declared.

24. Related party transactions

As the Company is a wholly owned subsidiary the Directors have taken advantage of the exemption from disclosing related party transactions with other wholly owned group companies, in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the requirement of section 33 Related Party Disclosures paragraph 33.1A.

No other transactions with related parties were undertaken that are required to be disclosed under FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the requirements of Section 33 Related Party Disclosures paragraph 33.7.

HUGHES INSURANCE SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

25. Ultimate parent undertaking

The immediate parent company of Hughes Insurance Services Limited is Liberty UK and Europe Holdings Limited, a company incorporated and registered in England and Wales. The smallest higher group of companies for which group accounts are drawn up and of which this Company is a member is Liberty International Holdings Incorporated, a company incorporated and registered in the United States of America.

The ultimate parent company is Liberty Mutual Holding Company Inc. of Boston, 175 Berkeley Street, Boston, Massachusetts 02117, United States of America, a company incorporated in the United States of America.

Copies of the group accounts of Liberty International Holdings Incorporated and of Liberty Mutual Holding Company Inc., of Boston are available from the companies' registered office, 175 Berkeley Street, Boston, Massachusetts 02117, United States of America.