

Company registration number 08083925

**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES
LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**2020
for the year ended 31 December**

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**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)**

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Registered office

57 Ladymead, Guildford
Surrey GU1 1DB

Registered in England and Wales No. 08083925

**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
STRATEGIC REPORT**

For the year ended 31 December 2020

The Directors present their Strategic Report on the Company for the year ended 31 December 2020.

Principal activities

The principal activity of Fairmead Distribution Services Limited (formerly Legal & General Distribution Services Limited) (the "Company"), which is authorised and regulated within the UK by the Financial Conduct Authority, is providing intermediary services for the provision of personal insurance solutions to individuals. All such insurance solutions are underwritten by a third party and are provided within the UK.

Review of the business

The Company exited the travel insurance market in 2020; a decision that had already been made but was accelerated as a result of COVID-19. This has driven a reduction in revenue to £43,719 (2019: £92,597). Expenses incurred by the entity in 2019 were substantially attributable to the travel product and as such the Company has seen a significant reduction in its expenses to £2,365 in 2020 (2019: £85,178).

Significant event

On 31 December 2019, the Company's immediate parent was acquired by Allianz Holdings Plc and ownership was subsequently transferred to a subsidiary of Allianz Holdings Plc, Liverpool Victoria General Insurance Group Limited ("LVGIG") in 2020. The Company is now part of the Allianz Societas Europaea ("Allianz SE") group.

Result for the year

The result of the Company for the year was a profit before taxation of £41,354 (2019: £7,419) and a loss for the year and total comprehensive expense of £13,919 (2019: £6,009 profit), details of which are set out on page 9. The loss for the year in 2020 arose on account of an adjustment of £47,416 (2019: £nil) in respect of prior years tax charge, as disclosed in note 6.

Financial key performance indicators

In addition to the pre-tax performance noted above, other key financial measures monitored by the Board of Directors (the "Board") are as follows:

	2020 (£)	2019 (£)
Revenue: Commission earned	43,719	92,597
Expenses	2,365	85,178

Future developments

The Company has served notice to terminate its contract to provide household handover business with effect from August 2021. The Company will not have any live intermediary relationships beyond this point. The Directors are currently reviewing the future plans for the Company.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are noted below:

Market and economic conditions

Competitor activity and changes in customer buying patterns could have an impact on the achievement of sales targets. The development of the Covid-19 pandemic has had a notable impact on the economy and travel industry, which has resulted in reduced demand for travel insurance. However, the Company exited this market early in 2020 and so expects any future disruption to the Company as a result of COVID-19 to be negligible.

Regulation and legislation

There are a number of aspects to the way in which legislation and regulation impacts the Company's business. These include:

- Government fiscal policy; and
- Regulation of product design, marketing, sales and administration.

The Company's activities and strategies are always based upon prevailing legislation and regulation. However, significant changes in legislation, and differing interpretation and application of regulation over time, may have a detrimental effect on the Company's strategy and profitability.

Section 172 Report

This statement sets out how the Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duties. The Directors consider, both individually and collectively, they have acted in a way that, 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 had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the year.

**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
STRATEGIC REPORT (CONTINUED)
For the year ended 31 December 2020**

Section 172 Report (continued)

As a result of the governance structure of the Allianz Holdings plc ("AZH") group of companies (the "AZH Group" or the "Group", of which the Company is a part, some strategic decisions are considered by the Board of Allianz Holdings PLC or its Committees (the "Group Board") to an appropriate extent for the Group as a whole. Certain Group stakeholders and their interests (such as employees, community and the environment), which the Company's directors are required to have regard to, are considered by and actions concerning them determined at a Group Board level rather than an individual subsidiary level.

The Company is a wholly owned subsidiary of Fairmead Insurance Limited ("Fairmead") and forms part of the LVGIG business within the wider AZH Group. In line with the duty to promote the success of the Company for the benefit of its shareholder, the Company's Board must have regard to the overall strategy and direction of both the Group and LVGIG, which are complementary. This includes considering the impact on broader stakeholders of the Group, when making decisions.

The Company's Board meets quarterly and considers matters in relation to the Company's strategy and operations, including consideration of the interests of its stakeholders including its shareholder, customers, suppliers, regulators and the employees working within its business (which are employed by another entity within the Group). Stakeholders, their interests and the manner in which the Company engages with them, are integral to how the Company conducts business.

Board Decision-making

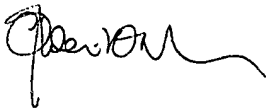
This part of our section 172 statement describes how the Board has had regard to the Company's stakeholders and other matters to be considered under section 172(1) of the Act in its key decisions during the year, which was to close to new travel insurance business.

Section 172 considerations: *promoting the success of the Company for the benefit of the shareholder, interests of employees, long-term interests, fostering relationships with customers and suppliers, maintaining a reputation for high standards*

The Company's Directors decided to close to new travel business during the first quarter of 2020. Renewal business continued online until 30 June 2020. The Board considered the Company's existing policyholders and satisfied itself that their interests would be protected. The Board also had oversight of the relationship with suppliers, ensuring that their interests were considered and that required notice was given and all termination procedures followed correctly. The Company will continue to have oversight of complaints until the book has run-off. The Board considered the regulatory requirements in relation to the decision and the interests of the Regulator. In addition, the Board considered its shareholder and the strategy and risk appetite of the wider AZH Group in making its decision. The Directors were satisfied that the decision was in the best interests of the Company, for the benefit of its shareholder and the AZH Group as a whole.

In addition during the year, the Board had oversight of compliance, risk management, regulatory and product related matters in connection with the Company's business.

By Order of the Board



C. J. Wren-Kirkham
Director
7 April 2021

**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
DIRECTORS' REPORT
For the year ended 31 December 2020**

The Directors present their annual report together with the audited financial statements of Fairmead Distribution Services Limited for the year to 31 December 2020.

Result for the year and dividend

The result of the Company for the year was a profit before taxation of £41,354 (2019: £7,419) details of which are set out on page 9. The Company does not propose payment of a dividend (2019: £nil).

Going concern

The Company has exited the travel market during the year and has taken action to exit the household handover market during 2021. The Company will not have any live intermediary relationships beyond this point. The Directors are currently reviewing the future plans for the Company.

The Company does have adequate resources to continue operating for the foreseeable future and meet its liabilities as they fall due.

Financial Risk Management

The Company's exposure to financial risk through its financial assets and liabilities is not considered material to the assessment of the Company's assets, liabilities, financial position and the profit and loss of the Company.

Political Donations

The Company made no political donations and incurred no political expenditure during the year.

Directors

The directors of the Company in office during the year and up to the date of the signing of the financial statements were:

C. J. Wren-Kirkham

N. J. Thomhill (Appointed 14 April 2020)

Secretary

C. M. Twemlow (appointed 1 February 2021)

R. C. Jack-Kee (appointed 1 January 2020 and resigned 1 February 2021)

Modern Slavery Statement

Allianz Holdings Plc Group of companies ("Allianz UK") recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free.

Allianz UK's full modern slavery statement can be found at www.allianz.co.uk.

Directors' Insurance

The ultimate parent Company, Allianz SE, maintains an appropriate level of Directors' and Officers' liability insurance which is reviewed annually.

Independent Auditor

On 31 March 2020, KPMG LLP resigned as the Company's external auditor. The Company has appointed BDO LLP as the Company's external auditor for the financial year ended 31 December 2020.

There is no requirement under the Companies Act or the Company's Articles of Association to hold an Annual General Meeting or present the Company's Report and Financial Statements before the shareholders. The Company has also elected to dispense with the need to appoint auditors annually, and BDO LLP will therefore continue in office.

**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2020**

Statement of directors' responsibilities in respect of the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

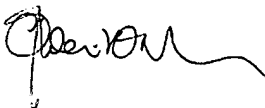
Disclosure of information to the Auditor

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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 auditor is 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 auditor is aware of that information.

By Order of the Board



C. J. Wren-Kirkham
Director
7 April 2021

**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRMEAD DISTRIBUTION SERVICES LIMITED
For the year ended 31 December 2020**

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101, 'Reduce Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Fairmead Distribution Services Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, 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 Financial Reporting Standard 101, 'Reduced Disclosure Framework'.

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. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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 the Directors' report.

**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRMEAD DISTRIBUTION SERVICES LIMITED
(CONTINUED)
For the year ended 31 December 2020**

Other Companies Act 2006 reporting (continued)

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 Statement of Directors' Responsibilities, 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.

Auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 101 and the Companies Act 2006) and regulations impacting the Company.
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries to management. We corroborated our enquiries through our review of board minutes and correspondence with the Financial Conduct Authority (FCA).
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it is considered there was a susceptibility of fraud. We considered the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those processes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free of fraud or error. Our responses to significant audit risks over revenue recognition and management override controls are intended to sufficiently address the risk of fraudulent manipulation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRMEAD DISTRIBUTION SERVICES LIMITED
(CONTINUED)
For the year ended 31 December 2020**

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.



Alexander Barnes
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

8 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue		43,719	92,597
Gross Profit		<u>43,719</u>	<u>92,597</u>
Administrative expenses		(2,365)	(85,178)
Profit before taxation		<u>41,354</u>	<u>7,419</u>
Tax charge on profit	6	<u>(55,273)</u>	<u>(1,410)</u>
(Loss) / profit for the year and total comprehensive (expense) / income		<u>(13,919)</u>	<u>6,009</u>

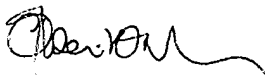
The notes on pages 12 to 15 are an integral part of the financial statements.

FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020	2019
		£	£
Assets			
Current assets			
Trade and other receivables	7	559,422	451,385
Cash and cash equivalents		28,776	139,925
Total Assets		<u>588,198</u>	<u>591,310</u>
Liabilities			
Current liabilities			
Trade and other payables	8	(10,807)	-
Total liabilities		<u>(10,807)</u>	<u>-</u>
Net current assets		<u>577,391</u>	<u>591,310</u>
Net assets		<u>577,391</u>	<u>591,310</u>
Equity			
Called up share capital	9	2,050	2,050
Share premium account	9	1,948,050	1,948,050
Other reserves		299,900	299,900
Retained Earnings		(1,672,609)	(1,658,690)
Total Equity		<u>577,391</u>	<u>591,310</u>

The notes on pages 12 to 15 form an integral part of these financial statements.

The financial statements on pages 9 to 15 were approved by the directors on 7 April 2021 and were signed on their behalf by



C. J. Wren-Kirkham
Director

FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Called up share capital	Share Premium Account	Other reserves	Profit and Loss Account	Total Equity
	£	£	£	£	£
Balance at 1 January 2020	2,050	1,948,050	299,900	(1,658,690)	591,310
Loss for the year and total comprehensive expense	-	-	-	(13,919)	(13,919)
Balance at 31 December 2020	2,050	1,948,050	299,900	(1,672,609)	577,391

	Called up share capital	Share Premium Account	Other reserves	Profit and Loss Account	Total Equity
	£	£	£	£	£
Balance at 1 January 2019	2,050	1,948,050	299,900	(1,664,699)	585,301
Profit for the year and total comprehensive income	-	-	-	6,009	6,009
Balance at 31 December 2019	2,050	1,948,050	299,900	(1,658,690)	591,310

The notes on pages 12 to 15 form an integral part of these financial statements.

FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
Notes to the Financial Statements
For the year ended 31 December 2020

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The financial statements of Fairmead Distribution Services Limited (formerly Legal & General Distribution Services Limited) have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS101. Fairmead Distribution Services Limited is a private limited company incorporated in the United Kingdom.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience & other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101:

- IFRS 7, 'Financial Statements: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;

The following paragraphs of IAS 1, 'Presentation of financial statements':

- 10(d), (statement of cash flows)
- 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
- 16 (a statement of compliance with all IFRS),
- 38A (requirement for minimum of two primary statements, including cash flow statements),
- 38B-D (additional comparative information),
- 40A-D (requirements for a third statement of financial position)
- 111 (cash flow statement information), and
- 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going Concern

The Company has exited the travel market during the year and has taken action to exit the household handover market during 2021, beyond which the Company will not have any live intermediary relationships.

The Directors are currently reviewing the future plans for the Company, but the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)
Notes to the Financial Statements
For the year ended 31 December 2020

1 Summary of significant accounting policies (continued)

(b) Revenue recognition

Revenue is stated excluding recoverable value added tax and represents retained commissions receivable. Commission receivable in respect of the Company's insurance broking services is brought into account at the later of the policy inception date or when the policy placement has been completed and confirmed. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated future obligation.

Commission receivable is calculated as a percentage of premiums, including commission refund on cancellations. All receivables are classified as short-terms and usually received the following month.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(d) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(e) Dividend recognition

A dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are authorised and are no longer at the discretion of the Company.

(f) Share Premium

Share premium are proceeds received in excess of the nominal value of shares issued, net of any transaction costs.

2 Auditor's Remuneration

The auditor's remuneration in respect of the audit of the financial statements of the Company of £7,000 (2019: £7,200) was borne by the Company's immediate parent, Fairmead Insurance Limited (formerly Legal & General Insurance Limited). There were no non-audit fees in the current year (2019: £nil)

**FAIRMEAD DISTRIBUTION SERVICES LIMITED
(FORMERLY LEGAL & GENERAL DISTRIBUTION SERVICES LIMITED)**

Notes to the Financial Statements

For the year ended 31 December 2020

3 Segmental disclosure

All revenue, and related profit before taxation, is derived from the principal trading activity of the Company, which is providing intermediary services for the provision of insurance solutions to UK individuals. All revenue derives from the UK.

4 Employee information

The Company had no direct employees during 2020 since they were employed by Liverpool Victoria General Insurance Group Limited ('LVGIG'). In 2019, the Company also had no direct employees as at that time they were employed by a fellow subsidiary of Legal & General Group. As a result the Company incurred no direct staff costs and made no direct contributions towards retirement benefits (2019: £nil).

5 Directors' emoluments

During the current year all Directors of the Company have been employed by LVGIG. Directors' emoluments have been recharged to the Company's immediate parent, Fairmead Insurance Limited (formerly Legal & General Insurance Limited). These figures represent that portion of the directors' emoluments that are estimated to relate to their services to the Company.

	2020 £	2019 £
In respect of services as directors:		
Aggregate emoluments	28,061	50,800
Aggregate money purchase contributions	<u>802</u>	<u>800</u>

No defined pension benefits accrued to directors under the Group defined benefit pension scheme (2019: £nil).

No directors exercised share options under the Group's share schemes in the year (2019: none)

One (2019: nil) Director has been granted awards under LVGIG's long term incentive plan (LTIP) schemes. There is a LTIP scheme each year with each covering a period of three years. Performance measures, both financial and non-financial, are attached to each scheme and performance against these measures drive the final award value. The LTIP payments are included in emoluments in the financial year that payment is made.

The emoluments received by the directors in 2020 were settled by LVGIG (2019: Legal & General Resources Limited) and recharged to Fairmead Insurance Limited.

6 Tax charge on profit

	2020 £	2019 £
Current Tax		
- Current tax for the year	7,857	1,410
- Adjustments in respect of prior years	47,416	-
Total current tax charge	<u>55,273</u>	<u>1,410</u>

The tax charge differs from the tax calculated at the standard UK corporation tax rate as follows:

	2020 £	2019 £
Profit before tax	41,354	7,419
Corporation tax at 19% (2019: 19%)	7,857	1,410
Adjustments in respect of prior years	47,416	-
Total tax charge	<u>55,273</u>	<u>1,410</u>

As part of the purchase of the Company and its immediate parent by Allianz Holdings plc, it was notified during the completion account process that the vendor Group, Legal & General Group plc, would not be settling any group relief surrendered by the Company to the vendor group in respect of 2019 financial year or prior. This notification was made after the signing of the Company's accounts and therefore the derecognition of the 2019 corporation tax asset was made in the current period as the adjustment in respect of prior years above.

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7 Trade and other receivables

	2020	2019
	£	£
Trade receivables	1,633	4,660
Amounts owed from parent company	555,330	399,309
Other receivables: corporation tax asset	-	47,416
Prepayments	2,459	-
	<u>559,422</u>	<u>451,385</u>

8 Trade and other payables

	2020	2019
	£	£
Other payables: corporation tax liability	(7,857)	-
Accrual for commission clawback	(2,950)	-
	<u>(10,807)</u>	<u>-</u>

The accrual for commission clawback is an allowance for commission refunds on future policy cancellations where the policy has been inception and therefore the commission revenue recognised at the Statement of Financial Position date.

9 Called up share capital and share premium account

	2020	2020	2019	2019
	No. of shares	£	No. of shares	£
Authorised share capital				
At 31 December: ordinary shares of £1 each	<u>2,050</u>	<u>2,050</u>	<u>2,050</u>	<u>2,050</u>
Issued share capital, fully paid				
		Called up	Share Premium	
	No. of shares	£	account	
As at 1 January 2020 and 31 December 2020	<u>2,050</u>	<u>2,050</u>	<u>1,948,050</u>	

10 Ultimate parent undertaking

The immediate parent company is Fairmead Insurance Limited (formerly Legal & General Insurance Limited).

On 31 December 2019, the Company's immediate parent was acquired by Allianz Holdings Plc and ownership was subsequently transferred to a subsidiary of Allianz Holdings Plc, Liverpool Victoria General Insurance Group ("LVGIG") in 2020. The Company is now part of the wider Allianz Group of companies, whose ultimate parent company is Allianz SE.

The ultimate parent company is Allianz Societas Europaea ("Allianz SE"), a company incorporated in Germany - the controlling party. Allianz SE is the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. These financial statements therefore provide information about the Company as an individual undertaking. Copies of the financial statements of the ultimate holding company, Allianz SE, are available on request from Allianz SE, Koeniginstrasse 28, 80802, Munchen, Germany.

The smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Allianz Holdings Plc.

11 Cash flow statement

The Company has taken advantage of the exemption under paragraph 8 (h) of FRS 101 from the requirements of IAS 7 Statement of Cash flows, and hence has not presented a cash flow statement.

12 Related party transactions

The Company has taken advantage of the exemption under paragraph 8 (j) and (k) of FRS 101 from certain requirements under IAS 24 Related party disclosures. These include the requirement to disclose transactions entered into by the Company with other wholly owned members of Allianz SE, and the requirement to present disclosures on compensation arrangements for key management personnel. See note 5 for disclosure of Directors' remuneration.

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8 Trade and other payables

	2020	2019
	£	£
Other payables: corporation tax liability	(7,857)	-
Accrual for commission clawback	(2,950)	-
	<u>(10,807)</u>	<u>-</u>

The accrual for commission clawback is an allowance for commission refunds on future policy cancellations where the policy has been incepted and therefore the commission revenue recognised at the Statement of Financial Position date.

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	2020	2020	2019	2019
	No. of shares	£	No. of shares	£
Authorised share capital				
At 31 December: ordinary shares of £1 each	<u>2,050</u>	<u>2,050</u>	<u>2,050</u>	<u>2,050</u>
Issued share capital, fully paid				
		Called up	Share Premium	
		Share Capital	account	
	No. of shares	£	£	
As at 1 January 2020 and 31 December 2020	<u>2,050</u>	<u>2,050</u>	<u>1,948,050</u>	

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