

ReAssure UK Services Limited

Company Registration Number: 07860886

STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
for the year ended 31 December 2024

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Directors and Officers

Board of Directors

Katherine Jones	(Resigned 30 September 2024)
Annabel Abell	(Resigned 29 August 2025)
Jacqueline Noakes	
Sara Thompson	
Arlene Cairns	(Appointed 1 October 2024)

Company Secretary

Pearl Group Secretariat Services Limited

Registered office

Windsor House
Telford Centre
Telford
Shropshire
TF3 4NB

Company registration number

07860886

Strategic report

The Directors present their strategic report of ReAssure UK Services Limited ("the Company") for the year ended 31 December 2024.

The financial statements of the Company for the year ended 31 December 2024 have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Business review and principal activities

The Company is incorporated and domiciled in England and Wales, part of the United Kingdom. It is a private company, limited by shares. The Company's immediate parent company is ReAssure MidCo Limited ("RML").

The Company is a member of the Phoenix Group ("the Group"). The Group is the UK's largest long-term savings and retirement business. The main focus has traditionally been on closed life fund consolidation and the Group specialises in the acquisition and management of closed life insurance and pension funds. Alongside this, the Group has open business which manufactures and underwrites new products and policies to support people saving for their futures. The Group's vision is to grow a strong and sustainable business to help more people on their journey to and through retirement, enabling improved outcomes for customers and to deliver value for shareholders.

The principal activity of the Company is to provide management services to other entities within the Group. The Company employs resources and engages with third party suppliers on behalf of all ReAssure entities ("the Division") in order to provide management services. ReAssure Limited ("RAL") is the primary life and pensions company within the Division and its strategy is to administer closed books of life business. The Company provides various services to RAL including policy administration services, project delivery services to support RAL in its activities, and various ancillary services such as IT and Finance. The Company charges RAL for these services in accordance with the terms of a Management Services Agreement ("MSA") between the entities. RAL does not employ any resources directly, the resources required to support the successful delivery of RAL's operations (including management resource) are employed directly by the Company or by other members of the Phoenix Group to be utilised by RAL therefore, the operations of RAL and the Company are intrinsically linked, such that whilst the Company does operate as a standalone legal entity, much of its approach to governance and risk, as well as its strategic direction is led by RAL and the Group.

The Company also provides various services to ReAssure Life Limited ("RLL") including policy administration services and project delivery services. The Company charges RLL for these services in accordance with the terms of a MSA between the two entities.

In addition to supporting the operations of RAL and RLL, the Company also exchanges services with other companies within the Division and the wider Group. These services primarily relate to the provision of resources, particularly where the operations of certain functions are now integrated with those of the Group (e.g. Asset Management, Risk, HR) and to support the delivery of projects which cut across the organisation such as the on-going integration of the Division's finance systems with those of the Group. As with RAL, where services are provided to other entities, each company is recharged for the services provided by the Company, in accordance with either an MSA or, other relevant intercompany agreement between the parties.

The Company also generates revenue via the provision of policy administration services for a number of policies owned by a third party and the receipt of premium income from a further third party, who provide administration services for a book of policies owned by RAL. These arrangements do not materially affect either the operations or the financial performance of the Company.

In the provision of policy services, the Company uses its own administration platform, known as Alpha.

On 7 February 2023, the Group announced that c.3 million policies currently administered through the Company will be moving to the third party Tata Consultancy Services ("TCS") BaNCSTTM platform provided by Diligenta, TCS's UK subsidiary. Diligenta is a leading provider of business process services to the life and pensions industry.

The Alpha platform will be decommissioned, with all policies moving on a staggered basis to TCS BaNCS™. It is expected this will be complete by 2026. Some back office administrative processes will be moved to TCS's operational hub in India. All the customer call servicing will remain within TCS's UK operations with the plan to operate the customer contact centre from the Company's existing Telford site using ReAssure operational teams.

This will eventually lead to the closure of the Phoenix site in Hitchin by 2026.

The Group is working with TCS to finalise the detail of changes proposed, and - at an appropriate time - will enter consultation with impacted employees. The Group will look to ensure that redundancies are kept to a minimum wherever possible, for example through redeployment opportunities and natural attrition.

The Company recognised a provision of £74.0m in 2023, in respect of costs associated with these changes, of which £17.1m (2023: £7.3m) has been utilised and £3.1m (2023: £nil) has been released during the year. £13.1m of additional provision has been recognised during the year. Cost incurred by the Company in association with the activities outlined above are expected to be recharged to the Company's ultimate parent, Phoenix Group Holdings plc ("PGHP").

The results for the year are set out on page 19. The profit for the year is £4.4m (2023: loss of £38.1m). The decrease in losses in the year is largely driven by lower provisions recognised year on year.

Directors' duties under section 172 of the Companies Act

Section 172 of the Companies Act 2006 (the 'Act') requires each Director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, each Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and the environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

During the year the Directors of the Company have applied Section 172 of the Act in a manner consistent with the wider Group's purpose, values and strategic priorities, whilst having due regard to the Company's ongoing regulatory responsibilities as a financial services business. To support the fulfilment of the Directors' duties outlined above, each paper prepared for consideration by the Board contains an analysis of the potential impact of proposals to be considered by the Board in light of the factors contained in Section 172.

The Board recognises that the Company's stakeholders are integral to its success. During the year, the Board ensured that its considerations and decision making processes took into account their impact on its own stakeholders. The key stakeholder groups of the Company and its relationships with each are as follows:

Strategic priorities key		
 Optimise our in-force business	 Grow organically and through M&A	 Enhance our operating model and culture

Key stakeholder groups		
 Customers	 Suppliers	 Colleagues
Our customers are primarily other entities within the Phoenix Group, to which the Company provides management services. Of these, its largest customers are the Group's life companies, meaning that policyholders within these entities are also impacted by decisions the Board makes. The Board recognises its responsibility and duty to oversee the success of the Company for all its customers, whether direct or indirect.	We depend on our outsourced service providers ("OSPs") to deliver the highest standards of service and continually promote good outcomes for all our customers. As the principal lead on maintaining OSP relationships, the Board understands that the quality of relationships with our OSPs is core to the Group achieving its purpose of helping people secure a life of possibilities.	Our Group colleagues, engaged via the Company, are integral to our success. The Board supports the Group's ambition for a champion-led culture to reach its purpose and achieve its strategy.
Link to strategic priorities		
 	 	 
How has the Board has engaged with and had oversight of stakeholder views during the year?		
- The Board sought to understand whether customer needs were being met through consideration of regular reports on fair treatment and experience of the Company's customers administered by third parties - The Board monitored risks to customers arising from business as usual, as well as the Group's strategic activity through regular reports from the ReAssure Chief Risk officer - The impact on customers of ongoing activity to outsource policy administration services to a third party provider was carefully monitored through regular progress updates - The Board received regular assurance as to the steps taken by the Group to detect and respond to cyber incidents that had potential to pose a threat to customers	- The Board received regular reports from management on ongoing customer service performance and outsourced service provision - Relationships with outsourced service providers were also monitored via regular updates to the Board - Progress of ongoing work to deliver an outsourced policy administration service arrangement was kept under scrutiny through regular management reports	- The Board monitored colleague-related matters throughout the year via regular updates provided by management - The impact on colleagues of ongoing activity to outsource policy administration services to a third party provider was carefully monitored through regular progress updates

Key stakeholder groups (continued)		
 Community	 Investors	 Government, trade bodies & regulators
The Board's role in promoting positive stakeholder relationships		
The Board holds management to account throughout the year, ensuring due care and attention is given to good customer outcomes and needs.	The Board monitors the performance of its OSPs to ensure Phoenix is able to provide the best customer outcomes to deliver its operational and financial targets. Positive relationships with OSPs are vital to the success of both parties.	The Group Board is responsible for setting cultural tone for all Group colleagues. However, as one of the main employing entity for Group colleagues, the RUKSL Board monitors engagement and other relevant colleague-related matters in recognition of their role in the ongoing success of the Phoenix Group.
The most significant ways in which we impact the community is by operating sustainably and through the way we build relationships with differing groups, whether locally or on a wider scale. The Group encourages all colleagues to support our local communities through volunteering. The Board understands the role that a sustainable business has in building trust and inspiring confidence by developing and maintaining these relationships.	Our sole shareholder is ReAssure MidCo Limited. As a Phoenix Group company, our ultimate shareholder is PGHP The Board recognises the role it plays in driving growth to help the Group meet the needs of its customers.	Our business is regulated by the Financial Conduct Authority (FCA). The Board acknowledges the importance of maintaining positive relationships with the Company's regulator to enable good outcomes for its customers.
Link to strategic priorities		
  	  	 
How has the Board has engaged with and had oversight of stakeholder views during the year?		
- The Board considered financial reporting prepared by management in the context of ensuring the Company's financial sustainability - The Board continued to monitor key metrics associated with the wider Group operating model evolution, designed to deliver ongoing sustainability for the future	- The governance framework within which the Board operates is designed to facilitate good information flows between and robust decision-making at all levels within the Group - Three of the Company's directors are members of the Group Executive Committee, which further strengthens the link between the Company and its ultimate parent, PGHP	- The Board received updates on regulatory developments and how their impact was expected to be addressed by the business - The Board participated in an in-depth session in relation to the Group's preparation for implementation of the FCA's new Consumer Duty - At the request of the regulator, Board directors will meet with representatives on a formal basis

The Board's role in promoting positive stakeholder relationships

The Board monitors sustainability of the Company within the wider parameters of Group sustainability through regular financial reporting.	The Board maintains strong links with its immediate and ultimate parents through regular reporting and interaction with the boards and committees of each and vice versa.	As the guardian of the Company (ensuring robust governance, controls and risk management), the Board is responsible for holding management to account for day to day compliance with regulation and legislation; ensuring transparent communication of such compliance to maintain trust in Phoenix.
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Key board decisions

This section sets out an example of a key decision of the Board, its alignment to the Group's strategy, how the Board reached its decision (including consideration of matters set out in Section 172; the interests of stakeholders; related risks and opportunities; and challenges it faced) and the outcome of those considerations. The example shown is provided to demonstrate how the Directors of the Company have carried out their duties under Section 172 of the Act.

Strategic priorities key



Optimise our in-force business



Grow organically and through M&A



Enhance our operating model and culture

Example Key Board Decision	YE23 Annual Accounts
Link to strategic priorities	How the Board reached its decision
	Consideration of section 172 matters As part of the year end accounts approval process, the Board considered whether the expectation that the Company would continue in operational existence for the foreseeable future was appropriate. The Board considered supporting paperwork presented by the Financial Reporting team, together with an update on the external audit of the accounts, which had not raised any material findings. Such consideration enabled the Board to reach a decision to approve the YE23 accounts, within which a going concern statement was included (relied upon by others assessing the business). The long-term impact of the decision to approve the YE23 accounts therefore included the potential reliance of those reading the accounts on the going concern statement, which the Board considered to be relevant and accurate.
Outcome	Following due consideration of the matters set out in section 172, the Board approved the YE23 accounts.

Capital Management

The Group and each regulated company within the Group holds sufficient capital on an ongoing basis to meet regulatory and internal requirements in a number of asset and liability stress conditions. The Company is regulated by the Financial Conduct Authority ("FCA") as it is carrying out regulated activities. The Company must maintain capital of not less than £2.7m (2023: £2.7m). The capital requirement reflects the permissions held by the Company, including those relating to the SIPP business transferred from L&G in 2020.

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As the net assets of the Company as at 31 December 2024 are £45.2m (2023: £5.8m), the capital held is currently above the capital requirement. The Company has a forward-looking budget and business planning cycle which forecasts capital levels over the next three years, and it takes proactive action to address any shortfalls of capital should they be projected.

Key performance indicators

Financial key performance indicators ("KPIs") are disclosed in the Business review and principal activities section above. The following KPIs are some of the other measures used to monitor and manage operational risk.

	2024	2023
Administration expenses as a % of income (excluding strategic projects)	98%	112%
Policy count - excluding policies administered on behalf of third-party customers	1,899,785	2,058,210
Administration complaints per 1,000 policies – excluding policies administered on behalf of third-party customers	0.63	0.52

Administration expenses as a % of income (excluding strategic projects)

As described within the principal risks section, the Company carries expense risk on behalf of the Division. The Company monitors that expense risk via a budgeting and business planning cycle as well as monthly variance reports and analysis. This KPI assesses the current level of expense risk that the Company is exposed to. Strategic projects are excluded from this measure as the costs of such projects are recharged in full to other entities within the Group at cost plus mark-up therefore, generating profit for the Company and ensuring that the Company does not carry expense risk on strategic project activities. Strategic projects include integration projects and material restructuring programmes.

The metric shows that the level of expense risk to which the Company is exposed has decreased, although the Company is still not generating sufficient revenue to cover its cost base. The Company is expected to continue running at a loss until such time as the operations of the Company are integrated with those of other service companies within the Phoenix Group and planned integration synergies start to be realised.

Policy count - excluding policies administered on behalf of third-party customers

Policies owned by RAL and RLL are administered by the Company are included within the policy count metric. The policy count has slightly decreased during the year due to the regular run-off of the business.

Administration complaints per 1000 policies – excluding policies administered on behalf of third-party customers

The Company administers policies owned by RAL and RLL and monitors complaint numbers to ensure that policyholders are receiving a high standard of policy administration, issues arising can be investigated, and if appropriate, processes and procedures changed to ensure that complaints do not occur again.

For own policies, the number of administration complaints received per 1,000 policies increased to 0.63 for 2024 (2023: 0.52). This metric is based upon FCA reportable complaints. Although the 2024 result indicates that there has been an increase in complaints, they remain very low at less than 1 per 1,000 policies.

Principal risks and uncertainties

The following have been defined as key business risks:

Expense risk is the risk that expenses exceed fees received on the management service agreement and fees from third party administration contracts. The Company is responsible for delivering contracted levels of service and is responsible for the resulting expenses incurred. While it has income from management service and third-party administration fixed agreements, the Company is responsible for any excess of expenditure over income. The Company mitigates this risk by having a robust budget and planning cycle as well as monthly variance reports and analysis. These reports are reviewed by relevant executives and cost centre managers and remedial action taken if required. If necessary, additional funding is provided by RML, via the purchase of share capital in the Company.

The Company has received three capital injections of £9.0m in each of January, March and June 2024 and one capital injection of £8.0m in September 2024. The Directors have received a Letter of Support confirming that RML intends to support the Company for at least one year after these financial statements are signed.

Liquidity risk is the risk of not being able to make payments as they become due. The Company monitors cash flow and performs variance analysis against actual cash held. The Company also carries out capital planning with quarterly re-forecasts for revised income and expense projections.

Operational risk is the risk of loss that arises from people, processes and procedures within the organisation. Within the Company, this is wide ranging and includes risks arising from policy administration issues. These are generally processing or platform functionality errors, data quality (which predominantly arise from errors made in historical conversions), financial modelling, corporate tax, business continuity and outsourcing. The Company mitigates its operational risk by the use of a wide range of techniques including scenario planning, training, formal risk assessments and policy and procedure documentation. The Company monitors operational risk through routine management information and internal and external audits.

The Group's internal audit function advises management on the effectiveness of its internal control systems and the adequacy of these systems to manage business risk and to safeguard the Company's assets and resources. The effectiveness of the Company's internal audit function is currently reviewed by the Group's audit and risk committees.

Conduct risk is defined by the FCA as the risk that firm behaviour will result in poor outcomes for customers. This should be at the forefront of how customers are dealt with. The specific risk to the Company is that maladministration could result in extra costs in rectifying and investigating any errors or misconduct in customer outcomes. This risk is transferred to the Company from RAL and RLL, via the MSA between the parties. Treating Customers Fairly ("TCF") is central to the business model and culture. The TCF approach is designed to meet the six consumer outcomes identified by the FCA as part of their TCF expectations. The Company's conduct strategy is delivered in four foundations: (i) TCF statement; (ii) internal behaviours; (iii) external behaviours; and (iv) control and oversight to create a culture which supports the delivery of strong customer outcomes.

A strong TCF culture is championed across the Division, with the provision of training and ongoing awareness and engagement activities designed to help staff understand what the fair treatment of customer's means and their responsibilities to deliver fair customer outcomes. Appropriate policies have been implemented and decisions take account of the risks and impacts to customers, focusing on delivering consistently good customer service and products that meet customer needs.

Communication with customers is conducted in a clear and timely manner in order that they would consider that they have been appropriately kept informed of their opportunities to act. Complaints are dealt with promptly and sympathetically, consistent with the TCF models and principles. Regular customer feedback is sought and used to inform and improve our working practices.

Management information is regularly produced to measure performance against appropriate customer fairness issues and take appropriate actions on the results. Appropriate governance oversight has been put in place to facilitate timely resolution of issues. Performance is assessed through analysis and evaluation of external publications with a significant TCF impact as well as participation in relevant industry benchmarking and discussion groups to ensure the TCF framework is consistent with industry standards.

TCF remains a key priority for 2025, through business-as-usual activities, strategic investments and specific customer-focused projects, demonstrating the strong commitment to delivering fair customer outcomes.

Approval

By order of the board of Directors

DocuSigned by:

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Arlene Cairns

Director

19 September 2025

Directors' report

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2024.

Corporate governance

The Company's ultimate parent, Phoenix Group Holdings plc is listed on the UK's main market and accordingly complies with the UK Corporate Governance Code 2018 (the 'Code'). The Company does not apply the Code but has established a governance framework which enables the Company to adopt the Wates Governance Principles for Large Private Companies 2018 (the 'Principles'). The following statement demonstrates how the Company has applied the Principles during the year. This is reviewed and challenged by the Board at least annually. For avoidance of doubt, there have been no departures from these aspects of governance through the year.

The Principles	Demonstrated by
Purpose and Leadership An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose	The Company has a defined purpose within the Group as a service company and this purpose is aligned, together with its values, strategy and culture, to those of its ultimate parent, Phoenix Group Holdings plc. The Board has worked to support this during the year, particularly in the context of the work to integrate the ReAssure businesses into the wider Group.
Board Composition Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company	The Board is an appropriate size given the scale and complexity of the Company, particularly as the Company's ultimate parent, Phoenix Group Holdings plc, and the Life Companies Boards provide oversight of the Company's activities.
Director Responsibilities The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge	The Board has a governance structure in place with clear reporting lines to the Life Companies Board. 'Matters Reserved' to the Board of the Company are clearly set out and agendas for each meeting remind all Directors of their responsibilities under Section 172 of the Companies Act 2006. Board meetings, as evidenced through the Board minutes produced, are an open forum for Directors to be robust and challenge the proposals presented.
Opportunity and Risk A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks	The Board has considered opportunities for value creation and preservation in accordance with risk appetite and long term strategy set by the Life Companies Board and the Company's ultimate parent company board. Both the Group Head of Internal Audit and Company's Chief Risk Officer have access to the Board to raise any concerns directly.

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The Principles	Demonstrated by
	The operation of a three lines of defence model within the Company ensures that there is appropriate oversight, not only from the individual business unit, but also from the Risk function providing risk oversight independent of management and the Internal Audit function providing independent verification of the adequacy and effectiveness of the internal controls and risk management processes in operation.
Remuneration A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company	During the year ended 31 December 2024, the remuneration of directors and senior managers was set and controlled by the Company's ultimate parent, Phoenix Group Holdings plc.
Stakeholder Relationships and Engagement Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions	Governance structures and reporting lines are in place to enable feedback between the Company and its stakeholders by way of Group-wide policies and procedures to engage with the workforce, customers, suppliers, regulators and other key stakeholders. The activities of the Board in respect of relationships and engagement with the Company's stakeholders are described in the Stakeholder Engagement section of the Strategic Report.

Future outlook

A full review of the operating model of the Group is underway. This includes a strategic review of how the operations of the Company can be integrated with the operations of the other service companies within the Group. These discussions are on-going; the Company will continue to service its existing policyholders and work with other group companies to support the business strategy of the wider group until such time as any changes are agreed and implemented. These potential operational changes do not have an impact upon the Company's ability to operate as a going concern.

Going Concern

The Strategic report and Directors' report summarise the Company's activities, its financial performance and financial position together with any factors likely to affect its future development. In addition, they discuss the principal risks and uncertainties it faces. The Strategic report and note 19 to the financial statements summarise the Company's capital management and risk objectives and policies together with its financial risks.

The Board has followed the UK Financial Reporting Council's "*Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (April 2016)*" when performing their going concern assessment.

The Directors' going concern assessment has been performed by taking into account the projected profit and net asset position in the future, with the Company projected to make marginal profits. The Directors have considered the impact of severe stress scenarios, including unexpected, material, cost increases and a reduction in income, on the Company's cashflows and net asset position. The Directors' assessment covered the period up to 30 September 2026. The liquidity assessment considered the ability to meet liabilities as they fall due under a base case and a severe stress scenario.

The Directors have made enquiries, which include consideration of the parent company's business model and expected dividends to be received from RAL. As a result of this review, and to ensure resilience against potential adverse scenarios, the Company has received a Letter of Support from its immediate parent company, RML, confirming that RML would provide support to meet liabilities as they fall due over the going concern period. Based on this assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing of the financial statements. Accordingly, they continued to adopt the going concern basis in preparing the financial statements.

Statement on Business Relationships

Business relationships with customers

The Company's primary customers are Group companies, particularly its life insurance companies. Further detail of how the Board engages with these stakeholders is set out in the "Key Stakeholder Groups" section of this report.

Business relationships with Partners/Suppliers

The Service Companies within the Group are the principal leads on maintaining relationships with suppliers with respect to their contractual obligations. Further detail of how the Board engages with these stakeholders is set out in the "Key Stakeholder Groups" section of this report.

Energy and carbon reporting

Energy and Carbon usage information is disclosed in the Group's annual report and accounts and accordingly the Company has not reported on this in these individual financial statements.

Financial risk management

Principal risks and uncertainties affecting the Company, including financial risks, are explained in the Strategic report.

Dividends

The Directors do not recommend the payment of a dividend (2023: £nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 1.

Qualifying third party indemnity provisions

Qualifying third party indemnity arrangements (as defined in section 234 of the Companies Act 2006) were in force for the benefit of the Directors of the Company during the year and remain in place at the date of approval of this report.

Disclosure of information to auditor

So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware, and each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

Auditor appointment

On 6 June 2024, Ernst & Young LLP resigned as auditors having reached the maximum period of service for an auditor of a Public Interest Entity under the mandatory auditor rotation requirements for another Company within the Group.

In accordance with section 485 of the Companies Act 2006, KPMG LLP were appointed auditors to the Company for the year ended 31 December 2024, following a Group-wide selection process carried out in accordance with section 485B of the Companies Act 2006. The appointment of KPMG LLP as auditor of the Company was approved by the Board.

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In accordance with section 487 of the Companies Act 2006, KPMG LLP, will be deemed to have been re-appointed at the end of the period of 28 days following circulation of copies of these financial statements as no notice has been received from members pursuant to section 488 of the Companies Act 2006 prior to the end of the accounting reference period to which these financial statements relate.

On behalf of the Board of Directors

DocuSigned by:

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Arlene Cairns

Director

19 September 2025

Statement of directors' responsibilities

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-adopted international accounting standards 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- 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.

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.

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

Independent auditor's report to the members of ReAssure UK Services Limited

Opinion

We have audited the financial statements of ReAssure UK Services Limited ("the Company") for the year ended 31 December 2024 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows, and related notes, including the accounting policies in note 1.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. Since the entity primarily trades within the group, and so would not be able to continue in business if the group ceased this trade or could no longer provide financial support, we assessed the risk that this support would not be available. We inspected letters received by the directors indicating the group's intention to provide this support, examined internally provided projections to assess its ability to provide this support over the period of the audited entity's going concern assessment, and assessed the business reasons why the group may or may not choose to provide this support.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit, and members of management, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls in particular the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates such as the provision for restructuring. On this audit we do not believe there is a fraud risk related to revenue recognition because the nature of revenue is non-complex and there are no significant incentives to manipulate revenue recognition.

We did not identify additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included, but not limited to, journals posted in seldom used accounts, journals posted with unusual account pairings, and journals containing words determined to be high risk.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and others management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and money laundering, financial crime, environmental law, employment law, regulatory capital and liquidity, recognising the financial and regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 14, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

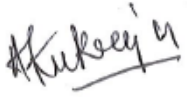
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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.



Achin Kukreja (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square,

Canary Wharf

London, E14 5GL

19 September 2025

Statement of comprehensive income

for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Revenue	3	348.0	368.2
Administrative expenses	4	(342.3)	(406.1)
Profit / (loss) on ordinary activities before interest and taxation		5.7	(37.9)
Finance income	8	1.9	1.7
Finance costs	9	(0.1)	(0.3)
Profit / (loss) on ordinary activities before taxation		7.5	(36.5)
Tax charge on loss on ordinary activities	10	(3.1)	(1.6)
Total comprehensive income / (loss) for the financial year attributable to the owners		4.4	(38.1)

All results derive from continuing operations. The notes on pages 23 to 45 form an integral part of these financial statements.

ReAssure UK Services Limited

Statement of financial position

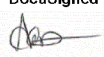
as at 31 December 2024

	Notes	As at 31 December 2024 £m	As at 31 December 2023 (restated) £m
Non-current assets			
Property, plant and equipment	11	0.8	2.3
Deferred tax asset	12	4.2	3.9
Trade and other receivables	14	45.6	42.8
		<u>50.6</u>	<u>49.0</u>
Current assets			
Collective investment schemes	13	44.7	23.7
Trade and other receivables	14	89.4	54.7
Cash and cash equivalents	15	0.8	0.6
		<u>134.9</u>	<u>79.0</u>
Total assets		<u>185.5</u>	<u>128.0</u>
Non-current liabilities			
Provision for other liabilities and charges	17	(46.8)	(43.7)
		<u>(46.8)</u>	<u>(43.7)</u>
Current liabilities			
Trade and other payables	16	(69.9)	(45.3)
Provision for other liabilities and charges	17	(14.1)	(23.9)
Current income tax liabilities		(9.5)	(9.3)
		<u>(93.5)</u>	<u>(78.5)</u>
Total liabilities		<u>(140.3)</u>	<u>(122.2)</u>
Net assets		<u>45.2</u>	<u>5.8</u>
Equity			
Share capital	18	237.0	202.0
Accumulated losses		(191.8)	(196.2)
Total equity		<u>45.2</u>	<u>5.8</u>

See note 17 for details of the restatement.

The notes on pages 23 to 45 form an integral part of these financial statements.

The financial statements of ReAssure UK Services Limited (registered number 07860886) were approved by the Board of Directors and authorised for issue on 17 September 2025 and signed on its behalf by:

DocuSigned by:

 AD52068E2615406...

Arlene Cairns

Director

19 September 2025

ReAssure UK Services Limited

Statement of changes in equity

for the year ended 31 December 2024

	Share capital (note 18) £m	Accumulated losses £m	Total £m
As at 1 January 2024	202.0	(196.2)	5.8
Total comprehensive income for the year	-	4.4	4.4
Share capital issued	35.0	-	35.0
As at 31 December 2024	<u>237.0</u>	<u>(191.8)</u>	<u>45.2</u>
	Share capital (note 18) £m	Accumulated losses £m	Total £m
As at 1 January 2023	165.0	(158.1)	6.9
Total comprehensive loss for the year	-	(38.1)	(38.1)
Share capital issued	37.0	-	37.0
As at 31 December 2023	<u>202.0</u>	<u>(196.2)</u>	<u>5.8</u>

The notes on pages 23 to 45 form an integral part of these financial statements.

ReAssure UK Services Limited

Statement of cash flows

for the year ended 31 December 2024

	Notes	2024 £m	2023 £m
Cash flows from operating activities			
Cash utilised by operating activities	21	(14.3)	(45.4)
Net cash used in operating activities		(14.3)	(45.4)
Cash flows from investing activities			
(Purchase) / disposal of financial assets		(21.0)	9.1
Interest received		1.9	1.7
Net cash flows (used in)/from investing activities		(19.1)	10.8
Cash flows from financing activities			
Proceeds from issuing share capital	18	35.0	37.0
Interest paid on lease liabilities	24	(0.1)	(0.3)
Repayment of lease liabilities	24	(1.3)	(2.1)
Net cash generated from financing activities		33.6	34.6
Net increase in cash and cash equivalents		0.2	-
Cash and cash equivalents at the beginning of the year		0.6	0.6
Cash and cash equivalents at the end of the year	15	0.8	0.6

The notes on pages 23 to 45 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting Policies

1.1 Basis of Preparation

The financial statements for the year ended 31 December 2024, set out on pages 19 to 45, were authorised by the Board of Directors for issue on 17 September 2025.

The financial statements have been prepared on a historical cost basis except for those financial assets and financial liabilities that have been measured at fair value. The Company presents its Statement of financial position, also broadly in order of liquidity. An analysis regarding recovery or settlement more than twelve months after the period end is presented.

The financial statements are standalone financial statements and the exemption in paragraph 4 of International Financial Reporting Standard ("IFRS") 10 *Consolidated Financial Statements* and section 401 of the Companies Act 2006, have been used not to present consolidated financial statements. The results of the Company are consolidated into the accounts of the Company's ultimate parent, Phoenix Group Holdings plc ("PGHP"), a company incorporated in England and Wales. The registered address of PGHP is 20 Old Bailey, London, EC4M 7AN.

1.2 Going concern

The Board has followed the UK Financial Reporting Council's "*Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks (April 2016)*", when performing their going concern assessment.

The Directors' going concern assessment has been performed by taking into account the projected profit and net asset position in the future, with the Company projected to make marginal profits. The Directors have considered the impact of severe stress scenarios, including unexpected, material, cost increases and a reduction in income, on the Company's cashflows and net asset position. The Directors' assessment covered the period up to 30 September 2026. The liquidity assessment considered the ability to meet liabilities as they fall due under a base case and a severe stress scenario.

The Directors have made enquiries, which include consideration of the parent company's business model and expected dividends to be received from RAL. As a result of this review, and to ensure resilience against potential adverse scenarios, the Company has received a Letter of Support from its immediate parent company, RML, confirming that RML would provide support to meet liabilities as they fall due over the going concern period. Based on this assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing of the financial statements. Accordingly, they continued to adopt the going concern basis in preparing the financial statements.

1.3 Statement of compliance

The financial statements have been prepared in accordance with UK adopted international accounting standards and the requirements of the Companies Act 2006.

The financial statements are presented in sterling (£) rounded to the nearest £m except where otherwise stated.

Assets and liabilities are offset and the net amount reported in the Statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of comprehensive income unless required or permitted by an IFRS or interpretation, as specifically disclosed in the accounting policies of the Company.

1.4 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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 that are considered to be relevant.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The area of the Company's business that typically requires such estimates is the recognition and valuation of provisions.

The accounting policy for provisions is discussed in note 1.14. Further details of the provisions are included in note 17.

How climate risk affects our accounting judgments and estimates

In preparation of these financial statements, the Company has considered the impact of climate change across a number of areas, predominantly in respect of the valuation of financial assets, and owner-occupied property. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have been assessed as having a limited effect on accounting judgments and estimates for the current period.

1.5 Revenue

Revenue relates to policy administration fees which are recognised as the services are provided and other fees including project fees and pass through fees, which are also recognised as the services are provided.

1.6 Administrative expenses

Administrative expenses relate to the costs of providing policy administration and project support activities to various entities in the Group including resource and third-party costs. Administrative expenses are recognised on an accruals basis.

1.7 Leases

At the inception of a contract the Company assesses whether a contract is a lease or, contains a lease. A contract is a lease, or contains a lease, if it involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration.

The Company as Lessor

The Company classifies all leases for which it is a lessor as operating leases, because no leases held transfer substantially all the risks and rewards incidental to the ownership of the underlying asset from the Company.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as Lessee

At the lease inception date, a right-of-use asset and corresponding lease liability are recognised. The right-of-use asset is initially measured at cost, at an amount equal to the present value of the minimum lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment, with similar terms and conditions. The Company's weighted average incremental borrowing rate applied to lease liabilities is shown within note 24 to the financial statements.

Subsequent to initial recognition, right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment.

Subsequent to initial recognition the lease liability is measured at amortised cost using the effective interest method. Lease payments are allocated to the lease liability, split between repayments of principal and interest. A finance cost is charged to the profit and loss so as to produce a constant period rate of interest on the remaining balance of the lease liability. The principal lease payments are classified as part of financing activities within the statement of cash flows.

Modifications to leases are accounted for as a separate lease where the modification increases the scope of the lease by adding the right to use one or more underlying assets, and the consideration of the lease increases in line with the price of the additional underlying assets. For all other lease modifications, the carrying amount of the right-of-use asset and of the lease liability is remeasured to reflect the modifications.

For leases with a term of 12 months or less, or for low value assets, the lease expense is charged to the Statement of Comprehensive Income on a straight-line basis. The Company does not have any significant leases which qualify for the short-term leases or leases of low-value assets exemptions.

1.8 Foreign Currencies

Functional and presentation currency

Foreign currency transactions are translated into the Company's functional currency, pounds sterling, at the exchange rates prevailing at the dates of the transactions.

Transactions and balances

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Exchange differences on monetary items are recognised in the Statement of Comprehensive Income when they arise.

1.9 Current income tax

Current tax comprises tax payable on current period profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous periods. Current tax is recognised in the Statement of Comprehensive Income unless it relates to items which are recognised in other comprehensive income.

1.10 Deferred income tax

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent that it is probable that future taxable profits will arise against which the losses can be utilised. Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates (and laws) that have been enacted or are substantively enacted at the end of the reporting period.

1.11 Property, plant and equipment

All property and equipment is initially recognised at cost.

Subsequent to initial recognition, other property, plant and equipment, including right of use assets, is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Buildings (right of use)	Over the life of the lease
Computer equipment	Between 3-5 years
Fixtures, fittings and office equipment	Between 3-5 years

1.12 Financial instruments

Classification and measurement of financial assets

Financial assets are classified into one of the following measurement categories: fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortised cost. Classification is made based on the objectives of the Company's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. Financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial asset. All transaction costs directly attributable to the acquisition are also included in the cost of the financial asset, except for assets subsequently held at FVTPL where transaction costs are expensed.

Financial assets are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

Subsequent to initial recognition, these financial assets are carried at amortised cost, using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Collective investment schemes are measured at FVTPL as they are managed and evaluated on a fair value basis. Net gains and losses, including interest and dividend income, are recognised in the Statement of comprehensive income.

Impairment

The Company assesses the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The measurement of credit impairment is based on an ECL model and considers whether there has been a significant increase in credit risk.

For those credit exposures for which credit risk has not increased significantly since initial recognition, the Company measures loss allowances at an amount equal to the total ECL resulting from default events that are possible within 12 months after the reporting date ("12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Company measures and recognises an allowance at an amount equal to the ECL over the remaining life of the exposure, irrespective of the timing of the default ("Lifetime ECL"). If the financial asset becomes 'credit-impaired' (following significant financial difficulty of issuer/borrower, or a default/breach of a covenant), the Company will recognise a Lifetime ECL. ECLs are derived from unbiased and probability-weighted estimates of expected loss. A simplified approach is used to determine the loss allowances for other receivables whereby they are always measured at an amount equal to lifetime ECLs. See note 19 for detail of how the Company assesses whether the credit risk of a financial asset has increased since initial recognition and when estimating ECLs.

The loss allowance reduces the carrying value of the financial asset and is reassessed at each reporting date. ECLs are recognised using a provision for doubtful debts account in profit and loss. For other receivables, the ECL rate is recalculated each reporting period with reference to the counterparties of each balance.

No significant changes to estimation techniques or assumptions were made during the reporting period.

Financial Liabilities

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short-term deposits with an original maturity term of three months or less at the date of placement. The carrying amount of these assets approximates to their fair values.

1.14 Provisions and contingent liabilities/assets

i) Provision and contingent liabilities

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will materialise, and the amount of the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. If the event resulting in a future obligation is less than probable but greater than remote, or the amount cannot be reliably estimated, a contingency is disclosed in the notes to the financial statements.

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the future economic benefits expected to be received under it. The unavoidable costs reflect the net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Where it is expected that a part of the expenditure required to settle a provision will be reimbursed by a third party the reimbursement is recognised when, and only when, it is virtually certain that the reimbursement will be received. The reimbursement is recognised as a separate asset within other receivables and will not exceed the amount of the provision.

ii) Contingent assets

Contingent assets are disclosed in the notes if the inflow of economic benefits is probable, but not virtually certain. When the inflow of economic benefits becomes virtually certain, the asset is no longer contingent, and its recognition is appropriate.

1.15 Share based payments

Employees of the Company have the option to participate in a Share Incentive Plan ("SIP") which provides employees with the ability to purchase shares in PGHP at the market price, with one Matching Share for every Partnership Share purchased on the first £50 invested each month. The corporate costs of the scheme are not incurred by the Company but are charged to another company within the Group.

Equity-settled share-based payments to employees and others providing services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 20.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on PGHP, the Company's ultimate parent company, estimate of equity instruments that will eventually vest. At each period end, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is charged or credited to the statement of comprehensive income.

1.16 Share Capital

The Company has issued ordinary shares which are classified as equity.

1.17 Pension Scheme

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans. The contributions are recognised in staff costs and other employee-related costs as they arise.

The Company operates a defined contribution plan where the Company agreed to contribute to a member's pension plans but has no further payment obligations once the contributions have been paid.

A fellow Group undertaking (RML) operates a defined contribution plan however, this is closed to new members.

1.18 Events after the Balance Sheet date

The financial statements are adjusted to reflect events that occurred after the Balance Sheet date provided they give evidence of conditions that existed at the Balance Sheet date.

Events that are indicative of conditions that arose after the Balance Sheet date are disclosed where significant, but do not result in an adjustment of the financial statements themselves.

2. New and amended accounting standards**Adoption of new accounting pronouncements in 2024**

In preparing the financial statements, the Company has adopted the following amendments to standards effective from 1 January 2024 and which have been endorsed by the UK Endorsement Board ("UKEB"):

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1)

None of the above amendments to standards are considered to have a material effect on these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New accounting pronouncements not yet effective

The IASB has issued the following standards or amended standards and interpretations which apply from the dates shown. The Company has decided not to early adopt any of these standards, amendments or interpretations where this is permitted.

Lack of Exchangeability (Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*) (1 January 2025)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. These amendments are not expected to have any impact on the Company.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (1 January 2026)

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The Company does not expect these amendments to have a material impact on its operations or financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 (1 January 2026)

As part of the IASB's Annual Improvements process it has issued minor amendments to address potential areas of confusion within the following standards: IFRS 1 *First-time Adoption of International Financial Reporting Standards*- hedge accounting by a first-time adopter; IFRS 7 *Financial Instruments: Disclosures*- gain or loss on derecognition and clarifications within implementation guidance; IFRS 9 *Financial Instruments* - lessee derecognition of lease liabilities and transaction price; IFRS 10 *Consolidated Financial Statements*- determination of a "de facto agent"; and IAS 7 *Statement of cash flows*- cost method.

The Company does not expect these amendments to have a material impact on its operations or financial statements.

IFRS 18 *Presentation and Disclosure in Financial Statements* (1 January 2027)

The new standard will replace IAS 1 *Presentation of financial statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, there are expected to be impacts on presentation and disclosure, particularly in relation to the Statement of comprehensive income.

Income and expenses in the Statement of comprehensive are required to be split into five new categories and in addition two new defined sub-totals are required in the Statement of comprehensive income; operating profit and profit before financing and income taxes. From a cash flow statement perspective, the Company is required to use the operating profit sub-total as a starting point for the Statement of cash flows when presenting operating cash flows under the indirect method.

New and enhanced guidance has also been introduced on the aggregation and disaggregation of information in the financial statements. When applying these updated requirements judgement may be required to ensure that the primary financial statements fulfil their new role of providing 'useful structured summaries' to give users more useful information.

The Company will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18, including a reconciliation for each line item in the Statement of comprehensive income between the restated amounts applying IFRS 18 and the amounts previously presented applying IAS 1.

During 2024, the Group performed an initial assessment of the impacts of IFRS 18 and this assessment will be extended to all Group entities in 2025.

IFRS 19 *Subsidiaries without Public Accountability* (1 January 2027)

IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Company does not currently expect this standard to have an impact on its operations or financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (Effective date deferred)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. These amendments are not expected to have any impact on the Company.

The following amendments to standards listed above have been endorsed for use in the UK by the UK Endorsement Board:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates); and
- Annual Improvements to IFRS Accounting Standards — Volume 11.

3. Revenue

	2024	2023
	£m	£m
Intercompany revenue	325.7	347.1
Revenue generated from third-party administration contracts	20.2	20.0
Other revenue	2.1	1.1
	<u>348.0</u>	<u>368.2</u>

Intercompany revenue is invoiced in accordance with either an MSA or other relevant commercial agreement between the parties. The Company provides management services to other entities in the Group. The Company is considered to have satisfied its performance obligations as services are rendered; at which time fees are invoiced and revenue is recognised in the Statement of Comprehensive Income. Amounts invoiced are payable on demand, due to the nature of the intercompany relationship between the parties.

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Third party revenue is invoiced in accordance with a third-party services agreement between the parties. The Company provides customer administration services and is considered to have satisfied its performance obligations as services are rendered. Fees are invoiced via a monthly charge per policy administered; project services are invoiced for as they are discharged. Amounts due are payable within 30 days.

2024 Revenue includes £21.5m which should have been recognised in previous periods which has been recognised in the current year.

Refer to note 23 for further details in relation to related party transactions.

4. Administrative expenses

	2024	2023
	£m	£m
Employment costs (note 6)	155.5	156.7
Contractors and consultancy	29.1	40.9
IT & Outsourcing	42.7	48.3
Depreciation including lease depreciation (note 11)	1.5	2.6
Charges for services received from related parties (note 23)	93.6	76.9
Restructuring (note 17)	7.1	66.7
Other administrative expenses	12.8	14.0
	<u>342.3</u>	<u>406.1</u>

Administrative costs and other expenses incurred are mostly recharged to related subsidiary entities within the Division (RAL, RML, RLL and ReAssure Group plc ("RGP")) through Management Services Agreements, by way of either monthly service charges or, for project expenses, at costs incurred plus mark-up.

5. Auditors' remuneration

	2024	2023
	£m	£m
Audit of the Company's financial statements	<u>0.2</u>	<u>0.2</u>

During the financial year ended 31 December 2024, KPMG LLP acted as the Company's external auditor. Auditors' remuneration for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of PGHP, the Company's ultimate controlling party, are required to disclose fees in respect of non-audit services on a consolidated basis.

6. Staff costs

	2024	2023
	£m	£m
Wages and salaries	126.4	128.5
Social security costs	15.0	14.3
Other pension costs	14.1	13.9
	<u>155.5</u>	<u>156.7</u>

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Other pension costs relate to the defined contribution scheme. There were outstanding contributions of £nil (2023: £nil) at the balance sheet date.

The monthly average number of employees (including Non-Executive Directors) during the year were:

	2024	2023
	Number	Number
Customer Services	1,387	1,458
HR and Administration	865	976
Finance, Actuarial and Risk	281	300
	<u>2,533</u>	<u>2,734</u>

7. Directors' remuneration

	2024	2023
	£m	£m
Remuneration (executive and non-executive Directors remuneration excluding pension contributions and awards under share option schemes and other long-term incentive	0.6	0.5
Share option schemes and other long-term benefits	0.3	0.3
Compensation for loss of office	-	0.1
	<u>0.9</u>	<u>0.9</u>

	2024	2023
	Number	Number
Number of Directors accruing retirement benefits under:		
- a money purchase pension scheme	4	4
Number of Directors who had exercised share options during the year	<u>3</u>	<u>-</u>

	2024	2023
	£m	£m
Highest paid Director's remuneration	<u>0.2</u>	<u>0.3</u>

The highest paid Director did not exercise share options during the year.

The Directors are employed by either RUKSL or Phoenix Group Management Services Limited ("PGMS"). The total compensation paid to the Directors of the Company relates to services to the Company, regardless of which entity within the Phoenix Group has paid the compensation.

During the year ended 31 December 2024, key management personnel and their close family members contributed £180k (2023: £162k) to pensions and savings products sold by the Group and transferred out £nil (2023: £nil) of investments.

As at 31 December 2024, the total value of their investments in Group pensions and savings products was £594k (2023: £562k).

8. Finance income

	2024	2023
	£m	£m
Bank interest income	<u>1.9</u>	<u>1.7</u>

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9. Finance costs

	2024	2023
	£m	£m
Interest expense on lease liabilities	0.1	0.3

10. Tax charge on loss on ordinary activities**a) Tax charge on the Statement of Comprehensive Income**

	2024	2023
	£m	£m
Current taxation		
UK corporation tax	3.7	2.5
Adjustments in respect of prior periods	(0.4)	(0.4)
Total current tax charge for the year	3.3	2.1
Deferred taxation		
Origination and reversal of timing differences	(0.3)	(0.7)
Impact of rate change	-	(0.1)
Adjustment in respect of prior periods	0.1	0.3
Total deferred tax credit for the year	(0.2)	(0.5)
Tax charge on profit / (loss) on ordinary activities	3.1	1.6

b) Reconciliation of tax charge on loss attributable to shareholders

The tax assessed for the year is higher (2023: higher) than the standard rate of corporation tax in the UK of 25% (2023: 23.5%). The differences are explained below:

	2024	2023
	£m	£m
Profit / (loss) on ordinary activities before tax	7.5	(36.5)
Tax on profit / (loss) on ordinary activities at 25% (2023: 23.5%)	1.9	(8.6)
Transfer pricing adjustments	1.2	10.0
Impact of share scheme adjustments	0.3	0.3
Adjustments in respect of prior years	(0.3)	(0.1)
Total tax charge for the year	3.1	1.6

c) Factors affecting the current and future tax charges

A corporation tax rate of 25% was enacted on 10 June 2021, with effect from 1 April 2023.. Accordingly, the relevant deferred tax balances have been measured at 25%.

d) Pillar Two tax

The Group is continuing to monitor developments in relation to the G20-OECD Inclusive Framework "Pillar Two" rules, as the Group is within the scope of the rules from 1 January 2024. Broadly, these rules seek to ensure that, on a jurisdiction-by-jurisdiction basis, large multinational enterprises pay a minimum tax rate of 15% on worldwide profits arising after 31 December 2023.

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In May 2023, the scope of IAS 12 has been amended to clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Company confirms that it has applied this exception during the period.

11. Property, plant and equipment

	Buildings	Computer equipment	Fixtures, fittings and office equipment	Total
	£m	£m	£m	£m
Cost				
As at 1 January and 31 December 2024	4.6	16.7	1.4	22.7
Accumulated depreciation				
As at 1 January 2024	3.7	15.3	1.4	20.4
Charge for the year	0.3	1.2	-	1.5
As at 31 December 2024	4.0	16.5	1.4	21.9
Carrying amounts				
As at 31 December 2024	0.6	0.2	-	0.8

	Buildings	Computer equipment	Fixtures, fittings and office equipment	Total
	£m	£m	£m	£m
Cost				
As at 1 January 2023	4.6	15.3	1.4	21.3
Additions	-	1.4	-	1.4
As at 31 December 2023	4.6	16.7	1.4	22.7
Accumulated depreciation				
As at 1 January 2023	3.4	13.3	1.1	17.8
Charge for the year	0.3	2.0	0.3	2.6
As at 31 December 2023	3.7	15.3	1.4	20.4
Carrying amounts				
As at 31 December 2023	0.9	1.4	-	2.3

Included within the table above are assets which have been capitalised in accordance with IFRS 16 *Leases* which have a total carrying value of £0.7m (2023: £2.3m) (see note 24). These are included in the buildings and computer equipment categories. Right to use assets categorised as buildings include office and car parking space as well as various office related services. Right to use assets categorised as computer equipment include server storage and a managed print service. These right to use assets are offset by a corresponding lease liability of £1.1m (2023: £2.4m) (see note 24).

12. Deferred tax asset

	2024	2023
	£m	£m
As at 1 January	3.9	3.5
Adjustment in respect of prior periods	(0.1)	(0.3)
Charged to equity	0.1	-
Charged to income statement	0.3	0.7
As at 31 December	4.2	3.9

	2024	2023
	£m	£m
Share schemes	1.9	1.2
Decelerated capital allowances	2.3	2.2
Other temporary differences	-	0.5
	4.2	3.9

An announcement was made in the UK Budget, March 2021 and enacted on 10 June 2021 to increase the rate of corporation tax to 25% from 1 April 2023. Accordingly, the relevant deferred tax balances have been measured taking the 25% rate into account.

The Deferred Tax Asset ("DTA") is recognised on the basis that the group is projected to have future taxable profits and therefore the expected future tax losses that give rise to the DTA can be utilised. Deferred tax assets are recognised only when projections indicate that it is more likely than not that timing differences will reverse, or losses will be relieved within the group.

13. Collective investment schemes

	2024	2023
	£m	£m
Collective investment schemes	44.7	23.7

Determination of fair values and fair value hierarchy*Valuation models*

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument whenever one is available. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

*Financial instruments measured at fair value**Fair value hierarchy*

The table below analyses financial instruments measured at fair value at the reporting date by the level of the fair value hierarchy into which the fair value measurement is categorised.

Financial instruments held at fair value in the Statement of Financial Position are analysed against the fair value measurement hierarchy, as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Level 1 inputs are the most persuasive evidence of fair value and are to be used whenever possible.

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- Level 2 inputs are market-based inputs that are directly or indirectly observable but not considered level 1 quoted prices. Level 2 inputs consist of (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities in non-active markets (e.g. markets which have few transactions and prices that are not current or price quotations vary substantially); (iii) inputs other than quoted prices that are observable (e.g. interest rates, yield curves, volatilities, prepayment speeds, credit risk and default rates); and (iv) inputs that are derived from or corroborated by observable market data.
- Level 3 inputs are unobservable inputs. These inputs reflect the Company's own assumptions about market pricing using the best internal and external information available.

Transfers occur between the different levels within the fair value hierarchy when management determines that the valuation methodology meets the definition above.

The following tables present the Company's assets and liabilities measured at fair value.

As at 31 December 2024:	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets at fair value through profit and loss:				
Collective investment schemes	44.7	-	-	44.7
As at 31 December 2023:	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets at fair value through profit and loss:				
Collective investment schemes	23.7	-	-	23.7

Financial assets designated at FVTPL

Cash equivalents held through collective investment schemes are classified as collective investments. The carrying amount of these assets approximates to their fair values.

No changes in fair value relating to credit risk have been recognised for these investments.

14. Trade and other receivables

	2024	2023
	£m	£m
Amounts owed by group undertakings	124.5	89.0
Prepayments and accrued income	1.6	1.7
Other debtors	8.9	6.8
	135.0	97.5

Amounts owed by Group entities include the reimbursement for costs totalling £59.6m (2023: £66.8m), which has been provided for under the Restructuring provision (see note 17).

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15. Cash and cash equivalents

	2024	2023
	£m	£m
Cash at bank	0.8	0.6

Cash and cash equivalents comprises cash at bank. There are no amounts included in the cash and cash equivalents balances that are not readily available.

16. Trade and other payables

	2024	2023
	£m	£m
Trade creditors	26.1	18.4
Amounts owed to group undertakings	12.3	4.5
Lease liabilities	1.1	2.4
Other creditors	-	0.2
Accruals and deferred income	27.6	16.5
Social security and other taxes	2.8	3.3
	69.9	45.3

These balances are payable within one year from the balance sheet date, with the exception of lease liabilities (see note 24). The payables to related parties are repayable on demand and bear no interest. Payables balances fluctuate mainly due to the timing of settlement of invoices with third parties.

17. Provisions for other liabilities and charges

	Restructuring	Other	Total
	£m	£m	£m
As at 1 January 2024	66.8	0.8	67.6
Additional provisions	13.0	0.5	13.5
Release of provision	(3.1)	-	(3.1)
Utilisation of provision	(13.0)	-	(13.0)
Unwind of discount	(4.1)	-	(4.1)
As at 31 December 2024	59.6	1.3	60.9

	Restructuring	Other	Total
	£m	£m	£m
As at 1 January 2023	0.1	0.1	0.2
Additional provisions	74.0	0.7	74.7
Utilisation of provision	(7.3)	-	(7.3)
As at 31 December 2023	66.8	0.8	67.6

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	2024	2023 (restated)
Of which	£m	£m
Current	14.1	23.9
Non-current	46.8	43.7
	<u>60.9</u>	<u>67.6</u>

Restructuring

During 2023, the Group announced its intention to further extend its strategic partnership with Tata Consultancy Services ("TCS") through the migration of all ReAssure policies onto the TCS BaNCS platform and the consolidation of its operating locations, thereby raising a valid expectation of the impacts in those likely to be affected. As with similar provisions, migration costs payable to TCS are subject to limited uncertainty as they are fixed under the terms of the agreement entered into. The severance and external resource costs are subject to uncertainty and will be impacted by the number of staff that transfer to TCS, and the average salaries and number of years' service of those affected, as well as the length of time taken to complete the project. A provision of £74.0m was created in 2023 (additions in 2024: £13.0m). During the year, £13.0m (2023: £7.3m) of provisions were utilised and £3.1m (2023: £nil) were released. The provision as at 31 December 2024 is £59.6m (2023: £66.8m) and is expected to be utilised within one to four years. Costs incurred by the Company in association with the activities outlined above are fully recharged to the Company's ultimate parent, PGHP. See note 25 for details of non-adjusting events occurring after the balance sheet date in relation to this migration.

Other

This includes provisions for dilapidations of £1.2m (2023: £0.7m) for dilapidations on leased properties. The remaining provisions are immaterial. All provisions in this category are expected to be utilised in more than one year.

Restatement

£23.0m has been restated between current and non-current to reflect the appropriate classification based on the restructuring plan as at 31 December 2023, with the current element previously reported as £0.9m and the non-current element previously reported as £66.7m. The current element relates entirely to the restructuring provision.

18. Share capital

	2024	2023
Authorised, issued and fully paid up	£m	£m
237,000,000 (2023: 202,000,000) ordinary shares of £1 each	<u>237.0</u>	<u>202.0</u>

The holders of the ordinary shares are entitled to one vote per share on matters to be voted on by owners and to receive such dividends, if any, as may be declared by the Board of Directors in its discretion out of legally available profits.

On 17 January 2024, 20 March 2024 and 19 June 2024, the Company issued three batches of 9,000,000 ordinary shares of £1 each.

On 18 September 2024, the Company issued 8,000,000 ordinary shares of £1 each.

19. Risk management

The Company's activities are limited to provision of management services. The Company is exposed to expense risk, credit risk and liquidity risk. The risk management approach of the Company is to seek to minimise the potential adverse impact of these risks on the financial performance.

The following section discusses the Company's risk management policies. The measurement of expected credit losses ("ECL") under IFRS 9 uses the information and approaches that the Company uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9. The approach taken for IFRS 9 measurement purposes is discussed separately in note 1.12.

Expense risk

The Company carries the risk of reducing its expenses in line with fee income from per policy-based management services agreements.

To mitigate expense risk the company outsources policy administration services for a per policy-based fee. The total cost of outsourced policy administration runs off in line with policy run off. The Company manages incremental expense risk through a focus on cost reduction initiatives across the business as a part of the annual operating plan.

Credit risk

Credit risk is the risk that the Company will suffer loss from the failure of a third party to discharge its obligations to the Company. The risk is controlled by setting appropriate limits for counterparty exposures and communicating them to those who are responsible for complying with them.

The Company was most exposed to credit risk on collective investment schemes, trade receivables and cash and cash equivalents. The table below sets out the Company's exposure to different credit assets for those counterparties that are rated by an External Credit Assessment Institution ("ECAI"). Credit assets and their issuers are rated by ECAI's based on their credit worthiness.

	AAA £m	AA £m	A £m	Unrated £m	Total £m
As at 31 December 2024:					
Trade and other receivables	-	-	-	135.0	135.0
Collective investment schemes	44.7	-	-	-	44.7
Cash and cash equivalents	-	-	0.8	-	0.8
Total	44.7	-	0.8	135.0	180.5

	AAA £m	AA £m	A £m	Unrated £m	Total £m
As at 31 December 2023:					
Trade and other receivables	-	-	-	97.5	97.5
Collective investment schemes	23.7	-	-	-	23.7
Cash and cash equivalents	-	-	0.6	-	0.6
Total	23.7	-	0.6	97.5	121.8

Credit risk measurement

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The table below details the credit quality of the Company's financial assets, as well as the Company's maximum exposure to credit risk by credit risk rating grades:

2024	Note	External Credit rating	Internal Credit rating	12m or Lifetime ECL?	Gross carrying amount	Loss Allowance	Net carrying amount
					£m	£m	£m
Amounts owed by group undertakings	14	N/A	Performing	12m ECL	124.5	-	124.5
Prepayments and accrued income	14	N/A	Performing	12m ECL	1.6	-	1.6
Other debtors	14	N/A	Performing	12m ECL (simplified approach)	8.9	-	8.9
Cash and cash equivalents	15	A+	N/A	12m ECL	0.8	-	0.8
Collective Investment scheme	13	AAA	N/A	12m ECL	44.7	-	44.7

2023	Note	External Credit rating	Internal Credit rating	12m or Lifetime ECL?	Gross carrying amount	Loss Allowance	Net carrying amount
					£m	£m	£m
Amounts owed by group undertakings	14	N/A	Performing	12m ECL	89.0	-	89.0
Prepayments and accrued income	14	N/A	Performing	12m ECL	1.7	-	1.7
Other debtors	14	N/A	Performing	12m ECL (simplified approach)	6.8	-	6.8
Cash and cash equivalents	15	A+	N/A	12m ECL	0.6	-	0.6
Collective Investment scheme	13	AAA	N/A	12m ECL	23.7	-	23.7

The Company considers reasonable and supportable information that is relevant and available without undue cost or effort to assess whether there has been a significant increase in risk since initial recognition. This includes quantitative and qualitative information and also, forward-looking analysis.

Amounts owed by group undertakings – The credit risk from activities undertaken in the normal course of business is considered to be extremely low risk. The Company assesses whether there has been a significant increase in credit risk since initial recognition by assessing past credit impairments, history of defaults and the long term stability of the Phoenix Group.

Prepayments and accrued income - The Company is exposed to credit risk relating to prepayments and accrued income, which are considered low risk. The Company assesses whether there has been a significant increase in credit risk since initial recognition by assessing whether there has been any historical defaults, by reviewing the going concern assessment of the borrower.

Other debtors - The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty including historical loss experiences and current market conditions. For each new counterparty, the Company also analyses the creditworthiness before the Company's standard payment terms and conditions are offered. The Company also reviews external ratings, if they are available, and financial statements.

Cash and cash equivalents - The Company's cash and cash equivalents are held with bank and financial institution counterparties, which have A+ investment grade ratings. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and there being no history of default.

Collective investment schemes - The Company's collective investment schemes represent investments in a fund which has a AAA investment grade rating and a positive outlook. The Company therefore considers that its collective investment schemes have low credit risk based on the external credit rating of the counterparty and there being no history of default.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Liquidity risk

Liquidity risk is the risk of not being able to make payments as they become due. The Company monitors cash flow and performs variance analysis against actual cash held. The Company also carries out capital planning with quarterly re-forecasts for revised income and expense projections.

20. Share based payments

Equity-settled share-based payments to employees and others providing services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Further details regarding the determination of the fair value of equity-settled share-based transactions are set out below.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each period end, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

Share-based payment expense

The expense recognised for employee services receivable during the year is as follows:

	2024	2023
	£m	£m
Expense arising from equity-settled share-based payment transactions	4.4	3.5

Long-Term Incentive Plan ("LTIP")

The Group implemented a long-term incentive plan to retain and motivate its senior management group. The awards under this plan are in the form of nil-cost options to acquire an allocated number of ordinary shares.

Assuming no good leavers or other events which would trigger early vesting rights, the 2022, 2023 and 2024 LTIP awards are subject to performance conditions tied to the Group's performance in respect of net operating cash receipts, persistency, relative total shareholder return ("TSR"), decarbonisation, Group in-force long-term free cash (2023 LTIP only) and return on shareholder value (2022 LTIP only). The 2024 LTIP awards are subject to performance conditions tied to the Group's performance in respect of net operating cash receipts, return on capital, cumulative net flows, decarbonisation and relative TSR and diversity and inclusion.

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For all LTIP awards, a holding period applies so that any LTIP awards to Executive Committee members for which the performance vesting requirements are satisfied will not be released for a further two years from the third anniversary of the original award date. Dividends will accrue on LTIP awards until the end of the holding period. There are no cash settlement alternatives.

2024 LTIP awards were granted on 28 March 2024 and are expected to vest on 28 March 2027. The 2021 LTIP awards vested on 12 March 2024. The 2022 awards will vest on 18 March 2025 and the 2023 awards will vest on 17 March 2026. The number of shares for all outstanding.

The fair value of these awards is estimated at the average share price in the three days preceding the date of grant, taking into account the terms and conditions upon which the instruments were granted. The fair value of the LTIP awards is adjusted in respect of the TSR performance condition which is deemed to be a 'market condition'. The fair value of the 2022, 2023 and 2024 TSR elements of the LTIP awards has been calculated using a Monte Carlo model. The inputs to this model are shown below:

	2024 TSR performance condition	2023 TSR performance condition	2022 TSR performance condition
Share price (£)	5.530	5.590	6.390
Expected term (years)	2.8	2.8	2.8
Expected volatility (%)	22	23	31
Risk-free interest rate (%)	4.00	3.31	1.21
Expected dividend yield (%)	Dividends are received by holders of the awards therefore no adjustment to fair value is required.		

Each year, the Group issues a Chair's share award under the terms of the LTIP which is granted to a small number of employees in recognition of their outstanding contribution in the previous year. The awards are granted on the same dates as the core 2022, 2023 and 2024 LTIP awards. These grants of shares are conditional on the employees remaining in employment with the Group for the vesting period and achieving an established minimum good/good performance grading. Good leavers will be able to, at the discretion of the Remuneration Committee, exercise their full award at vesting.

Deferred Bonus Share Scheme ("DBSS")

Each year, part of the annual incentive for certain executives is deferred into shares of the parent company. The grant of these shares is conditional on the employee remaining in employment with the Group for a period of three years from the date of grant. Good leavers will be able to, at the discretion of the Remuneration Committee, exercise their full award at vesting. Dividends will accrue for DBSS awards over the three-year deferral period.

The 2024 DBSS was granted on 28 March 2024 and is expected to vest on 28 March 2027. The 2021 DBSS awards vested on 12 March 2024. The 2022 awards are expected to vest on 18 March 2025 and the 2023 awards are expected to vest on 17 March 2026.

The fair value of these awards is estimated at the average share price in the three days preceding the date of the grant, taking into account the terms and conditions upon which the options were granted.

Sharesave scheme

The sharesave scheme allows participating employees to save up to £500 each month for the UK scheme. The 2024 sharesave options were granted on 31st October 2024.

Under the sharesave arrangement, participants remaining in the Group's employment at the end of the three or five-year saving period are entitled to use their savings to purchase shares at a 20% discounted exercise price which is calculated using a three-day average share price immediately before invitations are issued to employees. Employees leaving the Group for certain reasons are able to use their savings to purchase shares if they leave prior to the end of their three or five-year period.

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The fair value of the options has been determined using a Black-Scholes valuation model. Key assumptions within this valuation model include expected share price volatility and expected dividend yield.

The following information was relevant in the determination of the fair value of the 2021 to 2024 UK sharesave options:

	2024 sharesave	2023 sharesave	2022 sharesave	2021 sharesave
Share price (£)	4.912	4.448	6.142	7.486
Exercise price (£) (Revised)	4.18	3.78	5.09	5.89
Expected life (years)	3.10 and 5.10	3.10 and 5.10	3.25 and 5.25	3.25 and 5.25
Risk-free rate (%) – based on UK government gilts commensurate with the expected term of the award	4.2 (for 3.1 year scheme) and 4.1 (for 5.1 year scheme)	4.7 (for 3.1 year scheme) and 4.5 (for 5.1 year scheme)	2.0 (for 3.25 year scheme) and 1.9 (for 5.25 year scheme)	0.5 (for 3.25 year scheme) and 0.7 (for 5.25 year scheme)
Expected volatility (%) based on the Company's share price volatility to date	22.0	23.0	30.0	30.0
Dividend yield (%)	10.9	11.5	8.0	6.3

Share Incentive Plan

The Group operates a Share Incentive Plans ("SIP") open to UK employees which allows participating employees to purchase 'Partnership shares' in the parent company through monthly contributions. The contributions are limited to the lower of £150 per month and 10% gross monthly salary and the matching element of the SIP gives the employee one "Matching share" for each "Partnership share" purchased limited to £50. Contributions above £50 are not matched.

The fair value of the Matching shares granted is estimated as the share price at date of grant, taking into account terms and conditions upon which the instruments were granted.

Movements in the year

The following tables illustrate the number of, and movements in, LTIP, Sharesave and DBSS share options during the year:

	Number of share options 2024		
	LTIP	Sharesave	DBSS
Outstanding at the beginning of the year, including dividend shares	1,396,451	1,790,156	584,197
Granted during the year	642,936	332,371	491,099
Forfeited during the year	(283,074)	(241,987)	(6,774)
Cancelled during the year	-	(158,009)	-
Transferred Out	(38,429)	-	(13,025)
Exercised during the year	(96,259)	(19,838)	(28,941)
Outstanding at the end of the year	1,621,625	1,702,693	1,026,556

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	Number of share options 2023		
	LTIP	Sharesave	DBSS
Outstanding at the beginning of the year, including dividend shares	1,178,380	1,032,574	270,853
Granted during the year	475,757	1,286,376	318,008
Forfeited during the year	(219,914)	(31,251)	(4,664)
Cancelled during the year	-	(495,533)	-
Exercised during the year	(37,772)	(2,010)	-
Outstanding at the end of the year	1,396,451	1,790,156	584,197

The weighted average fair value of options granted during the year was £3.82 (2023: £2.27).

The weighted average share price at the date of exercise for the rewards exercised is £5.18 (2023: £5.46).

The weighted average remaining contractual life for the rewards outstanding as at 31 December 2024 is 4.3 years (2023: 4.8 years).

21. Cash flows utilised in operating activities

	2024	2023
	£m	£m
Profit / (loss) on ordinary activities before taxation	7.5	(36.5)
Adjustments for:		
Depreciation of property, plant & equipment (note 11)	1.5	2.6
Interest received (note 8)	(1.9)	(1.7)
Interest expense (note 9)	0.1	0.3
Provision utilisation during the year (note 17)	(13.0)	(7.3)
Other movements in provisions (note 17)	6.3	74.7
Increase in receivables	(37.5)	(79.1)
Increase in payables	22.7	1.6
Net cash utilised in operating activities	(14.3)	(45.4)

22. Contingent liabilities

Liabilities may arise in respect of claims that are contingent on factors such as the interpretation of contracts, regulatory action or Ombudsman rulings, particularly relating to the administration of customer services. It is not possible to predict the incidence, timing or financial impact of these events with any certainty, but the Company is not aware of any significant liabilities in this regard.

23. Related parties

Transactions between the Company and its associates are disclosed below.

a) Immediate and ultimate parent undertaking

The Company is incorporated and domiciled in England and Wales, part of the United Kingdom. It is a private company which is limited by shares. The immediate parent company is ReAssure Midco Ltd, incorporated in England and Wales.

The only group within which the financial statements of the Company are consolidated is that of PGHP, the ultimate and controlling parent undertaking of the Company, a company registered in England & Wales. Copies of the PGHP consolidated financial statements can be obtained from their company website, www.thephoenixgroup.com.

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b) Services received from related parties

	2024	2023
	£m	£m
Fellow subsidiaries	93.6	76.9

The services received from PGMS relate to the provision of resource, primarily to support project activities and the pass-through of audit fees (see note 4).

c) Services provided to related parties

	2024	2023
	£m	£m
Ultimate parent company	3.9	4.6
Fellow subsidiaries	321.8	342.5
	325.7	347.1

As outlined in the strategic report, the Company provides management services to various entities within the Group including policy administration and project delivery services to RAL, capacity to deliver integration projects which is recharged to RGP and the provision of resources to Phoenix Group entities to support project delivery.

d) Year-end balances with related parties

	2024	2023
	£m	£m
<i>Amounts owed by group undertakings</i>		
Ultimate parent company	0.1	-
Immediate parent company	2.1	15.3
Fellow subsidiaries	122.3	73.7
	124.5	89.0
<i>Amounts owed to group undertakings</i>		
Fellow subsidiaries	(12.3)	(4.5)
	(12.3)	(4.5)

Balances as at the year-end relate to amounts payable or receivable in relation to the activities described in section c above.

e) Remuneration of key management personnel

As stated in note 7, certain key management resources are remunerated by the Company whilst others are remunerated by the services companies of the Phoenix Group. Disclosed within these accounts is the total remuneration cost incurred by the Company. It has not been deemed possible to separate the time spent on Company business from other Group business, and hence no apportionment has been made in either the current or prior year.

24. Leases

Lease liabilities are included within Trade and other payables on the Statement of Financial Position. The following right-to-use assets are also included within Property, plant and equipment (note 11).

	Buildings £m	Computer equipment £m	Total £m
Cost			
As at 1 January 2024			
and 31 December 2024	4.6	9.2	13.8
Accumulated depreciation			
As at 1 January 2024	3.7	7.8	11.5
Charge for the year	0.3	1.3	1.6
As at 31 December 2024	4.0	9.1	13.1
Carrying Amounts			
As at 31 December 2024	0.6	0.1	0.7
As at 31 December 2023	0.9	1.4	2.3

a) Lease liability

The additions to leases during the year were £nil (2023: £1.4m).

Lease payments for the year were £1.4m (2023: £2.4m).

The interest expense on lease liabilities charged to the Statement of Comprehensive Income for the year was £0.1m (2023: £0.3m).

The weighted average incremental borrowing rate applied to lease liabilities in the Statement of Financial Position was 6% (2023: 6%).

b) Leases maturity analysis

	1 year or less £m	Later than 1 year £m	Total £m
As at 31 December 2024			
Lease liability	0.7	0.4	1.1
As at 31 December 2023			
Lease liability	2.3	0.1	2.4

25. Post Balance Sheet events

In March 2025, the Group announced a change to their migration strategy for the c. 3m policies that were being migrated to the BaNCS platform. An agreement was reached with Wipro that will allow for continued development of the existing ALPHA platform that will meet the Group's and their customers' needs. The impact of the restructuring provision in individual entities within the Group is being assessed. This is a non-adjusting event.

The Directors are not aware of any other significant post balance sheet events that require disclosure in the financial statements.