

REGISTERED NUMBER: 02908444 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2019
FOR
CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED



**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

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for the Year Ended 31 October 2019**

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**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED**

**COMPANY INFORMATION
for the Year Ended 31 October 2019**

DIRECTORS:

Mrs L Bartlett
M D Jones
S Kelly
S D Pearsall

SECRETARY:

J Pulley

REGISTERED OFFICE:

The Hallmark Building
106 Fenchurch Street
London
EC3M 5JE

REGISTERED NUMBER:

02908444 (England and Wales)

AUDITORS:

Ernst & Young LLP, Statutory Auditor
Birmingham

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**STRATEGIC REPORT
for the Year Ended 31 October 2019**

The directors present their strategic report for the year ended 31 October 2019.

The financial statements for the year ended 31 October 2019 are the first prepared in accordance with FRS102. The previous financial statements were prepared in accordance with FRS101. Further information regarding the impact of the transition adjustments is detailed in note 25.

REVIEW OF BUSINESS

Crawford & Company, of which the Company is the main UK trading subsidiary, is the world's largest independent provider of claims management solutions to insurance companies and self-insured entities. The Crawford system of claims solutions offers claims services, business process outsourcing, and consulting services for major product lines including property and casualty claims management, workers compensation claims, medical management, and legal settlement administration.

The number of claims handled by the business remains broadly in line with prior year, in line with the underlying trend for reduced claim volumes across the industry. Operating profit in the year was £1,460,000 (2018: 1,224,000) and profit after tax, was £1,080,000 (2018: loss £253,000). Whilst claims volumes are slightly lower, increase in revenue is impacted by a change in a mix of revenue compared to prior year. Gross profit reflects the costs associated with recruitment of staff in the company's Global Technical Services division. Operating profit benefited from reductions in management charges, professional indemnity costs and professional fees.

Additions to intangible fixed assets includes computer software costs of £2,481,000 in relation to ongoing development of existing systems.

The directors have considered any indicators of impairment and conclude the current impairment provision in respect of intangible assets is adequate for the current year. No impairment charge has been incurred as a result (2018: £nil) Further details are provided in note 9.

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

	2019	2018
	£'000	£'000
Turnover	95,475	93,881
Operating profit	1,460	1,224
Average no. employees	1,194	1,200
Claims volume '000	105	112
Open claims at year end '000	<u>74</u>	<u>75</u>

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level. Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices.

**STRATEGIC REPORT
for the Year Ended 31 October 2019**

The Company's defined benefit pension schemes include, within the schemes' assets, Growth and Hedging Component Portfolios, the valuation of which is reliant upon the underlying commodity valuations. Those valuations may fluctuate from one reporting period to the next. The company engages a qualified actuary to monitor the pension schemes to provide regular updates and recommendations to the Schemes' Trustees.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, by partnering with financially sound customers, agreeing payment terms in advance and requesting progress payments and upfront payments where necessary. Appropriate credit control procedures have been developed and are followed at all levels of operations where credit risk is perceived.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the Company. The funding provided by Crawford & Company Risk Services Investments Limited matures on 23 November 2022 at which point, the amount borrowed falls due for payment in full. The Crawford & Company wider group anticipates managing repayment of the debt with any surplus cash and thereafter extending the loan for a further period. Interest rates which may be charged should extension be sought, are not yet known.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The Company's transactions are predominantly in sterling and very few transactions are in other currencies. The Company is therefore minimally exposed to the movement in foreign exchange rates. The Company has no third party debt. However, the interest charged by Crawford & Company Risk Services Investments Limited is subject to variable rates of interest based on the amounts charged by Wells Fargo.

The UK and EU insurance markets in which the company and its subsidiaries operate may be impacted by the various potential outcomes of Brexit. There are multiple regulatory, contractual, and supply chain issues that need to be considered, and also the potential impact to transactions and assets denominated in foreign currencies by the company and its subsidiary entities. There may be increased risks regarding employee mobility, cross-border payments, data transfer and potential tax and regulatory impacts. Changes to these regulations could impact the ability of the Crawford Group to conduct business in these countries, which could have a material adverse effect on expected future cashflows of those entities. Any such adverse impact would need to be reflected in management's trading forecasts and review of the carrying value of its investments in subsequent years.

The assets and liabilities of the Company's defined benefit pension schemes may be impacted by the various potential outcomes of Brexit.

An internal steering committee has been set up to assess development in Brexit and its implication on the business. No matters have been identified that would have implications from Brexit on the current year results and will incorporate any changes in future assessments.

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**STRATEGIC REPORT
for the Year Ended 31 October 2019**

During March 2020, the World Health Organisation declared the rapidly growing coronavirus outbreak as a global pandemic. The virus known as COVID-19 is impacting health of individuals and economic conditions around the World and it is being monitored as a risk to the business. Currently the main financial impact is that Property and Casualty claims intake has been negatively impacted by the COVID-19 pandemic. Other areas of the business have not been affected and the company is seeing opportunities for claims related to COVID-19. Management are focussing on working capital management and regular re-forecasting. Cash collections remain healthy.

The health and safety of employees has remained paramount during the crisis and working conditions have been adapted to ensure that social distancing has been adhered to, including in most cases, employees working from home. At the date of this report the directors have continued to run operations and deliver to customers safely.

ON BEHALF OF THE BOARD:



.....
S D Pearsall - Director

Date: 21st August 2020

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**REPORT OF THE DIRECTORS
for the Year Ended 31 October 2019**

The directors present their report with the financial statements of the company for the year ended 31 October 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2019.

FUTURE DEVELOPMENTS

The company continues to monitor developments in the market, including the structure of the cost base, in order to support and service its clients. No significant underlying changes to the company's operations or activities are currently anticipated.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2018 to the date of this report.

M D Jones
S D Pearsall

Other changes in directors holding office are as follows:

Mrs L Bartlett - appointed 1 October 2019
J Blanco - appointed 31 December 2018 - resigned 1 October 2019
S Kelly - appointed 1 October 2019
C G Nicholls - resigned 1 October 2019
C D Pinney - resigned 31 December 2018

EMPLOYEE CONSULTATION

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

DISABLED EMPLOYEES

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

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**REPORT OF THE DIRECTORS
for the Year Ended 31 October 2019**

GOING CONCERN

Whilst the company is expected to make a profit going forward, a letter of support has been obtained from the ultimate parent company, Crawford and Company.

Crawford and Company, have stated in writing that they will provide financial support for at least one year from the date of signing the financial statements to allow Crawford & Company Adjusters (UK) Limited to meet its financial commitments and pay its liabilities as they fall due.

The directors of the company have then considered the Group's ability to provide support to the company. The directors have therefore made enquires of the Group and also reviewed a summary of the Group's assessment of going concern, which includes:

- forecasts and budgets
- debt and borrowing facilities, covenant compliance
- financial and operational risk management
- sensitivity analysis and stress testing

Based on the estimated liquidity position and the level of cash, cash equivalents, short-term investments, and the available borrowing capacity under the credit facility, in addition to the prospects for continued generation of cash from operating activities, the directors believe the Group has sufficient liquidity to meet the company's short and medium-term business needs and obligations.

Amounts owed to group undertakings falling due after more than one year includes £39,682,000 due for repayment on 30 November 2020. Management will consider financing arrangements during the course of the coming year.

As a result, the directors have continued to prepare the accounts on a going concern basis.

POST BALANCE SHEET EVENTS

As noted in the Strategic Report, subsequent to the end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report and whilst they may have an impact on our earnings, cash flow and financial condition, that impact has been limited to date.

FINANCIAL RISK MANAGEMENT

Details of the objectives and policies for financial risk management are included in the "Principal risks and uncertainties" section of the Strategic Report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**REPORT OF THE DIRECTORS
for the Year Ended 31 October 2019**

AUDITORS

The auditors, Ernst & Young LLP, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
S D Pearsall - Director

Date: 21st August 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the Year Ended 31 October 2019**

The directors are responsible for preparing the Strategic report, the Report of the directors and the financial statements in accordance with applicable law and regulations.

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

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED**

Opinion

We have audited the financial statements of Crawford & Company Adjusters (UK) Limited for the year ended 31 October 2019 which comprise the Income Statement, Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Emphasis of matter

We draw attention to Note 2 and Note 23 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which has the potential to impact the customer demand, profitability and personnel available for work and/or being able to access offices. Our opinion is not modified in respect of this matter.

Other information

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED**

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP

Lorna McNeil (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

Date: 24 August 2020

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**INCOME STATEMENT
for the Year Ended 31 October 2019**

	Notes	2019 £'000	2018 £'000
TURNOVER	3	95,475	93,881
Cost of sales		<u>(74,476)</u>	<u>(71,637)</u>
GROSS PROFIT		20,999	22,244
Administrative expenses		<u>(19,539)</u>	<u>(21,020)</u>
OPERATING PROFIT		1,460	1,224
Interest receivable and similar income	5	618	526
Other finance income	20	<u>716</u>	<u>731</u>
		2,794	2,481
Interest payable and similar expenses	6	<u>(1,504)</u>	<u>(2,313)</u>
PROFIT BEFORE TAXATION	7	1,290	168
Tax on profit	8	<u>(210)</u>	<u>(421)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>1,080</u></u>	<u><u>(253)</u></u>

The notes form part of these financial statements

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**OTHER COMPREHENSIVE INCOME
for the Year Ended 31 October 2019**

	2019 £'000	2018 £'000
PROFIT/(LOSS) FOR THE YEAR	1,080	(253)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Actuarial gain on pension fund	835	(2,957)
Income tax relating to other comprehensive income/(loss)	<u>(142)</u>	<u>503</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX	<u>693</u>	<u>(2,454)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u><u>1,773</u></u>	<u><u>(2,707)</u></u>

The notes form part of these financial statements

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**BALANCE SHEET
31 October 2019**

		2019	2018
		£'000	Restated £'000
	Notes		
FIXED ASSETS			
Intangible assets	9	22,865	24,401
Tangible assets	10	2,212	2,602
Investments	11	<u>54,321</u>	<u>54,321</u>
		<u>79,398</u>	<u>81,324</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	57,957	55,178
Debtors: amounts falling due after more than one year	12	3,230	3,456
Cash at bank		<u>5,737</u>	<u>5,786</u>
		66,924	64,420
CREDITORS			
Amounts falling due within one year	13	<u>(56,668)</u>	<u>(56,626)</u>
NET CURRENT ASSETS		<u>10,256</u>	<u>7,794</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		89,654	89,118
CREDITORS			
Amounts falling due after more than one year	14	(90,151)	(89,978)
PROVISIONS FOR LIABILITIES	17	(926)	(973)
PENSION ASSET	20	<u>27,047</u>	<u>25,684</u>
NET ASSETS		<u>25,624</u>	<u>23,851</u>

The notes form part of these financial statements

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**BALANCE SHEET - continued
31 October 2019**

	Notes	2019 £'000	2018 £'000
CAPITAL AND RESERVES			
Called up share capital	18	19,828	19,828
Share premium	19	950	950
Other reserves	19	(18,698)	(18,698)
Profit and loss account	19	<u>23,544</u>	<u>21,771</u>
SHAREHOLDERS' FUNDS		<u>25,624</u>	<u>23,851</u>

The financial statements were approved by the Board of Directors on 21st August 2020 and were signed on its behalf by:



.....
S D Pearsall - Director

The notes form part of these financial statements

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 October 2019**

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Other reserves £'000	Total equity £'000
Balance at 1 November 2017	19,828	24,478	950	(18,698)	26,558
Changes in equity					
Total comprehensive loss	-	(2,707)	-	-	(2,707)
Balance at 31 October 2018	<u>19,828</u>	<u>21,771</u>	<u>950</u>	<u>(18,698)</u>	<u>23,851</u>
Changes in equity					
Total comprehensive income	-	1,773	-	-	1,773
Balance at 31 October 2019	<u><u>19,828</u></u>	<u><u>23,544</u></u>	<u><u>950</u></u>	<u><u>(18,698)</u></u>	<u><u>25,624</u></u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 October 2019**

1. STATUTORY INFORMATION

Crawford & Company Adjusters (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Assets and liabilities are recognised in the financial statements where, as a result of past transactions or events, the company has rights or other access to future economic benefits controlled by the company, or obligations to transfer economic benefits.

The company is incorporated and is domiciled in the United Kingdom.

The financial statements are presented in sterling and all values are rounded to the nearest pound (£'000) except when otherwise stated.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

First year adoption of Financial Reporting Standard 102 (FRS 102)

These financial statements for the year ended 31 October 2019 are the first that are prepared in accordance with FRS 102. The previous financial statements were prepared in accordance with FRS101, the date of transition to FRS 102 is 1 November 2017. For the impact of the transition to FRS102 on both the Income Statement and the Balance Sheet, see note 25.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

2. ACCOUNTING POLICIES - continued

Preparation of consolidated financial statements

The financial statements contain information about Crawford & Company Adjusters (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Crawford and Company, 5335 Triangle Parkway NW, Peachtree Corners GA 30092.

Restatement of prior year balances

The company considers the deferred tax asset was incorrectly classified as a current asset in the debtor disclosure in the 2018 financial statements, when it was predominantly an asset which will be utilised in a period of over one year. As a result the prior year debtors note has been restated to include the deferred tax asset of £2,223,000 in debtors due greater than one year. There is no impact on net assets nor on the income statement in either period.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Significant judgements and estimates

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

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Assessment of revenue and work in progress

The evaluation of revenue to be recognised in respect of contracts subject to either a fixed or scale based fee is based on management's judgement as to how best to assess the stage of completion of the company's performance on such contracts. Management have concluded that this is best established on a portfolio basis, based on an estimation of the time incurred at the balance sheet date as a proportion of the total expected time to be incurred.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Impairment review

Management estimate is required as part of the review of impairment of goodwill and other intangible fixed assets, including establishing appropriate assumptions and forecast of future performance.

The sensitivity of the goodwill and intangible assets assumptions is considered as documented in note 9.

Pension and other post employment benefits

The cost of defined benefit pensions plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

2. ACCOUNTING POLICIES - continued

Revenue recognition

Turnover represents the total amount receivable by the Company for the services provided, excluding VAT. Included within this figure is the fair value of amounts recoverable on contracts where a right to consideration has been obtained.

In the case of long-term contracts for fixed fee claims, turnover reflects the contract activity during the year and represents the proportion of total contract value which costs incurred to date bear to total expected contract costs based on established models for groups of transactions with common features.

Revenue is recognised based on historical claim closure rates and claim type for fixed fee claims applied utilising a portfolio approach based on time elapsed for these claims. For claims billed on a time and expense incurred basis, the company recognises revenue when the service is performed.

Goodwill

Goodwill is the surplus of cost over the net asset value attributed to businesses acquired.

Business combinations for businesses acquired under common control transactions were accounted for using the pooling of interest method. The cost of an acquisition is measured as the aggregate of the consideration transferred. The assets and liabilities acquired are recorded based on the amounts previously recognised at the date of the transfer for the same assets and liabilities by the group. Any difference between the consideration transferred and the assets and liabilities recorded is recorded directly in equity within "Other reserves".

In the case of existing business combinations at the date of transition to FRS102, available exemption has been taken not to revisit the measurement of related balances.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Management assess, on an annual basis, whether there are any indicators of impairment. When indicators of impairment are identified, for the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Goodwill arising on the acquisition of businesses is capitalised and amortised on a straight line basis over the shorter of its estimated economic useful life and 10 years, based on the assessment of valuations by independent consultants and subsequent review by management.

Intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

2. ACCOUNTING POLICIES - continued

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Capitalised software costs reflect costs related to internally developed or purchased software used by the Company that has expected future economic benefits. Certain internal and external costs incurred during the application development stage are capitalised.

Costs incurred during the preliminary project and post implementation stages, including training and maintenance costs, are expensed as incurred. The majority of these capitalized software costs consist of internal payroll costs and external payments for software development, purchases and related services.

Costs incurred are not amortised until the asset to which those costs relate are brought into use.

Intangibles are amortised over the following lives:

Customer relationships	- 10 years
Trade agreements	- 1 year
Computer software	- 5 years

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold improvements	- 25% on cost
Fixtures and fittings	- 3 - 5 years straight line
Motor vehicles	- 20% on cost

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

Financial instruments

The company's financial assets and liabilities comprise trade and other receivables, cash, trade and other payables, interest bearing loans and the liability component of cumulative preference shares. The accounting policies for these items are described below.

Basic financial instruments - financial assets other than equity investments

Trade and other receivables

Trade and other receivables are initially recognised at transaction price.

Short term trade and other receivables with no stated interest rate which are receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

2. ACCOUNTING POLICIES - continued

Cash at bank

Cash at bank in the balance sheet comprise cash at banks and in hand.

Basic financial instruments - financial liabilities

Long term loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest.

Basic financial liabilities, other than short term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in interest payable and similar expenses in the income statement.

Short term trade and other payables with no stated interest rate which are payable within one year are recorded at transaction price.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instruments.

When shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the recipient companies.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

2. ACCOUNTING POLICIES - continued

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Leases

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Lease incentives are recognised over the lease term on a straight line basis.

Pension costs

The company operates three defined benefit pension schemes, all of which require contributions to be made to separately administered funds. The schemes were closed to new members in 1997, from which time membership of a defined contribution plan is available.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

2. ACCOUNTING POLICIES - continued

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

The defined benefit pension assets in the balance sheet comprise the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. Assumptions for inflation are based on the yield gap between long term index linked and long term fixed interest gilt securities.

In the event that the value ascribed to pension assets within a scheme exceeds the value ascribed to pension liabilities, a net pension asset is only recognised if, under the relevant scheme rules, the company has an unconditional right to a refund once the scheme has settled its liabilities and no scheme members remain.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet, if material.

Amounts recoverable on contracts

Amounts recoverable on contracts are stated at fair value where the right to consideration has been obtained. Amounts recoverable on contracts are stated net of amounts billed in respect of the same contracts.

The amount recorded in respect of long term contracts reflects an assessment of the proportion of contract revenue that relates to the level of contract completion at the balance sheet date and therefore represents both the costs incurred on the contract to date and the recognition of the proportion of profit that relates to the work completed. The assessment of contract completion is based on established models for groups of transactions with common features.

Long term contract balances included in debtors are stated at cost, after provision has been made for any foreseeable losses and the deduction of applicable payments on account. Provision is made for losses on all contracts as soon as they are foreseen.

Trust Accounts

The company is responsible for the management of bank accounts on behalf of its clients. Such bank accounts are not considered assets of the company and therefore, are not recognised on the company balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

2. ACCOUNTING POLICIES - continued

Impairment of non-financial assets

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss account.

An impairment loss recognised for intangible assets, with the exception of goodwill, is reversed in a subsequent period when the reasons for which the impairment was made have ceased to apply.

Vacant leasehold properties

The Company enters into contracts resulting in rental obligations in respect of leasehold properties. Where leasehold properties are vacated, a provision is recognised representing a best estimate of the unavoidable lease payments over the remaining term of the lease, on a contract by contract basis.

Dilapidation obligations

The Company makes an assessment of the potential cost of property dilapidations that may be payable at the end of a lease. Such costs are charged to the Income Statement on a straight line basis over the life of the lease.

Share based payments

The group has share-based employee incentive plans which are described more fully in note 24. The relevant shares are those of the ultimate holding company, Crawford & Company registered in the US. The plans are run and administered by Crawford & Company, outside of the UK. The fair value of share-based payments is recharged to the Company and charged to the profit and loss account on a straight line basis over the vesting period after taking account of forfeitures.

Claims

Within Accruals and deferred income are amounts accrued for anticipated insurance claims by third parties against the company. The amounts expected to be recovered against those claims, under the company's professional indemnity policies, are included in prepayments and accrued income.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

2. ACCOUNTING POLICIES - continued

Going concern

Whilst the Company is expected to make a profit going forward, a letter of support has been obtained from the ultimate parent company, Crawford and Company.

Crawford and Company, have stated in writing that they will provide financial support for at least one year from the date of signing the financial statements to allow Crawford & Company Adjusters (UK) Limited to meet its financial commitments and pay its liabilities as they fall due.

The directors of the company considered the Group's ability to provide support to the company. The directors have therefore made enquires of the Group and also reviewed a summary of the Group's assessment of going concern, which includes:

- forecasts and budgets
- debt and borrowing facilities, covenant compliance
- financial and operational risk management
- sensitivity analysis and stress testing

Based on the estimated liquidity position and the level of cash, cash equivalents, short-term investments, and the available borrowing capacity under the credit facility, in addition to the prospects for continued generation of cash from operating activities, the directors believe the Group has sufficient liquidity to meet the company's short and medium-term business needs and obligations.

Amounts owed to group undertakings falling due after more than one year includes £39,682,000 due for repayment on 30 November 2020. Management will consider financing arrangements during the course of the coming year.

As a result, the directors have continued to prepare the accounts on a going concern basis.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

All turnover relates to sales that were derived from the Company's principal continuing activities in the UK, stated net of VAT.

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£'000	£'000
Wages and salaries	52,553	50,461
Social security costs	5,808	5,663
Other pension costs	3,386	4,641
	<u>61,747</u>	<u>60,765</u>

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

4. EMPLOYEES AND DIRECTORS - continued

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

	2019	2018
Total company	<u>1,194</u>	<u>1,200</u>

Included in wages and salaries is a total expense of share-based payments of £492,000 (2018: £518,000). Further details of share based payments are provided in note 24.
Included in other pension costs is £2,638,000 (2018: £2,454,000) in respect of the defined contribution scheme.

The amount outstanding in relation to defined contribution pension schemes at the year end was £334,000 (2018:£311,000).

	2019 £	2018 £
Directors' remuneration	1,222,113	1,449,515
Directors' pension contributions to money purchase schemes	<u>24,687</u>	<u>31,366</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>3</u>
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One director exercised share options during the year (2018 - no directors).

Three directors received shares under long term incentive schemes (2018 - two directors).

Information regarding the highest paid director is as follows:

	2019 £	2018 £
Emoluments etc	398,655	428,674
Pension contributions to money purchase schemes	<u>9,167</u>	<u>5,833</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £'000	2018 £'000
Bank interest	48	1
Intercompany interest	<u>570</u>	<u>525</u>
	<u>618</u>	<u>526</u>

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£'000	£'000
Intercompany interest payable	1,493	2,296
Other interest payable	-	6
Finance lease charges	<u>11</u>	<u>11</u>
	<u>1,504</u>	<u>2,313</u>

7. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2019	2018
	£'000	£'000
Hire of plant and machinery	1,379	1,369
Other operating leases	2,167	1,954
Depreciation - owned assets	1,334	1,303
Depreciation - assets on finance leases	54	110
Loss/(profit) on disposal of fixed assets	1	(5)
Goodwill amortisation	834	833
Customer relationships amortisation	1,743	1,742
Trade agreements amortisation	-	4
Computer software amortisation	1,440	956
Audit fees	208	245
Taxation compliance services	120	116
Other non-audit services	3	-
Foreign exchange differences	<u>122</u>	<u>15</u>

The audit fee of £208,000 (2018: £245,000) and non-audit fees for tax compliance services of £120,000 (2018: £116,000) includes charges borne by the company on behalf of other UK entities within the Crawford & Company group.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £'000	2018 £'000
Current tax:		
Foreign tax - current year	<u>-</u>	<u>26</u>
Deferred tax:		
Origination and reversal of timing differences	227	275
Prior year adjustment	7	149
Effect of changes in tax rate	<u>(24)</u>	<u>(29)</u>
Total deferred tax	<u>210</u>	<u>395</u>
Tax on profit	<u>210</u>	<u>421</u>

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £'000	2018 £'000
Profit before tax	<u>1,290</u>	<u>168</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	245	32
Effects of:		
Expenses not deductible for tax purposes	(18)	243
Adjustments to tax charge in respect of previous periods	7	149
Change in rate of tax applied to deferred tax	(24)	(29)
Overseas tax suffered	<u>-</u>	<u>26</u>
Total tax charge	<u>210</u>	<u>421</u>

Tax effects relating to effects of other comprehensive income

	Gross £'000	Tax £'000	2019 Net £'000
Actuarial gain on pension fund	<u>835</u>	<u>(142)</u>	<u>693</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

8. TAXATION - continued

	Gross £'000	Tax £'000	2018 Net £'000
Actuarial loss on pension fund	<u>(2,957)</u>	<u>503</u>	<u>(2,454)</u>

The standard rate of UK Corporation Tax was 19% throughout the year, with a further reduction to 17% due to take effect from 1 April 2020. This was substantively enacted in the Finance Act 2016 on 6 September 2016 and in accordance with accounting standards, has been reflected in the company's financial statements.

In his budget of 2020, the Chancellor of the Exchequer proposed measures to hold the rate of corporation tax at 19% effective 1 April 2020. The proposed change was not substantively enacted at the balance sheet date and therefore does not impact on the carrying value of deferred tax assets and liabilities in the financial statements.

The impact of deferred tax calculated at 19% would give rise to a change of £220,000 which is not considered a material difference in measurement of the deferred tax asset included in the financial statements.

9. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Customer relationships £'000	Trade agreements £'000	Computer software £'000	Totals £'000
COST					
At 1 November 2018	8,409	22,654	620	11,799	43,482
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,481</u>	<u>2,481</u>
At 31 October 2019	<u>8,409</u>	<u>22,654</u>	<u>620</u>	<u>14,280</u>	<u>45,963</u>
AMORTISATION					
At 1 November 2018	1,508	8,908	620	8,045	19,081
Amortisation for year	<u>834</u>	<u>1,743</u>	<u>-</u>	<u>1,440</u>	<u>4,017</u>
At 31 October 2019	<u>2,342</u>	<u>10,651</u>	<u>620</u>	<u>9,485</u>	<u>23,098</u>
NET BOOK VALUE					
At 31 October 2019	<u>6,067</u>	<u>12,003</u>	<u>-</u>	<u>4,795</u>	<u>22,865</u>
At 31 October 2018	<u>6,901</u>	<u>13,746</u>	<u>-</u>	<u>3,754</u>	<u>24,401</u>

Included within Computer software are assets in the course of construction of £nil (2018 £nil).

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

9. INTANGIBLE FIXED ASSETS - continued

Goodwill and other intangible assets are subject to impairment review in the event that indicators of potential impairment are identified. As a basis for the impairment review, the carrying value of goodwill, other intangible fixed assets and tangible fixed assets are compared with an assessment of the value in use of the business to which those assets relate. For the purpose of this review, goodwill acquired through business combinations, and the other assets subject to review have been allocated to the cash-generating units, which are also operating segments, as follows:

- Crawford Claim Solutions
- Broadspire
- Global Technical Services

These represent the lowest level within the Company at which goodwill is monitored for internal management purposes.

Value in use is estimated using forecast levels of EBITDA per global service line to which multiples are applied. The earnings multiples used by management were as follows:

	Crawford Claim Solutions	Global Technical Services	Broadspire
EBITDA	<u>6.5</u>	<u>6.25</u>	<u>5.5</u>

Carrying amount of goodwill allocated to cash-generating units are as follows:

	2019 £000	2018 £000
Crawford Claim Solutions	3,157	3,885
Broadspire	95	116
Global Technical Services	<u>3,034</u>	<u>3,733</u>
	<u><u>6,286</u></u>	<u><u>7,734</u></u>

Key assumptions used in value in use calculations

The calculation of value in use for each cash generating unit takes into account Goodwill, intangible fixed assets and tangible fixed assets. It is most sensitive to claims volumes over the 2 year forecast period which in turn drive the budget and forecast revenue/earnings multiples. A 10% reduction in forecast EBITDA would not affect the impairment charge. The results of this review are such that no change to the impairment provision is required (2018 £nil).

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST				
At 1 November 2018	1,691	10,881	238	12,810
Additions	350	672	-	1,022
Disposals	<u>(4)</u>	<u>(509)</u>	<u>(220)</u>	<u>(733)</u>
At 31 October 2019	<u>2,037</u>	<u>11,044</u>	<u>18</u>	<u>13,099</u>
DEPRECIATION				
At 1 November 2018	810	9,204	194	10,208
Charge for year	453	914	21	1,388
Eliminated on disposal	<u>(3)</u>	<u>(509)</u>	<u>(197)</u>	<u>(709)</u>
At 31 October 2019	<u>1,260</u>	<u>9,609</u>	<u>18</u>	<u>10,887</u>
NET BOOK VALUE				
At 31 October 2019	<u>777</u>	<u>1,435</u>	<u>-</u>	<u>2,212</u>
At 31 October 2018	<u>881</u>	<u>1,677</u>	<u>44</u>	<u>2,602</u>

Included within Improvements to property are short leasehold buildings with a carrying amount of £777,000 (2018: £881,000).

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

10. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under finance leases are as follows:

	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST			
At 1 November 2018	171	238	409
Disposals	<u>-</u>	<u>(220)</u>	<u>(220)</u>
At 31 October 2019	<u>171</u>	<u>18</u>	<u>189</u>
DEPRECIATION			
At 1 November 2018	138	194	332
Charge for year	33	21	54
Eliminated on disposal	<u>-</u>	<u>(197)</u>	<u>(197)</u>
At 31 October 2019	<u>171</u>	<u>18</u>	<u>189</u>
NET BOOK VALUE			
At 31 October 2019	<u>-</u>	<u>-</u>	<u>-</u>
At 31 October 2018	<u>33</u>	<u>44</u>	<u>77</u>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 November 2018 and 31 October 2019	<u>54,528</u>
PROVISIONS	
At 1 November 2018 and 31 October 2019	<u>207</u>
NET BOOK VALUE	
At 31 October 2019	<u>54,321</u>
At 31 October 2018	<u>54,321</u>

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

11. FIXED ASSET INVESTMENTS - continued

The Company had investments in the ordinary shares of the following wholly owned subsidiary undertakings as at 31 October 2019.

<u>Company</u>	<u>Principal activity</u>	<u>Country of incorporation</u>
Contractor Connection (Repairnet) UK Limited		United Kingdom
Crawford & Company Legal Services Limited	Legal services	United Kingdom
Specialist Liability Services Limited	Dormant	United Kingdom
Buckley Scott Holdings Limited	Dormant	United Kingdom
RBAG Holdings UK Limited	Holding company	United Kingdom
RBAG Legacy UK Limited*	non trading	United Kingdom
Crawford Aviation Limited*		United Kingdom
RBAG Legacy Holdings Limited*	Holding company	United Kingdom
RD&L International Holdings Limited*	Holding company	United Kingdom
RBAG Legacy London Holdings International Limited*	Holding company	United Kingdom
Crawford Aviation Pte*		Singapore
Aviation Lights Services Corporation*		USA

The above companies have as their principal activities, the provision of services to the insurance industry, unless otherwise stated.

* indirect holding

The principal place of business of each entity is the same as its country of incorporation. Except as stated below, the registered office of the above companies is The Hallmark Building, 106 Fenchurch Street, London EC3M 5JE United Kingdom:

Crawford & Company Legal Services Limited	Suite 7d, The Plaza, Old Hall Street,	Liverpool, L3 9QJ United Kingdom
Crawford Aviation Singapore Pte	10 Hoe Chang Road, #07-07 Keppel Towers	089315 Singapore
Aviation Lights Services Corporation	1201 Richardson Drive, Texas	75080 USA

12. DEBTORS

	2019	2018
		Restated
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	13,589	11,799
Amounts owed by group undertakings	26,444	25,857
Amounts recoverable on contracts	14,954	15,354
Prepayments and accrued income	<u>2,970</u>	<u>2,168</u>
	<u>57,957</u>	<u>55,178</u>

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

12. DEBTORS - continued

	2019	2018
	£'000	Restated £'000
Amounts falling due after more than one year:		
Due from SGS on unfunded pension scheme	926	973
Deferred tax asset	1,871	2,223
Prepayments and accrued income	<u>433</u>	<u>260</u>
	<u>3,230</u>	<u>3,456</u>
Aggregate amounts	<u>61,187</u>	<u>58,634</u>
Deferred tax asset		
	2019	2018
	£'000	£'000
Accelerated capital allowances	(582)	(598)
Tax losses carried forward	6,732	6,886
Pension asset	(4,598)	(4,366)
Other timing differences	<u>319</u>	<u>301</u>
	<u>1,871</u>	<u>2,223</u>
		Deferred tax
		£'000
Balance at 1 November 2018		2,223
Charge to income statement		(210)
Charge to other comprehensive income		<u>(142)</u>
Balance at 31 October 2019		<u>1,871</u>

There is an unrecognised deferred tax asset of £58,000 (2018: £58,000) in relation to capital losses that is not expected to be utilised in the foreseeable future.

The company continues to recognise the deferred tax asset on the basis that its reversal is supported by future profit forecasts. Currently the deferred tax asset recognised is expected to unwind over 17 years assuming the pension balance remains comparable. If this period was to reduce to 10 years, the deferred tax asset in relation to the tax losses carried forward would be reduced by £2.8m.

The company considers the deferred tax asset was incorrectly classified as a current asset in the debtor disclosure in the 2018 financial statements, when it was predominantly an asset which will be utilised in a period of over one year. As a result the prior year debtors note has been restated to include the deferred tax asset of £2,223,000 in debtors due greater than one year. There is no impact on net assets nor on the income statement in either period.

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Finance leases (see note 16)	-	66
Trade creditors	1,468	965
Amounts owed to group undertakings	24,976	28,610
Social security and other taxes	4,196	4,134
Other creditors	334	311
Accruals and deferred income	<u>25,694</u>	<u>22,540</u>
	<u>56,668</u>	<u>56,626</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£'000	£'000
Preference shares (see note 15)	4,176	4,176
Amounts owed to group undertakings	85,542	85,542
Accruals and deferred income	<u>433</u>	<u>260</u>
	<u>90,151</u>	<u>89,978</u>

Amounts owed to group undertakings falling due after more than one year includes £45,860,000 due for repayment by 23 November 2022. Interest on the loan is calculated based on the interest charged by the ultimate finance provider to the group undertaking. Interest rates are based on the London Interbank Offered Rate ("LIBOR"), plus an applicable interest margin. The interest margin for LIBOR ranges from 1.30% to 2.10%

In addition £39,682,000 represents the principal amount on hire up of the trade and assets of RBAG Legacy UK Limited (formerly GAB Robins UK Limited), excluding the managed contractors business. Interest is charged at 3% per annum and is due for repayment on 30 November 2020. Management will consider financing arrangements during the course of the coming year.

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

15. PREFERENCE SHARES

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:		Nominal value:	2019	2018
Number:	Class:		£'000	£'000
4,175,539	non-cumulative redeemable preference shares	£1	<u>4,176</u>	<u>4,176</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

		Finance leases	
		2019	2018
		£'000	£'000
Gross obligations repayable:			
Within one year		<u>-</u>	<u>81</u>
Finance charges repayable:			
Within one year		<u>-</u>	<u>15</u>
Net obligations repayable:			
Within one year		<u>-</u>	<u>66</u>
		Non-cancellable operating leases	
		2019	2018
		£'000	£'000
Within one year		3,163	3,014
Between one and five years		5,873	6,888
In more than five years		<u>2,195</u>	<u>1,609</u>
		<u>11,231</u>	<u>11,511</u>

In February 2020, the company entered into a new property lease with a lease term of over 5 years.

Other commitments

The company is responsible for the management of bank accounts on behalf of its clients. The amount of funds in trust accounts, managed by the company at the end of the year was £57,464,000 (2018 £54,597,000).

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

17. PROVISIONS FOR LIABILITIES

	SGS unfunded pension scheme Provision £'000
Balance at 1 November 2018	973
Charge to income statement	-
Charge to other comprehensive income	-
Revaluation	<u>(47)</u>
Balance at 31 October 2019	<u><u>926</u></u>

The ex-gratia pension provision is made in respect of pensioners who are not part of the GAB Robins Pension Scheme to provide benefits equivalent to those under that scheme. On the sale of RBAG Legacy UK Limited by Société Générale de Surveillance (SGS) to BRERA Capital Partners Limited Partnership, SGS agreed to fund this amount and there is a matching debtor for SGS's contribution towards this shortfall. The annual valuation for this liability is carried out by AON Hewitt Limited and is reflected in the above analysis.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£'000	£'000
19,327,956	ordinary	£1	19,328	19,328
500,000	10% cumulative non-redeemable preference	£1	<u>500</u>	<u>500</u>
			<u><u>19,828</u></u>	<u><u>19,828</u></u>

Share rights

Shares are held by parent companies, which rank all shares as holding the same rights. Accordingly all ordinary shares and cumulative non-redeemable preference shares have been presented as equity.

Preference shares

The Company also has 4,175,539 non-cumulative redeemable preference shares of £1 each in issue, which due to the nature of the share, are disclosed within Creditors: amounts falling due after more than one year.

The Company may redeem, at par, all or any of the non-cumulative redeemable preference shares at any time.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

19. RESERVES

	Profit and loss account £'000	Share premium £'000	Other reserves £'000	Totals £'000
At 1 November 2018	21,771	950	(18,698)	4,023
Profit for the year	1,080	-	-	1,080
Net actuarial gain	<u>693</u>	<u>-</u>	<u>-</u>	<u>693</u>
At 31 October 2019	<u>23,544</u>	<u>950</u>	<u>(18,698)</u>	<u>5,796</u>

Other reserves

Other reserves arises following the application of the pooling of interest basis to the hive up of the trade and assets of RBAG Legacy UK Limited in November 2015. As the transaction was a common control transaction, the company has applied pooling accounting and the values ascribed to the assets and liabilities acquired are those reflected in the Crawford group consolidated financial statements at the time of the transfer. The reserve represents the excess of the consideration paid over the values ascribed on this basis.

20. EMPLOYEE BENEFIT OBLIGATIONS

The Company provides pension arrangements through three funded defined benefit schemes and the related costs are assessed in accordance with the advice of professionally qualified actuaries. For the Thomas Howell Group Pension and Life Assurance Scheme and the Brocklehurst Pension Fund a full actuarial valuation was carried out at 1 January 2018. For the Crawford Arnold and Green Group Pension Scheme the last formal actuarial valuation was at 1 April 2016 and the latest preliminary actuarial valuation was at 1 April 2019. These were completed by a qualified independent actuary.

The valuations used have been based on the most recent actuarial valuations at the dates noted above, which uses the projected unit credit method.

Scheme assets are stated at their market values at the respective balance sheet dates, which is equivalent to their fair value.

The company estimates that the duration of the scheme liabilities are approximately 23 years, 27 years, and 27 years for Thomas Howell Group Pension & Life, Brocklehurst Pension Fund and Crawford Arnold & Green schemes respectively.

**CRAWFORD & COMPANY ADJUSTERS (UK)
LIMITED (REGISTERED NUMBER: 02908444)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Current service cost	748	936
Net interest from defined benefit asset/liability	(716)	(731)
Past service cost	-	1,251
	<u>32</u>	<u>1,456</u>
Actual return on plan assets	<u>28,000</u>	<u>3,203</u>

Analysis of the amount which has been charged to operating profit:

	Crawford Arnold & Green Group Pension Scheme		Brocklehurst Pension Fund		Thomas Howell Group Pension & Life Assurance Scheme	
	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Current Service Cost	90	132	213	245	445	559
Past Service Cost	-	70	-	-	-	1,181
	<u>90</u>	<u>202</u>	<u>213</u>	<u>245</u>	<u>445</u>	<u>1,740</u>

Analysis of the amount which has been credited/(charged) to other finance income/other finance costs:

	Crawford Arnold & Green Group Pension Scheme		Brocklehurst Pension Fund		Thomas Howell Group Pension & Life Assurance Scheme	
	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Interest income on plan assets	267	276	1,037	989	4,416	4,259
Interest on pension scheme liabilities	(224)	(214)	(836)	(786)	(3,944)	(3,793)
Net finance income	<u>43</u>	<u>62</u>	<u>201</u>	<u>203</u>	<u>472</u>	<u>466</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Opening defined benefit obligation	184,225	188,395
Current service cost	748	936
Past service cost	-	1,251
Contributions by scheme participants	34	41
Interest cost	5,004	4,793
Scheme administration costs	(544)	(722)
Actuarial losses	21,445	636
Benefits paid	<u>(8,422)</u>	<u>(11,105)</u>
	<u>202,490</u>	<u>184,225</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Opening fair value of scheme assets	209,909	214,606
Contributions by employer	560	3,886
Contributions by scheme participants	34	41
Scheme administration costs	(544)	(722)
Interest income	5,720	5,524
Actuarial gains/(losses)	22,280	(2,321)
Benefits paid	<u>(8,422)</u>	<u>(11,105)</u>
	<u>229,537</u>	<u>209,909</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Cash and cash equivalents	729	906
Growth Component Portfolio	59,453	51,172
Hedging Component Portfolio	<u>169,355</u>	<u>157,831</u>
	<u>229,537</u>	<u>209,909</u>

The hedging component portfolio comprises bond type instruments designed to hedge against adverse interest rate and inflation movements. This is achieved by investing in a portfolio of bonds which broadly matches the expected future cash flows of the schemes' liabilities.

The fair value of the assets in each scheme, the present value of the liabilities in each scheme at the balance sheet date were:

Crawford & Arnold Green Group
Pension Scheme

	2019	2018
	£'000	£'000
Cash and cash equivalents	15	9
Growth Component Portfolio	2,826	2,297
Hedging Component Portfolio	<u>7,810</u>	<u>7,232</u>
Total fair value of assets	10,651	9,538
Present value of scheme liabilities	<u>(9,435)</u>	<u>(7,989)</u>
Surplus in the scheme	<u>1,216</u>	<u>1,549</u>

Brocklehurst Pension Fund

	2019	2018
	£'000	£'000
Cash and cash equivalents	99	62
Growth Component Portfolio	10,862	9,112
Hedging Component Portfolio	<u>30,359</u>	<u>28,497</u>
Total fair value of assets	41,320	37,671
Present value of scheme liabilities	<u>(33,970)</u>	<u>(30,520)</u>
Surplus in the scheme	<u>7,350</u>	<u>7,151</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

Thomas Howell Group Pension and Life
Assurance Scheme

	2019	2018
	£'000	£'000
Cash and cash equivalents	615	835
Growth Component Portfolio	45,765	39,763
Hedging Component Portfolio	131,186	122,102
Total fair value of assets	177,566	162,700
Present value of scheme liabilities	(159,085)	(145,716)
Surplus in the scheme	18,481	16,984

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	Crawford Arnold & Green		Brocklehurst Pension Fund		Thomas Howell Group Pension and Life Assurance Scheme	
	2019	2018	2019	2018	2019	2018
Rate of increase in salaries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rate of increase in pension payment	2.75%	3.15%	2.75%	3.15%	2.05%	2.35%
Discount rate	1.98%	2.84%	1.95%	2.81%	1.93%	2.77%
Inflation - RPI	2.80%	3.35%	2.80%	3.35%	2.80%	3.35%
Inflation - CPI	2.00%	2.35%	2.00%	2.35%	2.00%	2.35%

The life expectancy assumptions, for all schemes, which are based on SAPS S2PA tables, are as set out below

	2019	2018
Mortality assumptions - base table		
Mortality assumptions - future improvements		
Life expectancy - male age 65+	23.1	23.3
Life expectancy - female age 65+	24.8	24.9
Life expectancy - male age 65+ currently aged 45	24.5	24.7
Life expectancy - female age 65+ currently aged 45	26.3	26.4

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	increase/decrease by 0.25%	Decrease/increase by 4%
Inflation	increase/decrease by 0.25%	Decrease/increase by 1%

Changes in the fair value of the defined benefit obligations are as follows:

	CrawfordArnold & GreenGroup PensionScheme £'000	Brocklehurst Pension Fund £'000	Thomas HowellGroup Pension& LifeAssurance Scheme £'000
As at 1 November 2017	(8,482)	(30,122)	(149,791)
Current service cost	(132)	(245)	(559)
Past service cost	(70)		(1,181)
Interest expense	(214)	(786)	(3,793)
Employee contributions	-	(10)	(31)
Actuarial gains/(losses)	(243)	(742)	349
Benefits paid & administrative expenses	<u>1,152</u>	<u>1,385</u>	<u>9,290</u>
As at 31 October 2018	(7,989)	(30,520)	(145,716)
Current service cost	(90)	(213)	(445)
Interest expense	(224)	(836)	(3,944)
Employee contributions	-	(9)	(25)
Actuarial losses	(1,424)	(4,086)	(15,935)
Benefits paid & administrative expenses	<u>292</u>	<u>1,694</u>	<u>6,980</u>
As at 31 October 2019	<u>(9,435)</u>	<u>(33,970)</u>	<u>(159,085)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the fair value of plan assets are analysed as follows:

	Crawford Arnold & Green Group Pension Scheme	Brocklehurst Pension Fund	Thomas Howell Group Pension & Life Assurance Scheme
	£'000	£'000	£'000
As at 31 October 2017	10,869	37,505	166,232
Expected return on plan assets	276	989	4,259
Actuarial losses on plan assets	(418)	(198)	(1,705)
Employer contributions	(37)	750	3,173
Employee contributions	-	10	31
Benefits paid & administrative expenses	<u>(1,152)</u>	<u>(1,385)</u>	<u>(9,290)</u>
As at 31 October 2018	9,538	37,671	162,700
Expected return on plan assets	267	1,037	4,416
Actuarial gains on plan assets	1,138	4,116	17,026
Employer contributions	-	181	379
Employee contributions	-	9	25
Benefits paid & administrative expenses	<u>(292)</u>	<u>(1,694)</u>	<u>(6,980)</u>
As at 31 October 2019	<u>10,651</u>	<u>41,320</u>	<u>177,566</u>

Analysis of amount, which has been recognised in statement of other comprehensive income:

	Crawford Arnold & Green Group Pension Scheme		Brocklehurst Pension Fund		Thomas Howell Group Pension & Life Assurance Scheme	
	2019	2018	2019	2018	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Effect of changes in assumptions	1,157	243	4,086	420	15,935	614
Effect of experience adjustments	267	-	-	322	-	(963)
Return on plan assets (excluding interest income)	<u>(1,138)</u>	<u>418</u>	<u>(4,116)</u>	<u>198</u>	<u>(17,026)</u>	<u>1,705</u>
Actuarial loss/(gain) recognised in the statement of other comprehensive income	<u>286</u>	<u>661</u>	<u>(30)</u>	<u>940</u>	<u>(1,091)</u>	<u>1,356</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

20. EMPLOYEE BENEFIT OBLIGATIONS - continued

Following the Lloyds GMP equalisation case in October 2018 which ruled the treatment of men and women be brought in line for the schemes with guaranteed minimum pension, the majority of the defined benefit schemes needed to recalculate member benefits. The impact of GMP equalisation in the prior year was estimated at £1,181,000 for the Thomas Howell Group Pension Life Assurance Scheme and £70,000 in respect of the Crawford Arnold & Green Group Pension Scheme. These reserves have been included in past service cost in the prior year results. Since the prior year end, the Trustees and the company have yet to agree the exact approach to take in respect of differences arising from GMP's. Any differences arising from the actual impact on benefits and the original estimate will form part of membership experience, as and when new membership data is used, and reflected in other comprehensive income.

The total contributions to the defined benefit plans in 2019 are expected to be £540,000 (2018: £651,000).

The contribution rates of each scheme were as follows:

	CrawfordArnold & Green Group Pension Scheme		Brocklehurst Pension Fund		Thomas Howell Group Pension & Life Assurance Scheme	
	2019	2018	2019	2018	2019	2018
Contribution rate (as % of pensionable earnings)	-	-	21.6%	21.6%	29.6%	29.6%
Contribution rate (above) agreed until	31/05/2022		31/12/2022		31/12/2022	

Nature and extent of risks arising from the financial instruments held by the schemes

It is a legal requirement that trustees of pension schemes have adequate internal controls. The Pensions Regulator has issued a Code of Practice on how schemes are expected to satisfy this requirement. Trustees must decide what internal controls are needed to ensure that the schemes are being well managed in accordance with the law and with the Trust Deeds and Rules.

The trustees have reviewed the risks in connection with the Schemes, and in particular, investments and funding. A risk analysis has been prepared and is subject to regular review.

There are no company-related investments (neither company financial instruments nor property nor assets occupied by the company) included in the scheme's assets at 31 October 2019 or at 31 October 2018.

The appointment of trustee directors to the fund is determined by the plan's trust documentation. In the ordinary course of business the trustee has no right to unilaterally wind up or otherwise augment the benefits due to members of the schemes. In accordance with the scheme rules, on winding up the assets of the schemes, the company is entitled to receive any surplus, at the discretion of the trustees. Based on these rights, any net surplus in the scheme is recognised in full.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

21. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

Crawford & Company (incorporated in USA) is regarded by the directors as being the company's ultimate parent company and controlling party.

The immediate parent company and controlling party of the company is Crawford & Company Risk Services Investments Limited, a company incorporated in the United Kingdom.

The smallest and largest group of which Crawford & Company Adjusters (UK) Limited is a member, and for which group financial statements are drawn up, is that headed by Crawford & Company, whose principal place of business is at 5335 Triangle Parkway NW, Peachtree Corners, GA 30092. The consolidated financial statements of this group are available to the public and may be obtained from the above address.

22. RELATED PARTY DISCLOSURES

As a subsidiary undertaking of Crawford & Company, the Company has taken advantage of the exemption in FRS 102 from disclosing transactions with other wholly owned members of the group headed by Crawford & Company.

During the year the company charged other entities that are not wholly owned within the Crawford & Company group as follows:

			2018 Opening balance	2019 Closing balance
	Sales £000	Costs £000	£000	£000
Lloyd Warwick International Ltd	78	7	3	24
Puri Crawford Insurance Surveyors & Loss Assessors India Private Ltd	-	114	(4)	(11)
WeGoLook GBR Limited	131	34	16	48
WeGoLook LLC	-	323	-	-

The above entities are related by common control other than Puri Crawford Insurance Surveyors & Loss Assessors India Private Ltd which is 26% owned by the Crawford & Company group.

23. POST BALANCE SHEET EVENT

As noted in the Strategic Report, subsequent to the end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report and whilst they may have an impact on our earnings, cash flow and financial condition, that impact has been limited to date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

24. SHARE-BASED PAYMENT TRANSACTIONS

The charge in respect of share-based payment transactions included in the profit and loss account for the year is as follows. These amounts relate to shares in Crawford & Company, which are traded on the New York Stock Exchange.

	2019 £'000	2018 £'000
Total share-based payment charge	<u>492</u>	<u>518</u>

During the year ended 31 October 2019, the Company had three types of share-based compensation plans, a share option plan, an executive share bonus plan, and an employee share bonus plan. The fair value of an equity award is estimated on the grant date without regard to service or performance conditions.

Share option plan

Crawford & Company has granted non-qualified and incentive stock options to key employees and directors employed by Crawford & Company Adjusters (UK) Limited. Stock options were granted to employees of Crawford & Company Adjusters (UK) Limited in 2016 2017, 2018 and in 2019. All stock options were for shares of Crawford & Company's Class A Common Stock ("CRDA"). Stock option awards were granted with an exercise price equal to the market price of the share at the date of grant. These stock options are subject to graded vesting over 3 years (33.33% each year) and have a typical life of ten years. The amount recognised in the income statement for this scheme was £134,002 (2018: £119,833).

Options Granted during 2019 and 2018:

	2019	2018
Granted	77,760	90,025
Weighted average fair value	<u>£2.03</u>	<u>£2.05</u>

Executive stock bonus plan

The executive stock bonus plan has two components: the performance stock component and the restricted stock component.

Under the performance stock component, key employees of the Company are eligible to earn shares of CRDA upon the achievement of certain individual and corporate objectives. Stock grants are determined at the discretion of the Crawford & Company's Board of Directors, or the Board's Compensation Committee, and are subject to graded vesting over periods typically ranging from three to five years. Shares are not issued until the vesting requirements have lapsed. Dividends are not paid or accrued on unvested shares. The grant-date fair value of a performance share grant is based on the market value CRDA on the date of grant, reduced for the present value of any dividends expected to be paid on CRDA shares but not paid to holders of unvested performance shares. The amount recognised in the income statement for these plans was £236,202 (2018: £281,260)

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

24. SHARE-BASED PAYMENT TRANSACTIONS – continued

Performance Shares granted during 2019 and 2018:

	2019	2018
Granted	82,470	116,272
Weighted average fair value	<u>£ 7.65</u>	<u>£ 6.36</u>

Under the restricted share component of the executive share bonus plan, the Board of Directors of Crawford & Company may elect to issue restricted shares of share in lieu of, or in addition to, cash bonus payments to certain key employees of Crawford & Company Adjusters (UK) Ltd. Employees receiving these shares have restrictions on the ability to sell the shares. Such restrictions lapse rateably over vesting periods ranging from several months to five years. For grants of restricted shares, vested and unvested shares issued are eligible to receive non-forfeitable dividends if dividends are declared. The grant-date fair value of a restricted share grant is based on the market value of the share on the date of grant. The amount recognised in the income statement for this scheme was £21,009 (2018: £12,213).

Restricted Shares granted during 2019 and 2018:

	2019	2018
Granted	6,719	-
Weighted-average fair value	<u>6.90</u>	<u>-</u>

Employee share bonus plan

Under the Crawford & Company U.K. Sharesave Scheme, eligible employees can elect to have up to £250 withheld from payroll each month to purchase shares at the end of a three-year withholding period. The purchase price of a share of stock is 85% of the market price of the stock at the beginning of the withholding period. Participating employees may cease payroll withholdings and/or request a refund of all amounts withheld before any shares are purchased. The fair value of a share option is equal to 15% (the employee discount) of the market price of a share of CRDA at the beginning of the withholding period. No adjustment is made to reflect the effect of any estimated dividends that the employees will not receive during the life of the share option since employees are credited with interest by a third party on their withholdings during the withholding period. The amount recognised in the income statement for this plan was £100,348 (2018: £104,232).

During 2019, a total of £289,901 (2018: 63,033) shares of CRDA were issued under the Sharesave Scheme. The weighted-average discount price paid for these shares was £2.89 (2018: £4.71).

25. FIRST YEAR ADOPTION

	Notes	1.11.17 £'000	31.10.18 £'000
Equity as reported under FRS101		26,558	24,684
Intangibles - goodwill amortisation	A	<u>-</u>	<u>(833)</u>
Equity as restated under FRS 102		<u>26,558</u>	<u>23,851</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 October 2019**

25. FIRST YEAR ADOPTION - continued

	Notes	2018 £'000
Profit as reported under FRS101		580
Goodwill amortisation	A	<u>(833)</u>
Loss as restated under FRS 102		<u>(253)</u>

For periods up to and including the year ended 31 October 2018, the company prepared its financial statements in accordance with FRS 101. As stated in note 1 - Accounting policies, these financial statements for the year ended 31 October 2019 are the company's first financial statements prepared in accordance with FRS 102.

In preparing these financial statements, the company has started from an opening balance sheet at the date of transition (1 November 2017) and made those changes in accounting policies and other restatements required for the first time adoption of FRS 102. The impact of the transition adjustments are set out above.

A Goodwill amortisation

Under FRS101, the company did not amortise goodwill. On transition to FRS102, the company is not restating goodwill arising as part of its business combinations, in accordance with Section 19, and goodwill is being amortised from the date of transition. The cost of goodwill recorded at the date of transition, represents the carrying value at that date. Useful economic lives range up to 10 years.

Transitional relief

On transition to FRS 102, the company has taken advantage of the following transitional relief:

- not to apply the requirements of Section 19 Business Combinations and Goodwill.

As a result, in respect of business combinations prior to the date of transition, the company continues to separately identify intangible assets that meet two of the three recognition criteria set out in FRS102; assets and liabilities use fair value at acquisition as deemed cost; there are no changes to the carrying value of goodwill; and the amount of excess consideration taken to reserves remains unchanged.