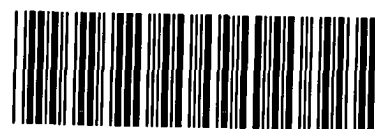


One Commercial Specialty Limited
(Formerly known as Precision Underwriting (UK) Limited)
Annual Report and Financial Statements
for the year ended 31 March 2020

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Company Registration No. 07889205

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Officers and Advisers

Directors	Mr T J Smyth
Secretary	Ms E A Brophy
Principal Bankers	HSBC UK Commercial Banking Level 6, Metropolitan House 321 Avebury Boulevard Milton Keynes MK9 2GA
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Tax advisors	Harbour Key Limited Midway House Staverton Technology Park Herrick Way Staverton Cheltenham GL51 6TQ
Registered office	3.1 Carrwood Park Selby Road Swillington Common Leeds LS15 4LG
Company Registration number	07889205

Strategic Report for the year ended 31 March 2020

Principal activities

The company's principal activity during the year is that of a Managing General Agency (MGA) specialising in the provision of professional indemnity insurance (PII) and household property insurance aimed at mid net worth customers.

Review of the business

The results for the company as set on page 10 show a turnover of £217,605 (2019 unaudited: £324,571) and operating loss of £437,777 (2019 unaudited: operating profit of £702,176). The shareholders' funds of the company show a negative position of £776,166 (2019 unaudited: £420,768).

On 1 May 2019, the Company changed its name from Precision Underwriting (UK) Limited to One Commercial Specialty Limited.

Future outlook

One Commercial Specialty (formerly known as Precision Underwriting (UK) Limited) has had a challenging year, as new more flexible underwriting capacity for PII was not secured until after year end. Since this time, the business has experienced an uptick in sales and is operating with a wider appetite, and wider distribution platform. The future outlook is positive as the business continues to secure new brokers and write significant levels of new PI business.

Covid-19 has not had a significant trading impact on the business with the exception that it reduced its appetite for writing Directors & Officers products for a while. The Company is focusing on PI business to replace the lost revenue streams.

Going Concern

One Commercial Specialty Limited (formerly known as Precision Underwriting (UK) Limited) incurred an operating loss before tax of £437,777 (2019 unaudited: operating profit of £702,176). Primary Group (UK) Limited, who is a related party and fellow subsidiary of Primary Group Holdings 1 Limited, has confirmed its commitment to maintain financial support, indicating its intention to support the company for at least the next twelve months from the approval of the financial statements by providing or procuring such finance as is necessary in order that the company is able to meet its obligations as and when they fall due. Accordingly, the director believes that the preparation of the financial statements on the going concern basis is appropriate.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by the Director delegated with the appropriate responsibilities. Compliance with regulation, legal and ethical standards is a high priority for the company.

The covid-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of Covid-19, such as safety and health measures for our people (such as social distancing and working from home). As noted in the future outlook section above, the impact from a trading point of view has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

Strategic Report for the year ended 31 March 2020 (continued)**Principal risks and uncertainties (continued)**

The Senior Management Team holds regular review meetings to review and report back to the Board on all risk related issues.

Principal risks arising from the competitive market place are:

- continued downward pressure on underwriting margins and a low interest rate environment;
- entrance of significant competitors in our core markets;
- current risk carriers terminate or significantly reduce capacity
- changes to the regulatory environment.

Financial Risk Management**Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are amounts due from insurers and insurance intermediaries.

The company manages the levels of credit risk it accepts and such risks are subject to regular review. Each account is closely monitored by the credit control function.

Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, people, systems or from external events.

The company manages operational risk by having suitable processes and systems in place. Our risk management function looks to capture risk information in a robust and consistent manner.

Regulatory and Conduct Risk

In the ordinary course of business, these risks could lead to reputational damage, regulatory or legal censure, fines or prosecutions and other types of non-budgeted operational risk losses associated with our conduct and activities.

Regulatory Risk

We have no appetite for material and firm level risks resulting in reputational damage, regulatory or legal censure, fines or prosecutions and other types of non-budgeted operational risk losses associated with One Commercial Specialty Limited's activities. We maintain a robust and appropriate internal control environment. On a monthly basis the emerging regulatory landscape including FCA and equivalent bodies' publications are reviewed and analysed. The business impact is summarised and shared with the senior team and where appropriate plans are drafted to drive the change required within legislation deadlines.

Conduct Risk

Conduct risk has been defined as risks arising from the Company's conduct in direct relationships with commercial customers, or indirect relationship with customers via Brokers or Claims Suppliers. This also includes Claims suppliers and Broker Schemes with Delegated Authority.

Strategic Report for the year ended 31 March 2020 (continued)
Financial Risk Management (continued)

Our code of conduct is "We will always aim to treat people with honesty and integrity, putting the interests of our customers first".

On a regular basis the following reports are considered and challenged from a customer perspective;

- Complaints Analysis is reported at the end of the previous month.
- The Conduct Risk Dashboard is updated Quarterly and reports on a number of agreed Conduct Risk areas.
- The Conduct Risk Framework is RAG rated on a monthly basis by the Senior Management Team.

Financial Risk

Financial risk includes liquidity risk, interest rate risk and currency risk.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The primary liquidity risk of the company is the obligation to pay insurers. All insurance related monies are held in designated client bank accounts for the sole benefit of the relevant insurers.

Regular forecasts are performed to ensure that the company maintains an appropriate level of liquidity.

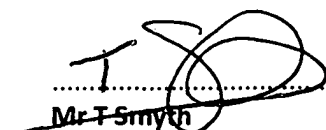
Cyber Risk

The risks and opportunities which digital technologies, devices and media bring us are manifest. Cyber risk is never a matter purely for the IT team, although they clearly play a vital role. An organisation's risk management function needs a thorough understanding of the constantly evolving risks as well as the practical tools and techniques available to address them.

Key performance indicators

Financial key performance indicators include turnover (2020: £217,605, 2019 unaudited: £324,571) and operating loss before depreciation, amortisation and exceptional items (2020: loss of £263,192, 2019 unaudited: loss of £769,533). Non-financial key performance indicators are focused on customer outcomes, conduct risk and operational effectiveness. These are monitored on a regular basis by management and form part of the monthly reporting cycle.

Approved by the Board and signed on its behalf by:


.....
Mr T Smyth

Director

Date: 23 April 2021

Directors' Report for the year ended 31 March 2020

The director presents his report and the audited financial statements for the period ended 31 March 2020.

Dividends

During the year no dividends were paid. The director does not recommend payment of a final dividend for the year ended 31 March 2020 (2019: nil).

Directors

Directors of the company who were in office during the period and up to the date of signing the financial statements were:

Mr T Smyth

Mr G M Aguilar-Millan (Resigned 1 May 2020)

Mr R M Skingle (Appointed 14 November 2019; Resigned 27 February 2020)

Qualifying third-party indemnity provisions

The director is protected by an indemnity insurance provision as defined by Section 234 of the Companies Act 2006. The indemnity cover has been in place for the period covered by these financial statements and ongoing from the date of approval of the directors report.

Employees

The company's employees represent a wide variety of skills and abilities. The director endeavours to provide training, safe and pleasant working conditions, good communication and teamwork, and a sense of pride and purpose that enables each individual to flourish. Recruitment and promotion is undertaken without prejudice to age, sex or race and, in particular, the company recognises the contribution which can be made by disabled employees and gives them consideration for employment equal to that of the able-bodied, taking account of job requirements and the practical accommodations which can be made.

Statement of disclosure of information to auditors

At the date of approval of this report, the director confirmed that there is no relevant audit information of which the company's auditors are unaware. The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The company has elected to dispense with the requirement to hold an Annual General Meeting and reappoint auditors annually. Accordingly, PricewaterhouseCoopers LLP, having indicated their willingness to do so, will continue as the company's auditors.

Directors' Report for the year ended 31 March 2020 (continued)**Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

The directors are 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.

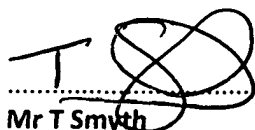
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Approved by the Board and signed on its behalf by:



.....

Mr T Smyth
Director

Date: 23 April 2021

Independent auditors' report to the members of One Commercial Specialty Limited (formerly known as Precision Underwriting (UK) Limited)

Report on the audit of the financial statements

Opinion

In our opinion, One Commercial Specialty Limited (formerly known as Precision Underwriting (UK) Limited)'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2020; statement of comprehensive income, statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

With respect to the Strategic Report and Directors' Report for the year ended 31 March 2020, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report for the year ended 31 March 2020.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the year ended 31 March 2019, forming the corresponding figures of the financial statements for the year ended 31 March 2020, are unaudited.



Sean Forster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 April 2021

**Statement of Comprehensive Income
for the year ended 31 March 2020**

	Note	Year ended 31 March 2020 £	Continuing Operations (unaudited) 2019 £	Discontinued Operations (Unaudited) 2019 £	Year ended 31 March 2019 (unaudited) £
Turnover	4	217,605	74,070	250,501	324,571
Administrative expenses		(495,639)	(250,535)	(270,055)	(520,590)
Exceptional other (loss)/income	10	(159,743)	-	898,195	898,195
Operating (loss)/profit	5	(437,777)	(176,465)	878,641	702,176
Interest receivable and similar income	7	-	25	-	25
Interest payable and similar charges	8	-	(2,022)	-	(2,022)
(Loss)/Profit before tax		(437,777)	(178,462)	878,641	700,179
Tax credit on (Loss)/Profit	9	82,379	44,828	-	44,828
(Loss)/profit for the financial year		(355,398)	(133,634)	878,641	745,007

The notes to the financial statements on pages 13 to 23 form an integral part of these financial statements.

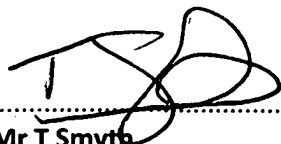
All activities derive from continuing operations and there were no gains or losses other than those reflected above and therefore no separate statement of the comprehensive income has been presented.

Statement of Financial Position
As at 31 March 2020

	Note	As at 31 March 2020 £	As at 31 March 2019 (unaudited) £
Fixed assets			
Tangible assets	11	2,676	1,606
Intangible assets	12	3,701	-
		<u>6,377</u>	<u>1,606</u>
Current assets			
Debtors	13	260,671	234,690
Cash at bank and in hand	14	7,109	39,219
		<u>267,780</u>	<u>273,909</u>
Creditors: amounts falling due within one year	15	<u>(1,050,323)</u>	<u>(696,283)</u>
Net current liabilities		<u>(782,543)</u>	<u>(422,374)</u>
Total assets less current liabilities		<u>(776,166)</u>	<u>(420,768)</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Share premium account	17	5,927	5,927
Other reserves	18	928,750	928,750
Profit and Loss account		(1,711,843)	(1,356,445)
Total shareholders' funds		<u>(776,166)</u>	<u>(420,768)</u>

The notes to the financial statements on pages 13 to 23 form an integral part of these financial statements.

The financial statements on pages 10 to 23 were authorised for issue by the board of directors on 23 April 2021 and were signed on its behalf by;



 Mr T Smyth
 Director

One Commercial Specialty Limited
 Company registration number: 07889205

**Statement of changes in equity
for the year ended 31 March 2020**

	Note	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total Shareholders funds £
Balance as at 1 April 2018		1,000	5,927	928,750	(2,101,452)	(1,165,775)
Profit for the financial period		-	-	-	745,007	745,007
Balance as at 31 March 2019		1,000	5,927	928,750	(1,356,445)	(420,768)
Balance as at 1 April 2019		1,000	5,927	928,750	(1,356,445)	(420,768)
Loss for the financial period		-	-	-	(355,398)	(355,398)
Balance as at 31 March 2020		1,000	5,927	928,750	(1,711,843)	(776,166)

Notes to the Financial Statements for the year ended 31 March 2020**1. General information**

One Commercial Specialty Limited (the 'company') is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 3.1 Carrwood Park, Selby Road, Swillington Common, Leeds, LS15 4LG. On 1 May 2019, the Company changed its name from Precision Underwriting (UK) Limited to One Commercial Specialty Limited.

2. Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

These financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going Concern

Primary Group (UK) Limited, who is a related party and fellow subsidiary of Primary Group Holdings 1 Limited, has confirmed its commitment to maintain financial support, indicating its intention to support the company for at least the next twelve months from the approval of the financial statements by providing or procuring such finance as is necessary in order that the company is able to meet its obligations as and when they fall due. Accordingly, the director believes that the preparation of the financial statements on the going concern basis is appropriate.

Insurance Balances

Insurance balances, being amounts receivable from policyholders in respect of net written premiums ("NWP") and payable to the insurer and insurance monies held in designated insurance money accounts are only recognised to the extent that the company retains the risks and rewards of ownership. Following consideration by management, amounts receivable from the policy holder in respect of net written premiums ('NWP') and payable to the insurer are not included as an asset or liability as they do not meet the criteria for recognition of a financial asset or liability. In addition, insurance monies held in designated insurance money accounts are not recognised on the balance sheet as the Group is not legally entitled to these funds.

Turnover

The Company generates revenue principally from commissions and fees associated with operating as an insurance underwriting agent. Revenues from brokerage, commissions and fees from insurance intermediary businesses are recognised when the policy is inception. Any amendments to policies are recognised on the transactions date, whether resulting from additional premiums, cancellation, or return premium.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Called up share capital represents the nominal value of shares that have been issued. Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Notes to the Financial Statements for the period ended 31 March 2020 (continued)**3. Accounting policies (continued)****Depreciation & amortisation**

Fixed assets are written off on a straight-line basis over their estimated useful lives being 4 years or for leasehold Improvements; period of the lease.

Exceptional Items

Exceptional items include gains and losses from significant non-routine transactions. The Company policy is to present these separately in the primary statements with additional explanation in the notes to the financial statements.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. Amortisation is calculated, using a straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

Financial instruments

The company has chosen to adopt section 11 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised costs, using the effective interest rate method.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**3. Accounting policies (continued)****Financial instruments (continued)**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, this is when the contractual obligation is discharged, cancelled or expires.

Operating Leases

Rentals payable under operating leases, which are those in which a significant proportion of the risks and rewards of ownership are retained by the lessor, are charged on a straight-line basis over the term of the lease.

Taxation

Taxation for the year comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

(ii) Deferred tax

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

Pensions

The company operates non-contributory defined contribution grouped personal pension plans covering the majority of permanent employees where subsidiaries have elected to participate. The assets of the plans are held separately from those of the group in independently administered funds for individual members of staff. The plans are funded by contributions that are charged to the profit and loss account as incurred in accordance with the employment contract of each director or employee.

Exemptions for qualifying entities under FRS 102

One Commercial Specialty Limited's accounts are consolidated into RCHL Group Limited's financial statements (being the parent company of the Group). Those consolidated accounts can be obtained from 3.1 Carrwood Park, Selby Road, Leeds, LS15 4LG. FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**3. Accounting policies (continued)****Exemptions for qualifying entities under FRS 102 (continued)**

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, required under FRS 102 paragraph 3.17(d) on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the parent company RCHL Group Limited, includes the Company's cash flows;
- (ii) from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited, under FRS 102 paragraph 33.1(a);

Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There were no significant accounting estimates and judgements in the year ending 31 March 2020.

4. Turnover

All turnover and loss on ordinary activities before taxation is derived from the company's principal activities of an underwriting agency within the United Kingdom.

5. Operating profit

Operating profit is stated after charging:

	31 March 2020 £	31 March 2019 £
Deferred consideration write off (see note 10)	173,738	-
Operating lease payments	20,400	20,400
Audit and accountancy fees	1,986	4,850
Management recharges	<u>139,596</u>	<u>-</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**6. Employee Costs**

Employee costs for the company were as follows:

	31 March 2020	31 March 2019
	£	£
Wages and salaries	283,634	242,700
Social security costs	32,627	27,750
Other pension costs	25,301	25,901
	<u>341,562</u>	<u>296,351</u>

The monthly average number of persons employed by the company during the period was:

	2020 No.	2019 No.
Distribution	<u>5</u>	<u>5</u>

7. Interest receivable and similar income

	31 March 2020	31 March 2019
	£	£
Bank interest receivable	<u>-</u>	<u>25</u>
	<u>-</u>	<u>25</u>

8. Interest payable and similar expenses

	31 March 2020	31 March 2019
	£	£
Other loan interest payable	<u>-</u>	<u>2,022</u>
	<u>-</u>	<u>2,022</u>

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**9. Tax on profit/(loss)****(a) Analysis of charge/(credit) in the period**

	31 March 2020 £	31 March 2019 £
Current tax:		
Based on the profit/(loss) for the year at 19% 2019:19%)		
Group relief	<u>(95,850)</u>	<u>(31,357)</u>
Deferred tax:		
Deferred tax charge/(credit) for the year (note 9(d))	<u>3,482</u>	<u>(13,471)</u>
Adjustments in respect of previous years	<u>9,989</u>	<u>-</u>
Total tax credit for the year	<u>(82,379)</u>	<u>(44,828)</u>

(b) Reconciliation of total tax credit

The tax assessed for the period differs (2019: differs) from the standard rate of corporation tax in the UK at 19%. (2019: 19%)

The differences are explained below:

	31 March 2020 £	31 March 2019 £
Profit/(loss) before tax	<u>(437,777)</u>	<u>700,179</u>
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2019:19%)	(83,178)	133,034
<u>Effects of:</u>		
Permanent Differences	(9,190)	(30,726)
Unrecognized deferred tax and deferred tax of group transfer of assets	-	(157,682)
Adjustment to tax in respect of prior periods – group relief	-	23,507
Adjustment to tax in respect of prior periods – deferred tax	9,989	(13,015)
Remeasurement of deferred tax – change in tax rates	<u>-</u>	<u>54</u>
Total tax credit for the year Note 9 (a)	<u>(82,379)</u>	<u>(44,828)</u>

(c) Tax rate change

Finance Act 2016 reduced the main rate to 17% from 1 April 2020. A repeal of the reduction to 17% was substantively enacted through the Budget resolution passed on 17 March 2020. The deferred tax assets and liabilities reflect the above substantively enacted rates as at the balance sheet date.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**9. Tax on profit/(loss) (continued)****(d) Deferred tax asset**

	31 March 2020 £	31 March 2019 £
Accelerated capital allowances	8,886	9,566
Other timing differences	2,688	3,905
Carried forward tax losses	(11,574)	-
Undiscounted deferred tax asset	<u>-</u>	<u>13,471</u>
	31 March 2020 £	31 March 2019 £
Deferred tax asset at the start of the year	13,471	-
Deferred tax credit in profit and loss account for the year (Note 8a)	(3,482)	13,471
Prior year adjustment	(9,989)	-
Deferred tax asset at the end of the year (Note 9 (a))	<u>-</u>	<u>13,471</u>

Deferred tax is calculated on temporary differences under the liability method using the rate of 19% (2019: 17%).

There is an unrecognized deferred tax asset of £348,726 (2019: £nil) in respect of carried forward tax losses and accelerated capital allowances.

10. Exceptional Items

	2020 £	2019 (unaudited) £
Disposal of PPC book of business	(159,743)	960,445
Termination payments	-	(62,250)
	<u>(159,743)</u>	<u>898,195</u>

In the year ended 31 March 2019, Precision Private Clients (a trading branch of One Commercial Specialty, formerly known as Precision Underwriting (UK) Limited) was sold. The gain on sale of the assets has been recognised in the Profit & Loss account (2019: £898,195), with the remaining deferred consideration on the sale (2020: £159,743) being written off in the year.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**11. Tangible assets**

	Computer equipment £	Total £
Cost		
As at 1 April 2019 (unaudited)	3,937	3,937
Additions	1,918	1,918
As at 31 March 2020	5,855	5,855
Accumulated depreciation		
As at 1 April 2019 (unaudited)	2,331	2,331
Charge for the period	848	848
As at 31 March 2020	3,179	3,179
Net book value		
As at 31 March 2019 (unaudited)	1,606	1,606
As at 31 March 2020	2,676	2,676

12. Intangible assets

	Software £	Total £
Cost		
As at 1 April 2019 (unaudited)	567,752	567,752
Additions	3,701	3,701
As at 31 March 2020	571,453	571,453
Accumulated amortisation		
As at 1 April 2019 (unaudited)	567,752	567,752
Charge for the period	-	-
As at 31 March 2020	567,752	567,752
Net book value		
As at 31 March 2019 (unaudited)	-	-
As at 31 March 2020	3,701	3,701

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**13. Debtors**

	2020	2019 (unaudited)
	£	£
Commission	48,333	22,686
Deferred taxation	-	13,471
Amounts due from group undertakings	95,850	-
Other Debtors	116,488	198,533
	<u>260,671</u>	<u>234,690</u>

Commission represents premiums due from policy holders in each case collected on behalf of the principal and passed on to the policy holder or underwriter after deduction of any commissions or other sums due to third parties or the group. Insurance bordereaux have been offset against the insurance creditor to which they relate as permitted by accounting standards.

14. Cash at bank and in hand

The cash at bank and in hand balance of £7,109 (2019: £39,219), represents an amount of commission income collected and office account cash.

£314,184 (2019: £56,738) is held in designated underwriter accounts under risk transfer agreements with the relevant insurers and the cash legally cannot be used for any other purpose than settlement of claims to policy holders, pay premiums to underwriters and commissions and other income to group undertakings. These balances have not been recognized on the Statement of Financial Position in full due to their nature as they do not meet the criteria for recognition of a financial asset under FRS 102.

15. Creditors: amounts falling due within one year

	2020	2019 (unaudited)
	£	£
Trade creditors	775	2,892
Amounts owed to group undertakings	976,083	625,474
Other creditors	14,723	20,875
Other taxation and social security	51,155	37,751
Accruals and deferred income	7,587	9,291
	<u>1,050,323</u>	<u>696,283</u>

16. Called up Share capital

	2020	2019 (unaudited)
	£	£
Allotted, called up and fully paid	1,000	1,000

1,000 (2019: 1,000) Ordinary shares of £1 each

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**17. Share premium account**

	2020	2019 (unaudited)
	£	£
Share premium account	<u>5,927</u>	<u>5,927</u>

18. Other reserves

	2020	2019 (unaudited)
	£	£
Other reserves	<u>928,750</u>	<u>928,750</u>

Other reserves include a capital contribution received from Primary Group under a sales and purchase agreement dated September 2013.

19. Pension commitments

The company operates non-contributory defined contribution personal pension plans. The assets of the plans are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the company to the plans and the amount contributed during the year to 31 March 2020 was £25,301 (2019 unaudited: £25,901).

20. Commitments under operating leases

As at 31 March the company had land and buildings non-cancellable operating lease commitments as follows:

	2020	2019 (unaudited)
	£	£
No later than one year	10,200	20,400
Between 2 – 5 years	<u>-</u>	<u>10,200</u>

21. Related party disclosures

As permitted under FRS 102 paragraph 33.1(a), transactions between group companies which are wholly owned have not been disclosed.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**22. Ultimate parent undertaking**

The immediate parent undertaking is Precision Partnership Limited. RCHL Group Limited is the largest group of undertakings to consolidate these financial statements. The registered address of RCHL Group Limited is 3.1 Carrwood Park, Selby Road, Swillington Common, Leeds, LS15 4LG.

- The ultimate holding company at the date on which the financial statements were approved was Primary Group Holdings 1 Limited, a company incorporated in Bermuda.

In the opinion of the director, at the date on which the financial statements were approved, the ultimate controlling party is Mr PWH James.