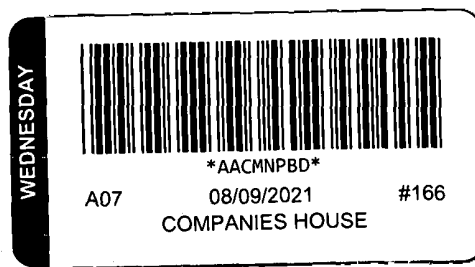


EUI LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2020



EUI LIMITED

Company Information

Directors	A M Crossley (Chair) S M Gilbert (appointed 22 February 2021) A Hargreaves (appointed 26 January 2020) H C Molyneux M C Nestares-Lopez T M Scott R I L Townend (appointed 26 November 2020)
Company secretary	D J Caunt
Registered number	02686904
Registered office	Ty Admiral David Street Cardiff CF10 2EH
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

EUI LIMITED

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EUI LIMITED

Strategic Report For the Year Ended 31 December 2020

Introduction

EUI Limited ("the Company") is a privately owned company limited by shares operating as an authorised intermediary for general insurance business. It sells and administers private car, household, van and travel insurance and related products. It principally operates in the UK, with additional operations in Canada and India. The Company is a subsidiary of Admiral Group plc ("the Group"), a company listed on the London Stock Exchange. The Company is able to generate profit via profit commissions received from the panel of insurers which underwrite the insurance generated (dependent on the level of underwriting profitability) and also through sales of additional products and services alongside the core insurance products.

Business review

EUI Limited's business continued its growth during the period, with total customers across all business lines increasing from 5.47 million to 5.91 million, which drove an overall improvement in the Company's performance. Most of the Company's revenue comes from the sale of motor insurance policies, which grew strongly by 9% in the year (2019: 1%).

Total profit before tax increased to £471.5 million (2019: £377.2 million) driven by a resilient trading performance combined with lower claims frequency and generally positive development of prior year loss ratios. The uncertainty created by the pandemic and changes to driving behaviour led to the UK providing a customer refund and premium discounts that will continue to benefit our customers during 2021. Changes in the Company's co-insurance arrangements with other Group entities resulted in a £27 million increase in instalment income, which also saw underlying growth due to the continuing trend of more customers choosing to pay premiums by instalment.

Profit after tax also increased but by a smaller magnitude because of a relatively higher tax charge. This higher tax charge is discussed in further detail later in the Strategic Report and note 25.

The Company generates a large share of its revenues from products related to motor insurance. Examples of such services include breakdown cover, administration and cancellation fees, instalment fee income and non-fault claims income. Contribution from these business lines fell to £147.6 million (2019: £148.6 million). This reduction was driven by a fall in referral fee income. Administration fees also fell due to more customers choosing to service their accounts digitally.

Household insurance has continued to grow strongly in 2020, with strong customer retention driving a 15% increase (2019: 16% increase) in the number of households insured to 1.16 million (2019: 1.01 million). The Company's focus on underwriting discipline meant that most of the household claims were ceded to co-insurers and as a result Household's result was an improvement on 2019.

Key performance indicators

In addition to the Company's income statement results, the Directors monitor the performance of the Company based on growth in customer numbers (all product lines), channel delivery efficiency, expense ratio and growth as key performance indicators.

Customer numbers increased by 8% during the period due to continued growth in the number of written insurance policies across all business lines. The number of UK Household customers increased by 15% during the year, continuing its strong performance. The Company plans to continue investing in future business to continue improvement in these key performance metrics.

The Company's profit before tax has increased by 25% due to this increase in customer numbers, increases in profit commission and instalment income growth.

PDCF adjustment

Post year-end the terms between the Company and Admiral Insurance Gibraltar Limited in respect of the UK car insurance business were amended which resulted in retrospective adjustments to the Company's Statement of

EUI LIMITED

**Strategic Report
For the Year Ended 31 December 2020**

Comprehensive Income. As a result, HMRC requested that these retrospective adjustments be reflected in the reopened 2019 tax computations. This has resulted in a £3.6 million tax adjustment in respect of the prior period for the Company in this year's computation. More information can be found in note 10 and note 25.

Section 172 statement

The Company Directors, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006. In summary, the Act details how a Company Director must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to the likely consequences of any decisions in the long-term, and the interests of the company's employees, communities, stakeholders, external partners and the environment.

Many of the decisions and the strategy of the Company and the Company's Board are taken with regard to the Group's business model, strategy and decisions and the way in which the Group engages with these stakeholders is set out in the Admiral Group plc annual report, on pages 82 – 84.

The Board considers the key issues on its agenda that are discussed on a recurring basis, the presentations and workshops that are held in relation to different business areas and priorities and any other items of importance when identifying the key stakeholders which are most critical to its operations. As a result, it has concluded that its customers, employees, communities, external partners, shareholder and fellow subsidiaries, and our environment are of the most critical strategic importance to its operations

The sections below highlight the interests of our key stakeholders, our engagement methods and examples of actions taken during the year. We also share how we measure our approach to incorporating stakeholders in decision making and show how our purpose ultimately benefits our key stakeholders.

Our customers

Customers are at the heart of our business operations, and we are committed to providing them with good value products, with excellent and convenient service. We believe that these are also the key material issues for our customers, but they also expect fair and reasonable treatment.

The Board recognises the growing trend in digital and automation capabilities across the financial services sector and is taking steps to prepare the Company for long term success in a digital world.

We engage with our customers through:

- Our customer service teams.
- Our new business and renewals teams.
- Our claims teams.
- Our complaints teams.
- Customer feedback.
- Customer focus groups.
- Direct conversations.
- Social media.

The Board receives updates on the treatment of existing customers, and on ensuring fair outcomes throughout the customer journey. The Board receives customer and employee feedback which then helps shape strategic decisions, including plans for future product diversification and continued digital investment.

Actions taken in 2020

- Due to the lockdowns put in place to combat Covid-19, customers drove less. To recognise this and the challenging economic conditions customers were confronting, we returned £25 per vehicle in excess premium as part of our Stay-at-Home refund. The total premium refund issued to UK motor insurance customers was £110m.

EUI LIMITED

Strategic Report For the Year Ended 31 December 2020

- We supported NHS and emergency workers by waiving excess motor fees and by giving them free courtesy vehicles where theirs were off the road to allow them to continue serving the public during the pandemic.
- Admiral remained flexible with customers struggling to make monthly payments by extending cancellation and fee free periods.
- We continued investment in modern technology to better serve our customers.
- We have revised and updated our Vulnerable Customers Policy.
- EUI continued to discuss the handling of customer data. The Company considered the creation of a personal data ethics policy and updating privacy policies.

Monitoring

- We track and monitor our Net Promoter Score (NPS).
- We continually monitor customer satisfaction scores.
- We collect feedback and insight relating to our products and services from all of Admiral's customer facing teams.

Outcomes

- The Stay-at-Home refund was received positively by both customers and the media.
- Customer complaints dropped by 43%.
- NPS score improved by more than 5%.

Our employees

We are Wales' largest private sector employer and believe it is our responsibility to provide employment opportunities for those in the local area whilst training and developing our staff.

We are committed to promoting and recognising diversity both within Admiral, and in the communities in which we operate.

We believe that a happy workplace inspires employees to give that little bit extra. We want employee insights to continue influencing Board discussions and the decision-making process.

We perceive that the key material issues for our people generally relate to a friendly and productive workplace where staff are engaged, and where their views are heard and considered.

Our priorities are to ensure open lines of communication, fair treatment, opportunities for career progression, reward, and recognition.

We aim to retain our reputation as a desirable and attractive place for our people to work.

Staff are encouraged to engage across multiple channels including website chats and with in-person discussions. We also engage with staff via:

- 1:1 meetings with managers.
- Employee Consultation Group (ECG) meetings.
- Staff surveys.
- Feedback schemes such as 'Ask Milena' and 'Speak Up'.
- Participation in the Great Places to Work survey.
- The Group's Share Incentive Plan (SIP) and the Group's Discretionary Free Share Scheme (DFSS).

The Board receives updates relating to gender and diversity, and the maintenance of Admiral's corporate culture and values.

EUI LIMITED

Strategic Report For the Year Ended 31 December 2020

Actions taken in 2020

- We consulted with staff over our plans to return excess premium to customers, gathering 3,900 responses to determine the best course of action.
- EUI continued work and investigation into SMART Working to develop a flexible working environment whilst maintaining Admiral's core values and culture.
- The Company decided to award five days' extra holiday to staff to show appreciation for their efforts during the year.

Monitoring

- #3 Best Big Company to Work for UK in 2020.
- #4 Best Super Large Workplace in the UK by Great Places to Work.
- #5 Best Workplace for Women in the UK by Great Places to Work.
- EUI has set a target to recruit 40% women into executive positions, and management will be monitoring performance against this target.

Outcomes

- In a staff survey 96% of staff highlighted that they have enjoyed working from home in the pandemic.
- There has been a 30% fall in the number of leavers and a general reduction in staff attrition.

Our community

We perceive that the key material issues for our communities generally relate to support and ongoing dialogue, financial and resource-based contributions, and consistency and integrity relating to our promises.

Our employees drive our community engagement because they both nominate and choose which initiatives we support. We engage with communities in several ways, including:

- Partnerships with recruitment and educational bodies.
- Staff volunteering.
- Charity initiatives.
- Sponsorship of community events.
- Fundraising and funding projects through the Community Chest programme.

We also signed a pledge with Cardiff Commitment to help young people from various social backgrounds progress in education, employment, and training.

Actions taken in 2020

- Issued our Stay-at-Home refund, noting that at the time 36% of those surveyed by Consumer Intelligence said they were worried about being able to afford insurance premiums.
- We donated iPads to elderly people in care homes to allow them to see their families during the pandemic restrictions.
- We dedicated £6 million to the Admiral Support Fund to help those worst impacted by Covid-19 and from this donated £2 million to the Covid-19 Support Fund established by the insurance and long-term savings industry.

Monitoring

- Feedback from charities, recruitment, and educational bodies.
- Feedback from employees.
- Community feedback.
- Dialogue with organisations.
- Feedback from the Welsh Government.

EUI LIMITED

**Strategic Report
For the Year Ended 31 December 2020**

Outcomes

- Donated £100,000 to the Wales Coronavirus Resilience Fund.
- Donated £50,000 to local communities in South Wales affected by flooding in February 2020.
- We also had a Community Chest budget of £130,000 for the year, though we could not spend the total budget due to Covid-19 disruption. In the last ten years our total budget in the UK has amounted to £1.1 million.
- We created a Covid Support Fund of £6 million to help the community during the period. This was used to provide free iPads to those in care homes to speak with family, provide support to key workers and much more.

Our external partners

The Company's relationship with its co-insurers continues to be an integral part of the business model and plans.

Several major suppliers are deemed to be of strategic importance. We perceive that key material issues for our external partners generally relate to; being treated fairly during the sourcing stage, solid two-way communication channels, financial returns and timely financial payments, strong collaborative relationships and meeting our cybersecurity requirements.

Key parties have internal relationship managers responsible for ongoing dialogue, for example with co-insurance partners, price comparison websites and strategic partners.

The Company uses the Group's dedicated Regulatory Relationship team, which maintains channels of communication with the Financial Conduct Authority and the Prudential Regulation Authority in the UK.

The Board receives regular updates on:

- Matters relating to partnerships and opportunities.
- Relationships with key partners.
- Procurement efficiencies.
- Regulatory, technological and consumer trends.

The Board takes all updates into account when considering the long-term consequences of its strategies.

Actions taken in 2020

- The Board receives regular updates on its arrangements with its coinsurance partner Great Lakes.
- The Board approved a revised Modern Slavery Statement during the year.

Monitoring

- Feedback from co-insurance partner.
- Feedback from strategic suppliers and partners.
- Compliance and audit activities.
- Tracking of efficiency savings in procurement activities.

Outcomes

- The Board monitors announcements and developments by the UK government on matters of strategic interest.

Our compliance, audit, procurement, and due diligence frameworks outline our expectations for responsible business behaviour and provide insight into our culture and approach.

EUI LIMITED

Strategic Report For the Year Ended 31 December 2020

UK Coinsurance arrangements

During 2020, the Company's car insurance business continued to be underwritten on a proportional basis by co-insurers. Under these arrangements, Great Lakes Insurance SE assumed 30% (2019: 30%) of the risk underwritten, with Admiral Group subsidiaries Admiral Insurance (Gibraltar) Limited (AIGL) and Admiral Insurance Company Limited (AICL) assuming 62.5% and 7.5% of the risk respectively. These rates are consistent with prior periods.

The Company now trades through four main brands – Admiral, Bell, Diamond and elephant.co.uk. AIGL underwrites all household, van and travel insurance policies written within the UK. Previously the Veygo brand traded through the Company as well, however during 2021 this has now transferred to Able Limited as part of the Admiral Pioneer group.

Our shareholders and fellow subsidiaries

The Board engages regularly with the Admiral Group Board and fellow subsidiaries through frequent and open dialogue.

The key material issues for these stakeholders are the impact of decisions taken in relation to financial returns, and in particular distribution of dividends to the Group.

Actions taken in 2020

- We considered the reactions of Group shareholders when returning excess premium to customers instead of paying it out as a dividend. The Board decided that Admiral's long-term success depends on helping customers and the community, and that the Stay-at-Home refund will benefit shareholders in the long run.
- To mitigate against stress scenarios and ensure financial stability, the Board decided to retain more cash in the entity. This will help shareholders/fellow subsidiaries by ensuring protection of capital and continued dividends.
- To maintain business continuity in a changing regulatory environment due to Brexit, we transferred ownership of Admiral Intermediary Services to Admiral Group plc. More information on this transaction can be found in Note 14.

Monitoring

- Any matters referred from other subsidiaries or the Group are a standing item on the Board's agenda and are discussed and monitored as appropriate.

Outcomes

- The Board approved dividends made during the year, considering regulatory capital requirements and cash availability.

Our environment

The Board is aware that it is increasingly important to demonstrate awareness of how our business behaviours affect the environment. We believe the key material issues with respect to our environment are our progress in reducing our carbon footprint and the sharing of best practices in doing so and the creation of a sustainable business for the future.

We aim to reduce our environmental footprint and encourage responsible behaviour. Employee directed activities include:

- Regular updates from the 'Green Team', an internal working group.

EUI LIMITED

**Strategic Report
For the Year Ended 31 December 2020**

- Internal promotion of 'Green Week'.
- Various recycling initiatives across our offices.
- Cycle to work scheme for employees.
- Monthly meetings of our Climate Change Project Group.

At Board level Directors are kept up to date with UK initiatives on ESG matters.

Actions taken in 2020

- A Climate Change Related Risks Project continued to research trends and understand the risks posed by climate change.
- We contracted a third-party to validate our 2019 carbon emissions data for the first time and purchased carbon credits to offset these emissions.

Monitoring

- Our facilities team measures and monitors environmental performance data and regularly reviews progress.
- Our Cardiff and Newport offices are rated BREEAM Excellent for exceeding sustainability benchmarks above regulatory requirements.

Outcomes

- We successfully reduced our CO₂e emissions by 42%.
- We continued our ongoing improvements in recycling and energy usage.
- Increased awareness and understanding of environmentally responsible behaviour among our employees.

Principal risks and uncertainties

The Group Risk Committee and Group risk function undertake a regular and robust assessment of the principal and emerging risks facing the Group. The Board uses this to inform its assessment of the risk facing the Company.

There are several risks and uncertainties which could affect the results and financial position of the Company in the foreseeable future, including (but not limited to):

- Claims shocks in the UK business, harming profit commission. Such shocks could arise from man-made catastrophes or adverse weather events, which could increase in frequency due to the impacts of climate change. Claims costs may also increase, due to bodily injury claims increases resulting from changes in Ogden rates or increased levels of Periodic Payment Orders. An experience and focussed management team closely monitor claims with a data-driven and analytical approach to mitigate this risk. The Company also monitors the impact arising from climate risk. Additionally, the Group has a conservative reserving policy, holding a large margin in its claims reserves above that required by actuarially determined best estimates to cover adverse developments and exceptionally large claims.
- Erosion of the competitive advantage in UK car insurance, which could be exacerbated by irrational competitor pricing and/or new technologies used within the insurance market, which would harm profit commissions. The Company mitigates this risk by focussing on creating a low-cost infrastructure that is innovative and flexible, allowing the business to respond rapidly to changes in market conditions.

EUI LIMITED

**Strategic Report
For the Year Ended 31 December 2020**

- A reduction in business obtained from UK comparison websites, which would lead to a reduction in new business volumes that would particularly harm UK motor insurance performance. The Company mitigates this risk by maintaining a strong brand presence, whilst continuing to invest in its development of direct channels.
- Counterparty/credit risk because of potential reinsurer defaults, or the failure of a banking or investment counterparty. This would lead to losses and potentially disrupt the Company's liquidity. To mitigate this the Company deals only with organisations with appropriate financial strength. The Company also diversifies its holdings of financial assets across a range of high-quality counterparties and regularly performs analyses of its counterparty exposure.
- Regulatory or legal changes impacting the level of ancillary and other revenue, which would reduce profits. The Company constantly evaluates its products for value and their fit for customer needs. The Company has diversified away from reliance on a single revenue stream and will continue to do so by exploring new insurance markets. This would mitigate the impact of a regulatory change which might affect a particular product or income stream.
- Operational risks, including those related to processes, systems, legal and regulatory requirements. The Company has a wide range of mitigating structures to address these risks, including high quality, motivated employees, appropriate internal review and controls and a strong risk management framework.
- Legal and regulatory risk arising from potential failures in the Company's compliance with legal or regulatory requirements. This would expose the company to fines or other sanctions imposed by regulators. The Company mitigates this risk by regular review of its compliance with current and proposed regulation. External reviews and benchmarking exercises further aid the Company in maintaining ongoing regulatory compliance.
- Failure of the Company's diversification strategy. The Company continues to develop its Household and other insurance businesses, and any one of these may fail to become a sustainable business. Conversely, high growth in developing businesses could place stress on the organisation and lead to higher than planned losses and distraction of management. This could threaten the Company's objective to continue diversifying its portfolio of insurance businesses.

More information can be found on the Company's principal risks and uncertainties on pages 85 – 90 of the Admiral Group plc Annual Report.

Covid-19 impact

The Covid-19 ('Covid') pandemic impacted all operations during 2020. Claims frequencies in the UK fell sharply as early lockdown restrictions resulted in fewer miles driven by customers. To mitigate the risk to Admiral's travel business, sales of travel insurance policies were paused in the first half before cautiously starting to write new policies in the latter part of the year.

Covid-19 has not introduced any new principal risks into the business but has instead acted as a driver of existing principal and emerging risks. The pandemic initially increased operational risk due to the move to working from home, with related increases in IT, change and security risks. Declining markets and increased volatility increased market risk and the economic impact of the pandemic increased credit risk.

During the initial months of the pandemic the Company monitored the operational impacts of the pandemic, as well as performing business plan reforecasting and monitoring of solvency and liquidity metrics.

EUI LIMITED

**Strategic Report
For the Year Ended 31 December 2020**

Admiral has maintained a commitment to supporting customers, staff, emergency workers and local communities during the Covid-19 pandemic, taking several steps and adapting to each market context. These include:

- **Customer initiatives:** Admiral supported customers through relaxed payment terms, reduced/waived administration fees, premium rate reductions, and providing extra support for emergency workers. Admiral also announced a £110 million Stay at Home premium refund for all existing UK motor insurance customers, which amounted to £25 per vehicle on cover.
- **Staff initiatives:** The safety of staff remains of vital importance and many employees already worked from home before the government announced its lockdown measures. We implemented other initiatives to help staff working from home, such as by providing extra equipment and providing support for wellbeing and mental health. We monitor staff engagement levels regularly, and these remain high. All employees were paid their full salaries, no staff were furloughed and no support has been sought or received from government schemes.
- **Community initiatives:** Admiral has supported local communities across our global operations through donations and volunteering. Admiral set up a £6 million fund to support charities and communities, with staff being involved in deciding how these funds got allocated.

Objectives and policies for mitigating financial risks

The Company's activities expose it primarily to financial risks of credit risk and liquidity risk.

Credit risk

The Company defines credit risk as the risk of loss if another party fails to perform its obligations. The Company's key exposure to credit risk arises from its holdings of bank deposits and amounts due from its underwriting partners.

To mitigate the risk on bank deposits, the Company places cash balances and deposits only with highly rated credit institutions. The Company reviews the creditworthiness of potential underwriting partners prior to their acceptance as such. Their integrity and creditworthiness is regularly reviewed.

Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient available financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost. The Company's primary liquidity risk arises from amounts owed to group undertakings, which have no fixed repayment terms. The group undertakings are not seeking recovery of the intercompany payables that are due.

Post balance sheet events

On 15 April 2021 the Company signed revised Binding Authority Agreements ("BAAs") in relation to its UK car insurance business and UK commercial van insurance business with Admiral Insurance (Gibraltar) Limited, an Admiral Group plc company, whereby EUI renegotiated the terms of its current BAAs. The Board approved these changes on 25 March 2021.

The UK car insurance BAA amendment resulted in amendments to the instalment fee income and profit commission for the 2020 underwriting year.

The UK commercial van insurance BAA amendment resulted in a change to the profit commission calculation for the 2020 underwriting year onwards.

EUI LIMITED

**Strategic Report
For the Year Ended 31 December 2020**

The renegotiated BAAs have been treated as adjusting events after the reporting period and have been appropriately reflected in this set of financial statements. From 2020 onwards EUI retains a higher proportion of the instalment income which was previously ceded to other Group entities, this increased EUI instalment income by £27 million in 2020. Additionally, these adjustments resulted in an increase to instalment income of £27 million, and further reduced profit commission by £35.0 million with a corresponding reduction in the tax charge of £3.6 million.

Post year end the UK government announced that the whiplash reforms formulated in the Civil Liability Act 2018 would be implemented from 31 May 2021. The implementation of these reforms is not expected to have a material impact on the Company.

On 15 February 2021 an interim dividend was declared and approved by the Board of Directors in respect of the financial year ended 31 December 2021

Furthermore, on 1 January 2021 the Company transferred the Veygo business to fellow Group subsidiary Able Limited. Veygo is a new venture offering specialised insurance for learner drivers and is not material to the Company's financial statements.

This report was approved by the board and signed on its behalf on 2 July 2021.

DocuSigned by:

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D J Caunt

EUI LIMITED

**Directors' Report
For the Year Ended 31 December 2020**

Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2020. Several disclosures required by Companies Act 2006 are included in the Strategic Report.

Results and dividends

The profit for the year after taxation amounted to £371.4 million (2019: £303.1 million).

During the year, the Company paid dividends totalling £310.0 million (2019: £295.0 million) to its parent company, Admiral Group plc. This consisted of £175.0 million declared on 27 February 2020 and a further £135.0 million declared on 6 August 2020. A further interim dividend of £220.0 million was declared on 15 February 2021 in respect of the financial year ended 31 December 2021.

Directors

The Directors who served during the year and up to the date of signing the financial statements were:

J H Armstrong (resigned 22 February 2021)
A M Crossley (Chair)
S M Gilbert (appointed 22 February 2021)
A Hargreaves (appointed 26 January 2020)
G A Jones (resigned 26 January 2020)
H C Molyneux
M C Nestares-Lopez
T M Scott
R I L Townend (appointed 26 November 2020)

Directors' interests in the ultimate holding Company, Admiral Group plc, are shown in that company's accounts. The Directors have no interest in the share capital of the Company.

Disclosure of information to the auditors

The Directors are not aware of any relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware. Each Director has taken the necessary steps to make themselves aware of any relevant audit information and to determine that the Company's auditor is appropriately informed.

Charitable and political donations

During the year the Company donated £6.0 million (2019: £345,000) to various local and national charities. The reason for the large increase on the prior year is due to the additional support the Company provided to the community during the pandemic

The Company has never made political donations.

Future developments

In future, we expect to continue to take advantage of growth opportunities where the market conditions are right, particularly by selling more multi-cover policies, and by focussing on the customer experience to constantly improve customer retention. We will continue to identify and develop new products for customers that add value and take advantage of new technologies to improve our customers' experience including enhanced digital and

EUI LIMITED

**Directors' Report
For the Year Ended 31 December 2020**

self-service offerings.

Following the sale of the Group's comparison businesses, the Company agreed to acquire certain assets and liabilities (including the transfer of employees) from Inspop.com's Indian branch. The assets and liabilities purchased will continue to provide IT services to the Company and the wider Group. The purchase was completed on 17th March 2021.

The underwriting arrangements for the UK motor, household and travel businesses will continue to be underwritten on the same basis as in 2020 subject to changes in the profit commission terms.

Research and development activities

The Company continues to invest in research and development activities to enhance its internal IT infrastructure, as well as improving the services offered to customers.

Financial instruments

The Company entered into several forward contract agreements to mitigate against foreign exchange fluctuations. These agreements had all been settled before the balance sheet date with an immaterial realised loss recognised during the period.

Going concern

The Directors have considered the appropriateness of the going concern basis of preparation in these financial statements, as set out in note 1.3.

The Directors have considered a range of internal and market risks alongside the wider macro risks such as the ongoing Covid-19 pandemic. Stress and scenario testing has been applied to forecasts to address the potential impacts of these factors where considered appropriate.

Based on this consideration, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have reached this conclusion giving due consideration to the projected future performance of the Company and any potential risks that might impact the Company's liquidity and solvency arising from the ongoing Covid-19 pandemic.

Given the result of this assessment, the Directors are satisfied that the going concern basis of preparation is appropriate.

Employee involvement

The Company provides employees with regular information on its performance and other information that concerns them. It provides a forum through which employee representatives can give their views on all aspects of the Company.

Every employee is invited to attend an annual staff general meeting to achieve a common awareness throughout the Company of the financial and economic factors that affect the performance of the Company and the wider Admiral Group.

Further details on employee involvement are set out in the Section 172 statement in the Strategic Report.

EUI LIMITED

**Directors' Report
For the Year Ended 31 December 2020**

Disabled employees

In considering applications for employment from disabled people the Company seeks to ensure that fair consideration is given to the abilities and aptitudes of the applicant while having regard to the requirements of the job for which he or she has applied. Employees who become unable to carry out the job for which they were employed are given individual consideration and depending on the nature, severity and duration of the disability may be considered for alternative work, and the Company continues to train and encourage the career development of disabled persons in its employment.

Other business relationships

The Company continues to foster positive business relationships by doing the right thing by customers and suppliers. During the period the Company maintained relationships with strategic partners through internal relationship managers and ongoing dialogue. We also renewed and maintained key contracts for the business.

Streamlined Energy and Carbon Reporting (SECR)

The Directors present the carbon emissions data for EUI Limited below. The total energy consumption used to calculate this data is 12,551,317kWh. Further disclosures over the actions taken by the Directors to improve energy efficiency and the methodology to calculate the data below can be found in the Admiral Group plc Annual Report on pages 78-79.

Type Of Emission	2020 Total CO2e (ton)
Scope 1	
Company Van	127
Gas	422
Gas (Halifax)	5
Total Scope 1	554
Scope 2	
Purchased electricity (UK)	-
Purchased electricity (India)	82
Purchased electricity (Halifax)	206
Total Scope 2	288
Scope 3	
T&D - Electricity	182
T&D - Electricity (Halifax)	27
T&D - Electricity	39
Employee Business Travel	
Domestic flights, average class	1
Short-haul int. flight, average passenger (with RF)	4
Flights, long haul average passenger	37
Flights, long haul average passenger (Halifax)	39
Average car	9

EUI LIMITED

**Directors' Report
For the Year Ended 31 December 2020**

Regular taxi	4
National rail	7
Waste	
Mix recycling	1
Paper and board, paper	1
EfW	2
Water	
Water supply	8
Water treatment	16
Total Scope 3	374
	1,216
Geographical breakdown	
UK	680
India	387
Canada	150
Combined Total	1,216
CO2e per Employee	0.18

Auditor reappointment

Following an audit tender process performed at Group level, the Company has chosen to reappoint Deloitte to continue as the Company's independent auditor in the next financial year

Governance Statement

EUI Limited (EUI) is a large private company that has an obligation to file a corporate governance statement pursuant to The Companies (Miscellaneous Reporting) Regulations 2018. The Governance Statement must include an explanation of which corporate governance code the company applied during the financial year and, if the company departed from any corporate governance code, the ways in which it did so and its reasons for so departing.

Admiral Group plc (the Group), the parent company of EUI, applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 (the Code) during the year under review as set out in the Group's Annual Report 2020 (specifically in the Governance Report on pages 100 - 113):

https://admiralgroup.co.uk/sites/default/files_public/annual-report/2021/03/2020-full-year-results-annual-report.pdf

The Board of the Company has chosen to apply the Principles of the Code, as applied by the Group, as a guide for the Company's corporate governance framework. The Company complies with the relevant Principles of the Code, to the extent they are applicable to an unlisted entity, in the ways set out below.

The Board of the Company considers that the Principles of the Code as applied by the Company, provides a corporate governance framework that is appropriate to the business and complexity of the Company as a subsidiary of a listed entity.

EUI LIMITED

**Directors' Report
For the Year Ended 31 December 2020**

Corporate Governance Arrangements

The Board understands its responsibility for overseeing the long-term success of the Company and the benefits of establishing good governance standards that include "checks and balances" and which supports collective decision making. The Board manages the Company's business through well-defined board responsibilities, high levels of transparency and ethical business conduct that shows consideration in its decision making for employees, customers and wider stakeholders' interests.

The system of governance applied by EUI is outlined below.

The Code Principles	
1	Board Leadership and Company Purpose
A	<p>A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.</p> <p>The Company's governance framework enhances the Board's effectiveness by establishing accountability through clear roles and responsibilities and an appropriate division of authority and decision making between the Board, committees of the Board and the executive managers of the Company's business.</p> <p>As a regulated business, the Company Board is mindful that good governance and culture is important for reducing harm to consumers and for supporting the right behaviours that drive the success of the company for the benefit of its stakeholders in the long-term.</p> <p>The Company completed a full review of its governance arrangements in 2019, including all those related to EUI. This review has led to enhanced governance procedures and structures and ultimately to a more effective Board. The following new processes have been put in place to enhance the effectiveness of the Board:</p> <ul style="list-style-type: none"> • Regular NED only sessions ahead of every Board meeting. • Increased management information reporting to and from the Board to allow the Board to maintain oversight of responsibilities delegated, for example, to the Group Risk Committee. • Complete review of the Board terms of reference and the terms of reference of the EUI Board management committees. • Introduction of Board skills matrix and Board education planner for 2020 and beyond. • The recruitment of a fourth NED has been completed to enhance to breadth of experience and knowledge of the Board.

EUI LIMITED

Directors' Report
For the Year Ended 31 December 2020

		<ul style="list-style-type: none"> The creation of the new EUI Board Risk Customer and Conduct Committee ("EUI BRCCC")
B	<p>The Board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.</p>	<p>The Board establishes and maintains the Company's purpose, values and strategy within the parameters of the Group's strategy.</p> <p>The Company follows the Group's purpose, which is set out on page 4 of the Annual Report, is to "<i>Help more people to look after their future. Always striving for better, together</i>". More detail can be found on the Group's website at www.admiralgroup.co.uk.</p> <p>The Company's strategy, which is closely aligned with the Group strategy as set out on page 24 of the Annual Report, is highly focused on building customer-centric, sustainable businesses for the long-term. The strategy is divided between investing in:</p> <ul style="list-style-type: none"> Core positioning Core transformation Motor evolution Future business <p>Ensuring the Company is a great place to work is also an essential part of our strategy.</p> <p>The Board is responsible for ensuring these matters are communicated to and understood by EUI's employees.</p> <p>The s172 Statement above sets out the actions taken by the Company in 2020 in respect of its employees and explains how employee and culture metrics are monitored.</p> <p>The Board is committed to ensuring the highest possible standards of conduct across the business and has zero tolerance for financial, behavioural or any other conduct that does not meet the desired standards. The Directors have an open-door policy to encourage reporting of inappropriate conduct at the highest level.</p> <p>The Company ensures that employees feel comfortable raising any concerns and provides guidance on ways to report issues and assure employees that all concerns are dealt with seriously and if necessary, anonymously, under the Group Whistleblowing Policy.</p>
C	<p>The Board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable</p>	<p>The Group approves a Group risk appetite, within which the Company must manage its risk. The Board retains responsibility for risk oversight and relies on a system of internal and group functions and controls to identify, monitor and manage material risks to the business, including financial, operational, customer and conduct risks.</p>

EUI LIMITED

**Directors' Report
For the Year Ended 31 December 2020**

	<p>risk to be assessed and managed.</p>	<p>The Board receives regular updates from the EUI BRCCC and from the Company's four management committees (Customer and Conduct Committee, Risk Management Committee, Pricing and Product Committee, and Change Committee) regarding regulatory developments and interactions and other material issues relating to risk and compliance. The Board also receives regular risk updates (including updated risk registers), compliance and regulatory updates and internal audit reports from Group functions.</p> <p>The EUI BRCCC is a Board committee of the EUI Board and was formally constituted in December 2020. It has been delegated responsibility by the Board for the matters outlined within the EUI BRCCC terms of reference in relation to risk, compliance and customer conduct. The Board retains ultimate accountability for Company's principal risks and for the overall effectiveness of risk management arrangements.</p> <p>The EUI Risk Management Committee ("RMC") has oversight of the risks and policies associated with EUI's People Risk, Information Risk, Physical Security Risk, Outsourcing and Procurement Risk, Business Continuity Risk, Process Risk, Legal and Regulatory Risk and Expense Risk.</p> <p>The RMC is responsible for monitoring and providing information to the BRCCC which in turn reports to the Board. The RMC is also responsible for challenging and approving decisions within the control framework set out in Board approved policies.</p> <p>To measure performance, the Board receives regular finance, solvency, liquidity, operational, change and pricing updates from the Company's management and at Group level to the extent relevant to EUI. The Board approves the Company's budget and business plan on an annual basis.</p> <p>The EUI Board considers this information to be appropriate for it to assess and manage risks relating to the Company.</p>
D	<p>In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.</p>	<p>The BRCCC and the Board receive regular customer and conduct updates including the standing agenda item of the EUI Operational Report. The Company's Operational Report provides management information on customer feedback, customer satisfaction, customer complaints volumes and outcomes and call answer rates.</p> <p>The Company's Operational Report also provides management information on people (attrition, absence, headcount), staff feedback, culture and performance</p>

EUI LIMITED

**Directors' Report
For the Year Ended 31 December 2020**

		<p>metrics on information technology.</p> <p>The Board receives regular updates from the Admiral Employee Consultation Group ("ECG") which is a forum for staff to raise any issues to management.</p> <p>The Board receives updates on supplier partnerships and approves supplier contracts of certain values.</p> <p>The Board has one shareholder which is its parent Admiral Group plc. The Board gives due analysis and consideration to its shareholder, for example when deciding to declare a dividend. Please see the s172 Statement above for more information.</p>
E	<p>The Board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern</p>	<p>The Board receives regular management information on the implementation of workforce related policies and practices so that it can assess whether they are effective in promoting the Company's values and identify factors that may have negative implications for the Company's long-term success.</p> <p>The Board ensures that the Company's management team applies all staff policies, procedures and practices to ensure the success and health of the business and staff.</p> <p>The Company's staff regularly complete surveys which inform management on all aspects of morale, job satisfaction, wellbeing and happiness.</p> <p>All Company staff can engage with the ECG which was formed to allow all staff to voice their opinions and concerns to senior management.</p>
2	Division of Responsibilities	
F	<p>The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information</p>	<p>Board meetings are conducted in a transparent and open way. The Chair allows all NEDs to contribute to the Board discussions, ask questions, encourage dialogue and to challenge the executive directors and other senior management. The culture of openness within Board meetings is seen as critical to the effective functioning of the Board. The EUI Chair fosters an open and collaborative forum within each Board meeting to facilitate constructive and effective debate.</p> <p>The Group Chair is responsible for conducting reviews of the Company Chair's effectiveness, and the Chairs meet annually to this end.</p> <p>There are NED only sessions before every Board meeting. This allows the Chair and the NEDs to review the content of the papers and to agree what key points they wish to discuss or challenge during the Board meeting.</p>

EUI LIMITED

Directors' Report
For the Year Ended 31 December 2020

		<p>Following the 2019 governance review, each Board meeting has now reduced the number of standing attendees to encourage more open debate and allow more time for NED participation.</p> <p>All Board papers are distributed in a timely and secure manner ahead of Board meetings. Full minutes are completed for all Board meetings.</p>
G	<p>The Board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the Board's decision-making. There should be a clear division of responsibilities between the leadership of the Board and the executive leadership of the Company's business.</p>	<p>Independent non-executive directors are selected for their experience and varied skillsets.</p> <p>As at 31 December 2020, the Board was made up of the following officers:</p> <ol style="list-style-type: none"> 1. James Armstrong (Group CRO) 2. Dan Caunt (Company Secretary) 3. Andy Crossley (EUI Chair and INED) 4. Alistair Hargreaves (UK COO) 5. Helen Molyneux (INED) 6. Cristina Nestares (UK CEO) 7. Tom Scott (INED) 8. Robert Townend (EUI BRCCC Chair and INED) <p>The following are standing attendees of the Board:</p> <ol style="list-style-type: none"> 1. Geraint Jones (Group CFO) 2. Sue Gilbert (UK CRCO) 3. Charlotte Watkins (Governance Executive) <p>The following are standing invitees of the Board:</p> <ol style="list-style-type: none"> 1. Milena Mondini (Group CEO) <p>As at 31 December 2020, the EUI BRCCC was made up of the following members:</p> <ol style="list-style-type: none"> 1. Robert Townend (EUI BRCCC Chair and INED) 2. Tom Scott (INED) 3. Dan Caunt (Company Secretary) <p>The following are standing attendees of the EUI BRCCC:</p> <ol style="list-style-type: none"> 1. Cristina Nestares (UK CEO) 2. Alistair Hargreaves (UK COO) 3. Sue Gilbert (UK CRCO) 4. Jim Parry (UK Risk Manager) 5. Brian Martin (UK Head of Customer Conduct) 6. Charlotte Watkins (Governance Executive) <p>The following are standing invitees of the EUI BRCCC:</p> <ol style="list-style-type: none"> 1. Andy Crossley (EUI Chair and INED) 2. Helen Molyneux (INED)

EUI LIMITED

**Directors' Report
For the Year Ended 31 December 2020**

		<p>In addition, the Board and the EUI BRCCCs are regularly attended by other senior management personnel and staff who provide the Board with updates from around the business.</p> <p>The Company's corporate governance framework establishes the division of responsibilities between the Board, executive leadership, and the day-to-day running of the business. The framework also defines the division of responsibilities between the Company and the Group.</p> <p>The EUI Chair also sits on the Group Board as an INED as well as sitting on the Group Audit Committee and the Group Risk Committee. It is useful to have a representative of the Group Board on the Company Board to ensure consistency and a proper flow of information.</p> <p>No individual has unfettered powers of decision making but the Company's governance framework establishes an appropriate level of delegation of powers to management to implement the Board's strategy.</p>
H	<p>Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.</p>	<p>The ability to devote sufficient time to their role forms part of the selection process for non-executive directors and is enshrined in the EUI NED appointment letters. Accepting additional roles with competing businesses requires explicit approval from the Board.</p> <p>All NEDs have been selected for their skills and experience and are taken through a comprehensive induction program on appointment and provided with regular training thereafter, so that they can provide constructive challenge.</p> <p>Board meetings are open and constructive with all NEDs taking an active role in Board discussions and providing constructive feedback and challenge where appropriate. NEDs regularly meet with the Company's executive directors and other senior management outside of Board meetings.</p>
I	<p>The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>	<p>The overall governance framework is intended to provide appropriate structure, resources, information, and processes to help the Board function effectively and efficiently. Oversight and feedback support the efficient functioning of the Board for example:</p> <ul style="list-style-type: none"> - The Chair encourages feedback from Board members regarding the length of meetings, the volume of Board papers, the frequency of meetings and related matters.

EUI LIMITED

Directors' Report
For the Year Ended 31 December 2020

		<ul style="list-style-type: none"> - The Board regularly reviews and approves Board Policies, the Board Terms of Reference and Group assurance plans to the extent they apply to the Company. - The Company Secretary supports the Chair in determining the agenda and papers for meetings and papers are distributed in good time before meetings are held. - Additional information can be requested by any member of the Board.
3	Composition, Succession and Evaluation	
J	<p>Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>	<p>Matters relating to Board composition are undertaken by the Chair in conjunction with the Group Nomination Committee. The process of appointing Company Directors is managed at a Group level on recommendation from the EUI Chair. The Board believes the Group arrangements for appointments are in line with best practice.</p> <p>The Board makes recommendations to the Group Nominations and Governance Committee as to the skills and experience required of Directors serving on the Board. Any changes to Group policy that affect nominations or appointments to the Company must also be approved by the Board.</p> <p>Succession planning and diversity remain key areas of focus for the Board and the Nomination and Governance Committee as the Board seeks to ensure that its composition and balance is reviewed and refreshed where necessary that continuity is maintained, and that Directors with the appropriate skills and experience and from a diverse range of backgrounds join the Board to bring fresh perspective and challenge to the Company's strategy in the markets in which it operates.</p>
K	<p>The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.</p>	<p>The EUI NEDs are from a broad range of backgrounds (insurance, legal, commercial customer services). Their skills are supplemented by a full induction programme and regular internal and external training sessions.</p> <p>There were regular Education Sessions in 2020 for NEDs across Admiral Group including for EUI NEDS. The topics covered in 2020 included information security, cyber, pricing and analytics. NED education sessions will continue to be provided regularly going forward and will cover topic such as claims, IT, human resources, culture, succession and sales process.</p> <p>The composition of the Board and its management committees is discussed with the Group. There is a</p>

EUI LIMITED

Directors' Report
For the Year Ended 31 December 2020

		formal policy at Group level on the maximum length of service of directors. Regulatory requirements relating to the skills of senior managers are also taken into account in Board nominations.
L	Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.	All Board directors and meeting attendees participate in an annual Board Evaluation. The results of the evaluation are shared with the Board and the Chair considers any necessary changes to the Board administration following the Board feedback.
4	Audit, Risk and Internal Control	
M	The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	<p>The Company delegates its responsibility for this part of the Corporate Governance Code to the Group Audit Committee.</p> <p>The Board is satisfied that the skills of the members of the Group Audit Committee and its terms of reference reflects best practice and appropriately takes the requirements of the Company into account. The responsibility for monitoring the effectiveness of the external audit function is delegated to the Group Audit Committee.</p> <p>Although internal audit is a Group function, the Board reviews audit reports relevant to the Company. The Board retains ownership of risk supervision at the EUI level. This includes the following:</p> <ul style="list-style-type: none"> • The Board receives regular updates from the Group internal audit function. • The EUI Chair meets with the Group Head of Internal Audit to discuss the internal audit plan and provides feedback specific to the Company. <p>There is an appropriate whistleblowing policy for staff of the Company to confidentially report concerns regarding financial reporting and related matters.</p>
N	The board should present a fair, balanced and understandable assessment of the company's position and prospects	The Board can present a fair, balanced and understandable assessment of the Company's position and prospects through the assurance provided by the Group internal audit function of the Company's robust internal control framework, with oversight from the Group Audit Committee. The Board and the EUI BRCCC keep the adequacy of Group internal audit resources under review.
O	The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal	The Board works with management to identify and understand the material risks facing the Company and takes steps to satisfy itself that they are appropriately monitored and managed within the Group risk management framework.

EUI LIMITED

Directors' Report
For the Year Ended 31 December 2020

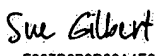
	risks the company is willing to take in order to achieve its long-term strategic objectives	<p>The relationship between the Company risk oversight and Group is governed by formal reporting lines between the Board and Group Risk and Compliance functions, that allow the Board to report concerns into the Group function and require the Group function to keep the Board up to date and informed of relevant matters concerning the Company. Feedback on this information is then provided by the EUI BRCCC via the Board and to the Group Board via Group Board Committees where appropriate.</p> <p>The EUI Chair also meets with the Group Heads of Risk and Compliance to discuss the risk and compliance plans and provides feedback specific to the Company.</p> <p>The Board keeps the need to expand the Company level internal control and risk management functions under regular review as the business develops and grows.</p>
5	Remuneration	
P	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values and be clearly linked to the successful delivery of the company's long-term strategy.	<p>The Board delegates to the Group Remuneration Committee the determination of the structure and principles of reward for all Company employees, executive directors (including the EUI CEO), NEDs (including the EUI Chair).</p> <p>The Company's remuneration strategy is to adopt a simple remuneration structure which reinforces the unique culture and creates strong alignment with Admiral's shareholders. The Company's remuneration structure intends to reward the right behaviours and contributes to the culture of collective success (see Remuneration Committee Report in the Group 2019 Annual Report).</p> <p>The Board continues to exercise independent judgment in matters relating to the remuneration of Company staff. The Board considers matters relating to gender pay gap, gender split and overall remuneration across various levels of staff and management. The Board retains a veto right in respect of any remuneration decisions for the EUI CEO.</p> <p>The Board receives reports on the activities of the Group Remuneration Committee, on an exception basis, to the extent that such activities are relevant to the Company.</p>
Q	A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration	Please see section P above.

EUI LIMITED

**Directors' Report
For the Year Ended 31 December 2020**

	should be established. No director should be involved in deciding their own remuneration outcome.	
R	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.	Please see section P above.

This report was approved by the Board and authorised for issue and signed on its behalf on 2 July 2021.

DocuSigned by:

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S M Gilbert

EUI LIMITED

**Directors' Responsibilities Statement
For the Year Ended 31 December 2020**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

EUI LIMITED

Independent Auditor's Report to the members of EUI Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of EUI Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of the relevant controls relating to management's going concern assessment process.
- We evaluated management's going concern assessment in light of COVID-19; this included obtaining evidence such as underlying business plans and forecasts to support the key assumptions.
- We inspected the group ORSA ("Own Risk and Solvency Assessment") to support our understanding of the key risks faced by the company, its ability to continue as a going concern, and the longer-term viability of the group.
- We obtained and inspected correspondence between the company and its regulator, the FCA, as well as reviewing any Group Risk Committee meeting minutes, to identify any items of interest which could potentially indicate either non-compliance with legislation or potential litigation or regulatory action held against the company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a

EUI LIMITED

Independent Auditor's Report to the members of EUI Limited

going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

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

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's operating licence and regulatory requirements addressing conduct and solvency.

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Profit commission from co-insurers being recorded inaccurately
 - We obtained an understanding of the controls relevant to the profit commission calculation and assessed their operating effectiveness.
 - We inspected the contractual terms held between EUI Limited and the co-insurance partners and assessed the calculation performed to ensure that it aligned to these terms.
 - We developed an independent expectation of the profit commission income using these contractual terms and challenged management's calculation where necessary.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports and correspondence with HMRC and the FCA.

Report on other legal and regulatory requirements

Options on other matters prescribed by the Companies Act 2006

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

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

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

EUI LIMITED

Independent Auditor's Report to the members of EUI Limited

Matters on which we are required to report by exception

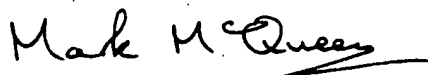
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Mark McQueen (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
2 July 2021

EUI LIMITED

**Statement of Comprehensive Income
For the Year Ended 31 December 2020**

	Note	2020 £000	2019 £000
Turnover	3	205,898	192,633
Cost of sales		<u>(52,122)</u>	<u>(44,055)</u>
Gross profit		153,776	148,578
Administrative expenses		(476,662)	(444,642)
Profit commission	3	330,123	261,929
Gross expense recovery		<u>463,991</u>	<u>406,606</u>
Operating profit	4	471,228	372,471
Finance costs	8	(2,663)	(2,337)
Finance costs recovery	8	2,663	2,337
Interest and investment income/(expense)	9	296	516
Foreign exchange gains on disposal of overseas operations	4	-	4,186
Profit before tax		471,524	377,173
Tax on profit	10	<u>(100,149)</u>	<u>(74,046)</u>
Total profit after tax		371,375	303,127
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Foreign exchange movement		<u>414</u>	<u>(3,513)</u>
		414	(3,513)
Total comprehensive income for the year		<u>371,789</u>	<u>299,614</u>

Turnover and operating profit are all derived from continuing operations.

The notes on pages 33 to 59 form part of these financial statements.

EUI LIMITED
Registered number: 02686904

Statement of Financial Position
As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	12	53,660	49,632
Tangible assets	13	121,281	132,651
Investments	14	-	20,747
		<u>174,941</u>	<u>203,030</u>
Current assets			
Debtors: amounts falling due after more than one year	15	465	810
Debtors: amounts falling due within one year	15	1,164,123	1,186,830
Cash and cash equivalents	16	141,896	91,170
		<u>1,306,484</u>	<u>1,278,810</u>
Creditors: amounts falling due within one year	17	(1,029,683)	(1,082,776)
Net current assets		<u>276,801</u>	<u>196,034</u>
Total assets less current liabilities		<u>451,742</u>	<u>399,064</u>
Creditors: amounts falling due after more than one year	18	(104,073)	(118,868)
Net assets		<u><u>347,669</u></u>	<u><u>280,196</u></u>
Capital and reserves			
Called up share capital	21	1	1
Foreign exchange reserve	22	1,614	1,200
Other reserves	22	21,252	15,568
Profit and loss account		324,802	263,427
		<u><u>347,669</u></u>	<u><u>280,196</u></u>

The financial statements of EUI Limited (registered number: 02686904) were approved and authorised for issue by the board and were signed on its behalf on 2 July 2021.

DocuSigned by:
Sue Gilbert
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Director

S M Gilbert

The notes on pages 37 to 59 form part of these financial statements.

EUI LIMITED

Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital £000	Foreign exchange reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2019	1	4,713	12,687	255,300	272,701
Comprehensive income for the year					
Profit for the year	-	-	-	303,127	303,127
Foreign exchange movement	-	(3,513)	-	-	(3,513)
Other comprehensive income for the year	-	(3,513)	-	-	(3,513)
Total comprehensive income for the year	-	(3,513)	-	303,127	299,614
Dividends: equity capital	-	-	-	(295,000)	(295,000)
Deferred tax credit on share scheme charges	-	-	2,881	-	2,881
Total transactions with owners	-	-	2,881	(295,000)	(292,119)
At 1 January 2020	1	1,200	15,568	263,427	280,196

EUI LIMITED

	Called up share capital £000	Foreign exchange reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2020	1	1,200	15,568	263,427	280,196
Comprehensive income for the year					
Profit for the year	-	-	-	371,375	371,375
Foreign exchange movement	-	414	-	-	414
Other comprehensive income for the year	-	414	-	-	414
Total comprehensive income for the year	-	414	-	371,375	371,789
Dividends: equity capital	-	-	-	(310,000)	(310,000)
Deferred tax credit on share scheme charges	-	-	5,684	-	5,684
Total transactions with owners	-	-	5,684	(310,000)	(304,316)
At 31 December 2020	1	1,614	21,252	324,802	347,669

The notes on pages 37 to 59 form part of these financial statements.

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements of EUI Limited for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 29 June 2021 and the statement of financial position was signed on 2 July 2021, on the Board's behalf by Sue Gilbert, Director. EUI Limited is a limited company incorporated and domiciled in the United Kingdom and registered in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The Company's parent undertaking, Admiral Group plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Admiral Group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Company Secretary at the registered office – Ty Admiral, David Street, Cardiff, CF10 2EH.

Under the provisions of Section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements as it is included in the results of publicly available consolidated financial statements of the parent company. These financial statements present information about the Company as an individual undertaking and not about its group.

1.2 Financial Reporting Standard 101 - Reduced Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- FRS 101.8 (d): the requirements of IFRS 7 Financial Instruments: Disclosures (where equivalent disclosures are included in the Group's consolidated financial statements);
- FRS 101.8 (e): the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement (where equivalent disclosures are included in the Group's consolidated financial statements);
- FRS 101.8 (eB): the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;
- FRS 101.8 (f)(ii): the requirement of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- FRS 101.8 (f)(iii): the requirements of paragraph 118(e) of IAS 38 Intangible Assets;
- FRS 101.8 (g): the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements to produce a cash flow statement, a third balance sheet, disclosures around capital management and to make an explicit and unreserved statement of compliance with IFRSs;
- FRS 101.8 (h): the requirements of IAS 7 Statements of Cash Flows;
- FRS 101.8 (i): the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies,

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

Changes in Accounting Estimates and Errors to include a list of new IFRSs that have been issued but that have yet to be applied;

- FRS 101.8 (j): the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- FRS 101.8 (k): the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of the Group, where any subsidiary which is a party to the transaction is wholly owned by such a member;
- FRS 101.8 (l): the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets to disclose details of valuation techniques and assumptions used for assets held at fair value less cost to sell categorised as Level 2 and Level 3 in accordance with the IFRS 13 fair value hierarchy (where equivalent disclosures are made in the Group's consolidated financial statements); and
- IFRS 15: The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a-c), 120-127 and 129.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board have reviewed the Company's projections for the next twelve months and beyond, including cash flow forecasts and regulatory capital surpluses taking into account a number of potential scenarios based on the length and potential impact of Covid-19 on the Company. In reviewing these forecasts, the Board noted the proven ability of the Company to generate cash from its continuing operations, in particular taking into account that the significant costs incurred by the Company incurred in selling and administering the main insurance products are passed directly to the insurers and therefore limit the risk in relation to the majority of the cost base. The Board also considered:

- Stress testing performed over the reforecasts, reflecting a potential deterioration in loss ratios and ancillary revenue that would impact both future profits and liquidity, including the net asset position. These stress tests confirmed that there were no reasonably possible scenarios that would cause a material uncertainty over the going concern assumption;
- Consideration of adjusted customer service and operational capabilities. The Company now has the majority of its employees able to work remotely and has observed no significant impacts on customer service as a result of remote working;
- Internal capital positions and projected future capital positions including under stressed condition.

The Company has no external debt.

Given the results of the above scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

1.4 Impact of new international reporting standards, amendments and interpretations

The Company has adopted the following IFRSs and interpretations during the year, which have been issued and endorsed by the EU:

- Interest Rate Benchmark (Amendments to IFRS 9, IAS 9, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2)

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

- Amendment to IFRS 16 Leases COVID 19-Related Rent Concessions
- Amendments to IFRS 3 Business Combinations
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards

The application of these amendments has not had a material impact on the Company's results, financial positions, or cash flows.

1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

Translation of financial statements of foreign operations

The financial statements of the foreign operations, whose functional currency is not sterling, are translated into the Company presentation currency (sterling) as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. Income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transaction); and
- iii. All resulting exchange differences are recognised as a separate component of equity.

1.6 Turnover
a) Contribution from additional products and fees and other revenue

Revenue is credited to the Statement of Comprehensive Income over the period matching the Company's obligations to provide services. Where the Company has no remaining obligations, the revenue is recognised immediately. An allowance is made for expected cancellations where the customer may be entitled to a refund of the amount charged.

Commission from the provision of insurance intermediary services is credited to revenue on the sale of the underlying insurance policy.

Interest income received in relation to loans and advances to customers is calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities. There has been no change in recognition of interest income from the comparative period.

b) Nature of goods and services

The following is a description of the principal activities within the scope of IFRS 15 from which the Company generates its other revenue:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
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EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

Instalment income	This income arises where customers pay for insurance intermediary services in monthly instalments. This income is recognised using the effective interest rate method over the length of their insurance contract.
Commission on underlying products	The performance obligation is the provision of insurance intermediary services, at which point the performance obligation is met. Revenue is therefore recognised at a point in time. Payment of the commission is due within 30 days of the period close.
Administration fees	The performance obligation is the change requested being made to the underlying policy, at which point the performance obligation is met. Revenue is therefore recognised at a point in time and is collected immediately or in line with direct debit instalments.
Non-fault claims income	This income consists of referral fees from customers referred to Admiral Law where customers were involved in an accident that was not their fault and wishes to make a claim. This income is recognised on a point in time basis.

1.7 Profit commission

The Company's profit commission revenue falling within the scope of IFRS 15 Revenue from Contracts with Customers relates to contractual arrangements between the Company, and Admiral Group's third-party co-insurer (Great Lakes), and Admiral Insurance Gibraltar Limited, which both underwrite a share of the Company's UK car insurance business.

The variable consideration, being the profit commission recognised in respect of each underwriting year at the end of each reporting period, is recognized at a point in time, and calculated based on a number of detailed inputs, the most material of which are as follows:

- Premiums, defined as gross premiums ceded including any instalment income, less reinsurance premium (for excess of loss reinsurance);
- Insurance expenses incurred;
- Claims ratio (more typically referred to as a loss ratio).

Whilst the premiums and insurance expenses related to an underwriting year are typically fixed at the conclusion of each underwriting year and are not subject to judgement, the claims ratio is calculated from the underwriting year loss ratios that result from the setting of claims reserves, meaning it is subject to inherent uncertainty. As stated in note 5d to the Group financial statements, Admiral's reserving policy is initially to reserve conservatively, above internal and independent projections of actuarial best estimates. This is designed to create a margin held in reserves to allow for unforeseen adverse development in open claims.

Admiral's financial statement loss ratios, used in the calculation of profit commission income, continue to include a significant margin above projected best estimates of ultimate claims costs. It is this margin for uncertainty, included in the financial statement loss ratios, which creates the constraint over the recognition of the variable consideration, as using the booked loss ratio rather than the actuarial best estimate constrains the profit commission income to a level where there is a high probability of no significant reversal of the revenue recognised.

There are no further critical accounting estimates or judgements in relation to the recognition of profit commission.

1.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

1.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.10 Share based payments

The Company's ultimate parent undertaking, Admiral Group plc, operates a number of equity settled compensation schemes for its employees. For schemes commencing 1 January 2004 and after, the fair value of the employee services received in exchange for the grant of free shares under the schemes is recognised as an expense, with a corresponding increase in equity in the parent entity.

The total charge expensed over the vesting period is determined by reference to the fair value of the free shares granted as determined at the grant date (excluding the impact of non-market vesting conditions). Non-market conditions such as profitability targets as well as employee attrition rates are included in assumptions over the number of free shares to vest under the applicable scheme. At each balance sheet date, management of Admiral Group plc revise their assumptions on the number of shares to be granted with the impact of any change in the assumptions recognised through income.

Admiral Group plc recharges the share scheme expenses to the Company in line with the employees employed by EUI Limited, as EUI has received the benefit of the employees' services.

1.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. In particular, where the estimated future tax deduction related to share-based payments exceeds the cumulative remuneration expense, the excess of the associated current or deferred tax is recognised directly in equity.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.12 Co-insurance

The Company has entered into contracts with its underwriting partners who share 100% of the insurance risks generated on a proportional basis. Each co-insurer takes a specific share of premium written and is responsible for the same proportion of each claim. Neither the premium nor claims are included in the Company's Statement of Comprehensive Income. The insurers do not participate in income earned on the sale of ancillary products or on interest received on policies paid by instalments. This income is recorded in the Company's Statement of Comprehensive Income, net of an allowance for expected cancellations.

1.13 Gross expense recovery

Under the terms of the co-insurance agreements, each insurer reimburses the Company for the same proportionate share of costs incurred in acquiring the business. Both the gross costs incurred, and the associated recoveries are shown in the Company's Statement of Comprehensive Income within administrative expenses and gross expense recovery respectively.

1.14 Forward contracts

Forward contracts are recognised at fair value at the balance sheet date with reference to quoted prices in active markets. Any movements in fair value in the period are recognised in the Statement of Comprehensive Income. Any contracts held do not represent designated hedging arrangements. All forward contracts had been settled before the balance sheet date with an immaterial realised loss recognised for the period.

1.15 Intangible assets

Software licences and network assets are classified as intangible assets and stated in the Statement of Financial Position at cost less accumulated amortisation. Amortisation is provided to write off the cost of the licences over the licence term and network assets over a 4-year estimated useful life.

Intangible assets also include internally generated software assets. Expenditure on research activities is expensed as incurred in the Statement of Comprehensive Income. Expenditure on development activities is capitalised if the following criteria are met:

- The product or process is technically and commercially feasible;
- The Company intends to complete development for future use and has the technical ability and sufficient resources to do so;
- Future economic benefits are probable;
- The Company can reliably measure the expenditure attributable to the intangible asset during its development.

The expenditure capitalised includes the cost of materials, direct labour, and an appropriate proportion of overheads. Other development expenditure is expensed as incurred through the Statement of Comprehensive Income.

Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the assets and amortisation commences from the date they are available for use. Internally generated software assets currently held by the Company have an estimated useful life of 10 years.

1.16 Tangible fixed assets

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

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

The right-of-use asset is measured at cost, which comprises the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The right-of-use asset is subsequently depreciated over the shorter of the lease term and the asset's useful life on a straight-line basis.

The Company does not have any significant leases which qualify for the short-term leases or leases of low-value assets exemption.

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

The estimated useful lives range as follows:

Leasehold improvements:	4-10 years
Motor vehicles:	4 years
Fixtures and fittings:	4 years
Office equipment:	4 years
Computer equipment:	4 years
Right-of-use assets	2-20 years, aligned to lease agreement

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.17 Trade and other debtors

Classification: Trade and other debtors are measured at amortised cost, being made up of multiple types of receivable balances including policyholder receivables, amounts owed by group undertakings, commissions owed from co-insurers, and other debtors.

Impairment: Where a provision is required for these receivables, it is calculated in line with the simplified method for trade receivables per IFRS 9, whereby lifetime expected credit losses are recognised irrelevant of the credit risk. In this case, the provision is based on a combination of:

- (i) aged debtor analysis;
- (ii) historic experience of write-offs for each receivable;
- (iii) any specific indicators of credit deterioration observed; and
- (iv) management judgement.

The level of provision is immaterial.

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

The amortised cost carrying amount of receivables is a reasonable approximation of fair value. Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.18 Loans and advances to customers

Loans and advances to customers relate to the Admiral loans business. This includes unsecured personal loans and car finance products.

Due to the size of the provision and sensitivities that could reasonably be applied, this is not considered a critical accounting judgement or key source of estimation uncertainty.

a) Classification

Loans and advances to customers are measured at amortised cost. This is because the assets are held in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows which are solely payments of principal and interest on the principal amount outstanding.

b) Fair value measurement

The amortised cost of loans and advances to customers is a reasonable approximation of fair value.

c) Expected credit losses

The expected credit loss model is a three-stage model based on forward looking information regarding changes in the credit quality since origination. While the provision in place against loans and advances to customers is calculated under the expected credit loss model, the loans and advances to customers balance and related provision are not material as at the balance sheet date and as such, no further disclosure around the provision methodology is required.

1.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.19 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Créditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Lease liabilities

The Company holds various property leases, with rental contracts typically for fixed periods of 5 to 10 years although these may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

For each lease a right-of-use asset and corresponding lease liability are recognised at the date at which the leased asset becomes available for use by the Company. The lease liability is initially measured at the present value of remaining lease payments, which include the following:

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment, with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate.

Subsequently, lease payments are allocated to the lease liability, split between repayments of principal and interest. A finance cost is charged to the profit and loss so as to produce a constant period rate of interest on the remaining balance of the lease liability

1.20 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investments in subsidiaries. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

1.21 Dividends

Dividends are recorded in the period in which they are declared and paid. Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.22 Contingent liabilities

The Group is, from time to time, subject to threatened or actual litigation and/or legal and/or regulator and/or tax disputes, investigations or similar actions. All potentially material matters are assessed, with the assistance of external advisors if appropriate. In cases where the Group concludes that it is more likely than not that a payment will be made, a provision is established in the relevant Group entity to reflect the best estimate of the liability. In some cases it will not be possible to form a view, for example if the facts are unclear or because further time is needed properly assess the merits of the case. No provisions are held in these financial statements in relation to such matters. In these circumstances, specific disclosure of a contingent liability will be made where material. The Directors do not consider that the final outcome of any such current case will have a material adverse effect on the Company's financial position, operations or cash flows.

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Judgements in applying accounting policies and key sources of estimation uncertainty
Critical accounting judgements

Critical accounting judgements are defined as those, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements. Management do not consider there to be any critical accounting judgements in the current or prior period.

Key sources of estimation uncertainty

Key sources of estimation uncertainty are defined as assumptions made by management about the future, and other major sources of uncertainty that have a significant risk of resulting in a material adjustment in the next year to the amounts recognised in the financial statements. Management consider a key area of estimation uncertainty to be in the calculation of profit commission.

The recognition of profit commission income is initially in line with the loss ratios reported by the co-insurers under the co-insurance agreements in place and will vary with movements in the loss ratios. The recognition of this income is therefore subject to the same level of estimation as the claims liability recognised by the co-insurers. See note 1.7 for further detail.

The following table sets out the impact on post tax profit and equity that would result from a 1%, 3% and 5% increase and decrease in UK car insurance loss ratios (as explained above, this being the main source of estimation uncertainty for the recognition of profit commission) for the 2017 – 2020 underwriting years:

	2017	2018	2019	2020
Booked loss ratio	70%	78%	76%	72%
Impact of 1% deterioration in booked loss ratio (£m)	(7.3)	(7.4)	(4.6)	(3.6)
Impact of 3% deterioration in booked loss ratio (£m)	(33.2)	(21.0)	(19.1)	(16.0)
Impact of 5% deterioration in booked loss ratio (£m)	(57.6)	(32.6)	(33.1)	(25.0)
Impact of 1% improvement in booked loss ratio (£m)	18.5	13.6	15.1	8.4
Impact of 3% improvement in booked loss ratio (£m)	44.4	36.9	37.2	21.5
Impact of 5% improvement in booked loss ratio (£m)	23.8	61.0	18.1	12.2

The figures above are stated net of tax at the current rate.

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

3. Turnover

3a. Revenue	2020	2019
	£000	£000
Contribution from additional products and fees	148,643	167,341
Instalment income ^{*1}	57,214	25,177
Interest on loans and advances to customers	41	115
	<u>205,898</u>	<u>192,633</u>

*1 The Company experienced strong increases in instalment income during the year due to more customers choosing to pay by this method, as well as changes in the Company's co-insurance arrangements which resulted in a larger allocation of instalment income to this entity.

The timing of revenue recognition for continuing operations is as follows:

	2020	2019
	£000	£000
Point in time	145,882	164,390
Over time	2,762	2,951
Revenue outside the scope of IFRS 15	57,254	25,292
	<u>205,898</u>	<u>192,633</u>

No revenue was recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (2019: £nil). All revenue originates from services rendered within the UK.

3b. Profit commission

	31 December	31 December
	2020	2019
	£000	£000
Underwriting year (UK Motor only)		
2015 and prior	88,519	109,686
2016	59,613	61,341
2017	73,039	80,584
2018	30,346	9,439
2019	32,254	-
2020	37,238	-
Total UK Motor profit commission^{*1}	321,009	261,050
Total UK Household	9,114	879
Total profit commission	330,123	261,929

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

4. Operating profit

The operating profit on continuing operations is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	18,083	16,080
Amortisation of intangible assets	12,203	11,877
Foreign exchange on disposal of overseas operations ^{*1}	-	(4,186)

*1 Foreign exchange gains in the prior year include a gain of £4.2m which has been recycled to the Statement of Comprehensive Income on disposal of investments in overseas operations.

5. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of auditing the Company financial statements and for other services provided:

	2020 £000	2019 £000
Fees for the audit of the Company	383	251
Assurance services other than the auditing of the Company's accounts	-	28
	<u>383</u>	<u>279</u>

6. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	196,843	180,682
Social security costs	16,012	13,851
Cost of defined contribution scheme	7,567	6,594
Share scheme charges	62,943	61,625
	<u>283,365</u>	<u>262,752</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2020 No.	2019 No.
Direct customer contact staff	5,262	5,252
Support staff	1,933	2,005
	<u>7,195</u>	<u>7,257</u>

On 1st January 2019, the trade and assets of the Spanish and Italian operations were transferred to Admiral Intermediary Services S.A., a subsidiary of the Company.

EUI LIMITED

Notes to the Financial Statements
For the Year Ended 31 December 2020

7. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	902	1,096
Directors gains on long term incentive schemes	1,996	1,467
Company contributions to defined contribution pension schemes	40	41
	<u>2,938</u>	<u>2,604</u>

During the year retirement benefits were accruing to four Directors (2019: two) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,492k (2019: £1,514k). The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil (2019: £nil) due to the option taken to receive the cash benefit instead.

No share options were exercised during the year by the highest paid director (2019: none).

8. Finance costs

	2020 £000	2019 £000
Interest payable on lease liabilities	2,663	2,337
Recoveries: Interest payable on lease liabilities	(2,663)	(2,337)
	<u>-</u>	<u>-</u>

Interest payable on lease liabilities represents the unwinding of the discount on lease liabilities under IFRS 16 and does not result in a cash payment. This notional finance cost is recoverable in full under the coinsurance arrangements.

9. Interest and investment income / (expense)

	2020 £000	2018 £000
Losses on forward contracts	(15)	(95)
Other interest receivable	311	611
	<u>296</u>	<u>516</u>

10. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	86,712	70,883
Adjustments in respect of previous periods	10,907	(139)
	<u>97,619</u>	<u>70,744</u>

EUI LIMITED

**Notes to the Financial Statements
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Foreign tax		
Foreign tax on income for the year	191	472
Foreign tax in respect of prior periods	(8)	23
	<u>183</u>	<u>495</u>
Total current tax	<u>97,802</u>	<u>71,239</u>
Deferred tax		
Current period deferred taxation	2,285	3,180
Adjustments in respect of previous periods	62	(373)
Total deferred tax	<u>2,347</u>	<u>2,807</u>
Taxation on profit on ordinary activities	<u>100,149</u>	<u>74,046</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19.0% (2019 – 19.0%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax on continuing operations	<u>471,524</u>	<u>377,173</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2019 – 19.0%)	89,590	71,663
Effects of:		
Expenses not deductible for tax purposes	(271)	176
Higher rate taxes on overseas earnings	183	339
Adjustments to tax charge in respect of prior periods	10,968	(489)
Non-taxable income	(508)	-
Non-taxable profit on transfer of loans business	-	-
Release of deferred tax asset brought forward	-	1,855
Difference in tax rate on deferred tax	187	502
Total tax charge for the year	<u>100,149</u>	<u>74,046</u>

Note that the increase in adjustments to the tax charge in respect of prior periods has substantially increased due to the profit commission adjustments made in the year. More detail on this can be found in note 25.

Factors that may affect future tax charges

The average rate of tax for 2020 is 19.0% (2019: 19.0%). The UK government has announced an increase in the main rate of UK corporation tax to 25% in the 2021 budget. This is expected to come into effect in 2023, which will correspondingly increase future tax charges.

EUI LIMITED

Notes to the Financial Statements
For the Year Ended 31 December 2020

11. Dividends

	2020 £000	2019 £000
Dividends paid on equity capital	310,000	295,000
	<u>310,000</u>	<u>295,000</u>

Dividends paid in 2020 were equivalent to £310k per share (2019: £295k).

12. Intangible assets

	Software £000
Cost	
At 1 January 2020	114,882
Additions - external	16,831
Foreign exchange movement	(2)
Disposals	(3,178)
At 31 December 2020	<u>128,533</u>
Amortisation	
At 1 January 2020	65,250
Charge for the year	12,203
Disposals	(2,577)
Foreign exchange movement	(3)
At 31 December 2020	<u>74,873</u>
Net book value	
At 31 December 2020	<u>53,660</u>
At 31 December 2019	<u>49,632</u>

Intangible assets predominantly consist of capitalised development expenditure relating to the Company's insurance policy administration software system. Of the total additions disclosed above, £6.3 million relates to internally generated assets.

The gross carrying amount of internally generated assets as at 31 December 2020 was £61.8 million (2019: £55.5 million) with accumulated amortisation of £29.6 million (2019: £23.3m).

The amortisation charged against all categories of intangible assets has been recorded in admin expenses within the Company's Statement of Comprehensive Income.

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Notes to the Financial Statements
For the Year Ended 31 December 2020

13. Tangible fixed assets

	Leasehold improvements £000	Motor vehicles £000	Fixtures and fittings £000	Office equipment £000	Computer equipment £000	Right-of- use assets £000	Total £000
Cost or valuation							
At 1 January 2020	29,804	93	7,207	16,948	56,948	113,674	224,674
Additions	1,015	-	61	630	11,533	13,341	26,580
Remeasurement	-	-	-	-	-	(4,284)	(4,284)
Impairment	-	-	-	-	-	(16,126)	(16,126)
Exchange adjustments	(93)	-	(4)	(21)	(58)	(217)	(393)
At 31 December 2020	30,726	93	7,264	17,557	68,423	106,388	230,451
Depreciation							
At 1 January 2020	17,275	71	6,470	14,357	46,608	7,242	92,023
Charge for the year	3,228	-	254	1,337	5,343	7,921	18,083
Disposals	-	-	-	-	-	(751)	(751)
Exchange adjustments	(82)	-	(4)	(18)	(41)	(40)	(185)
At 31 December 2020	20,421	71	6,720	15,676	51,910	14,372	109,170
Net book value							
At 31 December 2020	10,305	22	544	1,881	16,513	92,016	121,281
At 31 December 2019	12,529	22	737	2,591	10,340	106,432	132,651

There was £16.1 million of right-of-use assets impairment during the year. Of this £3.2 million related to the write-off of two leases exited during the period. A further £12.9 million arose due to the termination of two subleasing arrangements to other entities within the Group.

The Company has no contractual commitments to acquire additional tangible fixed assets.

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2020	20,747
Disposal of investment	<u>(20,747)</u>
At 31 December 2020	<u><u>-</u></u>

Subsidiary undertakings

The Company's holdings in Admiral Intermediary Services S.A, an insurance intermediary headquartered in Spain, were transferred at a loss of £2.0 million during the year. As a result of the transaction the Company now holds no fixed asset investments.

15. Debtors

	2020 £000	2019 £000
Due after more than one year		
Loans and advances to customers	<u>465</u>	<u>810</u>
	<u><u>465</u></u>	<u><u>810</u></u>
	2020 £000	2019 £000
Due within one year		
Policyholder receivables	817,539	789,566
Amounts owed by group undertakings	298,531	360,638
Other debtors	28,965	33,915
Corporation tax asset	13,631	-
Loans and advances to customers	63	655
Deferred taxation (note 20)	5,394	2,056
	<u><u>1,164,123</u></u>	<u><u>1,186,830</u></u>

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**Notes to the Financial Statements
For the Year Ended 31 December 2020**

The combined loans and advances to customers balances above totalling £528,000 (2019: £1,465,000) is shown net of an expected credit loss provision of £144,000 (2019: £525,000), calculated in accordance with IFRS 9 as set out in note 1.17. A charge of £41,000 (2019: £130,000) was charged to the income statement in respect of the expected credit loss on loans and advances to customers.

Given the immateriality of the size of the remaining balance in respect of loans and advances to customers, no further disclosure is made in respect of these balances, the related expected credit loss provision or credit risk.

Amounts owed by group undertakings are repayable on demand, with no interest applicable. The Company has assessed the recoverability of Amounts owed by group undertakings. Based on the low level of historic write-offs and management expectation of future profitability and repayment of amounts owing, no provision against this balance is deemed to be required.

16. Cash and cash equivalents

	2020	2019
	£000	£000
Cash at bank and in hand	141,896	91,170

Cash and cash equivalents include immediately available cash balances and deposits held at call with banks. All cash and cash equivalents are measured at amortised cost.

An assessment has been completed for impairment purposes. Given the short-term duration of these assets and low risk of these assets, no impairment provision has been recognised. This will be regularly tracked and monitored.

For cash at bank and cash deposits and other receivables, the fair value approximates to the book value due to their short maturity. All assets are of investment grade or above (e.g. BBB rated or higher). The credit rating of all assets is regularly monitored. As at the year-end reporting date, all financial assets are of investment grade and considered low risk under IFRS 9. These therefore remain within stage 1 and a 12-month expected loss is used to calculate the impairment provision required.

EUI LIMITED

Notes to the Financial Statements
For the Year Ended 31 December 2020

17. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	18,321	11,377
Amounts owed to other participating interests	819,812	884,333
Corporation tax	-	38,885
Lease liabilities	8,590	6,455
Other taxation and social security	5,552	5,534
Other creditors	21,763	50,440
Accruals and deferred income	78,850	2,697
Commissions owed	46,532	49,481
Motor Insurers' Bureau levies payable	11,697	9,476
Forward foreign exchange contracts	-	167
Claims handling costs accrued	18,566	23,931
	<u>1,029,683</u>	<u>1,082,776</u>

Forward foreign exchange contracts are recognised at fair value at the balance sheet date and are classified under level two of the fair value hierarchy. Level two financial assets are measured using valuation techniques based on assumptions that are supported by prices from observable current market transactions. The contracts held do not represent designated hedging arrangements.

18. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Claims handling costs accrued	5,085	6,554
Lease liabilities	98,988	112,314
	<u>104,073</u>	<u>118,868</u>

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

19. Lease liabilities

Information presented in this note is in accordance with IFRS 16. All of the leases held by the Company as at 31 December 2020 relate to buildings.

The Company holds various property under leasing arrangements that are now recognised as right-of-use assets and lease liabilities. A maturity analysis of lease liabilities based on contractual undiscounted cashflows is set out below:

	2020 £000	2019 £000
Within 1 year	11,100	9,132
Between 2 to 5 years	35,145	36,287
Between 5 to 10 years	36,501	41,462
More than 10 years	45,362	56,723
	<u>128,108</u>	<u>143,604</u>

Total lease payments made during the year amounted to £8.4 million (2019: £10.1 million)

20. Deferred taxation

	2020 £000
At beginning of year	2,056
Charged to the profit or loss	(2,347)
Credited to other reserves	5,685
At end of year	<u>5,394</u>

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	(1,780)	(2,578)
Share schemes	6,941	4,468
Other timing differences	233	166
	<u>5,394</u>	<u>2,056</u>

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

21. Share capital

	2020 £	2019 £
Authorised, allotted, called up and fully paid		
800 (2019 - 800) Ordinary A shares of £1.00 each	800	800
200 (2019 - 200) Ordinary B shares of £1.00 each	200	200
	<u>1,000</u>	<u>1,000</u>

22. Reserves**Foreign exchange reserve**

Foreign currency reserves arise as a result of translation of the financial statements of foreign operations whose functional currency is not pounds sterling, in line with the accounting policy disclosed in note 1.

Other reserves

Other reserves relate to deferred tax credits on share schemes. Please see the Statement of Changes in Equity.

23. Pension commitments

The Company operates a defined contributions pension scheme on behalf of employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £7,567,000 (2019: £6,594,000). Contributions totalling £1,355,000 (2019: £1,225,000) were payable to the fund at the balance sheet date and are included in creditors.

EUI LIMITED

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

24. Related party transactions

As the Company is a wholly owned subsidiary undertaking, it has taken advantage of the exemptions permitted by Financial Reporting Standard 101.8 (k) and not disclosed details of transactions with other wholly owned group undertakings. Transactions with group undertakings that are not wholly owned by Admiral Group plc are disclosed below.

	Transaction Value 2020 £000	Amount due from/ (to) at 31 Dec 2020 £000	<i>Transaction Value 2019 £000</i>	<i>Amount due from/ (to) at 31 Dec 2019 £000</i>
Admiral Law Limited (fellow subsidiary)	5,426	7,975	3,856	7,608
Compare.com Insurance Agency LLC (fellow subsidiary)	(276)	246	730	302
Rastreator.com Limited (fellow subsidiary)	1	3,079	2	3,078
Comparaseguros Correduria de Seguros, S.L., Sociedad Unipersonal (fellow subsidiary)	104	1,225	301	1,088
Preminen Price Comparison Holdings Limited (fellow subsidiary)	153	662	263	489
Preminen Online iat Karsilastirma Hizmetleri Anonim Sirketi (fellow subsidiary)	-	-	(11)	-
Preminen Mexico Sociedad Anonima de Capital Variable (fellow subsidiary)	-	-	(1)	-
	5,408	13,187	<i>5,140</i>	<i>12,565</i>

Transactions with Admiral Law Limited and Preminen Mexico Sociedad Anonima de Capital Variable relate to intercompany recharges for management and IT support, and rent. Transactions with Admiral Law Limited also relate to VAT payments.

Transactions with Compare.com Insurance Agency LLC and Preminen Price Comparison Holdings Limited relate to intercompany recharges for management and IT support.

Transactions with Rastreator.com Limited, and Comparaseguros Correduria de Seguros, S.L., Sociedad Unipersonal relate to the purchase of comparison services as part of the normal course of business and intercompany recharges for management and IT support and group tax relief.

No amounts were written off or provided for bad or doubtful debts at 31 December 2020 or 31 December 2019.

EUI LIMITED

**Notes to the Financial Statements
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25. Events after the reporting period

On 15 April 2021 the Company signed revised Binding Authority Agreements (“BAAs”) in relation to its UK car insurance business and UK commercial van insurance business with Admiral Insurance (Gibraltar) Limited, an Admiral Group plc company, whereby the Company renegotiated the terms of its current BAAs. The Board approval was received on 25 March 2021.

The UK car insurance BAA amendment resulted in changes to the instalment fee income and profit commission for the 2020 underwriting year and share scheme charges for the 2017-2019 underwriting years.

The UK commercial van insurance BAA amendment resulted in a change to the profit commission calculation for the 2020 underwriting year onwards.

The renegotiated BAAs have been treated as adjusting events after the reporting period and have been appropriately reflected in this set of financial statements. These adjustments reduced profit commission by £35.0 million with a corresponding reduction in the tax charge of £3.6 million.

Post-year end the UK Government announced that the whiplash reforms formulated in the Civil Liability Act 2018 would be implemented from 31 May 2021. The implementation of these reforms is not expected to have a material impact on the Company.

On 17th March 2021 the Company agreed to acquire Inspop.com’s Indian branch in advance of the sale of the Group’s comparison businesses. The assets and liabilities transferred as part of the transaction will allow the unit to continue provide IT services to the Company and the wider Group.

On 15 February 2021 an interim dividend of £220.0 million was declared and approved by the Board of Directors in respect of the financial year ended 31 December 2020.

26. Ultimate parent undertaking and controlling party

The Company’s immediate and ultimate parent undertaking is Admiral Group plc, a Company registered in England & Wales. The consolidated accounts of Admiral Group plc are the only accounts in which the results of the Company are included. Copies of the Admiral Group plc financial statements can be obtained from the Company Secretary, at Ty Admiral, David Street, Cathays, Cardiff, CF10 2EH.