Registered number: 02686904

EUI LIMITED

Annual Report and Financial Statements

For the Year Ended 31 December 2021

Company Information

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

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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 5.91 million to 6.47 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 more than 9% in the year (2020: 9%).

Total profit before tax increased to £638.7 million (2020: £471.5 million). This increase was driven by changes in driver behaviour during the Covid pandemic, which reduced customer miles and therefore reduced accident frequency. As the majority of Company activity relates to the insurance of motor vehicles, these trends resulted in lower claims costs and increased profitability of back years with increased claims reserve releases and profit commission.

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 10.

The Company generates a large share of its revenues from products related to motor insurance. Examples include breakdown cover, administration and cancellation fees, instalment fee income and non-fault claims income. Contribution from these business lines fell to £138.1 million (2020: £147.6 million). This reduction was driven by a fall in commission from underlying products. Administration fees continued to fall as in prior years, as customers move to servicing their accounts digitally where fees charged by the Company are lower than when servicing by telephone.

Household insurance has continued to grow strongly in 2021, with strong customer retention driving a 14% increase (2021: 15% increase) in the number of households insured to 1.32 million (2020: 1.16 million). This is a result on the Company's continued focus on growth and diversification of its business.

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.

Total customer numbers increased by 9% during the period due to continued growth in the number of written insurance policies across all business lines. The growth in the number of UK Household customers was especially strong, having increased by 14% 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 35% due to this increase in customer numbers, increases in profit commission and instalment income growth.

Human Rights

The Company's Anti-Slavery, Exploitation and Human Trafficking Policy confirms EUI's zero tolerance approach to modern slavery, outlines the Company's ongoing commitment to eliminating unethical working practices, and provides guidance to employees on reporting any problems identified at work or in the community. The Company releases an annual Modern Slavery Statement in line with the Modern Slavery Act 2015.

Anti-corruption and anti-bribery matters

The Company's Anti-Bribery Policy strictly prohibits the solicitation or acceptance of any bribe, to or from any person or company, by an individual employee, Board member, agent or other person or body on EUI's behalf, in order to gain any commercial, contractual, or regulatory advantage for EUI in an unethical way or to gain any personal advantage for the individual or anyone connected with the individual.

Section 172 (1) 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 87 – 92.

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 the environment are of the most critical strategic importance to its operations.

The sections below highlight the interests of the Company's key stakeholders, engagement methods and examples of actions taken during the year. It also outlines how the Company measures its approach to incorporating stakeholders in decision making and shows how the purpose ultimately benefits the Company's key stakeholders.

The customers

Customers are at the heart of The Company's business operations, and it is committed to providing them with good value products, with excellent and convenient service. The Company believes that these are also the key material issues for 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.

The Company engages with our customers through:

- Customer service teams.
- New business and renewals teams.
- Claims teams.
- 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 2021

- Earlier in 2021, the customer operations team was restructured to help modernise Company operations.
- The Company delivered the Admiral virtual assistant project earlier than expected, which will help customers more easily resolve queries or change details on their policies.

Monitoring

- EUI Limited continually monitor customer satisfaction scores.
- EUI Limited collect feedback and insight relating to products and services from all of Admiral's customer facing teams.

Outcomes

- There was an increase of 15% in customers accessing MyAccount from the Help & Support page.
- The Company maintained a high NPS score and increased its focus on this metric.

The employees

The Company is Wales' largest private sector employer and believes it has a responsibility to provide employment opportunities for those in the local area whilst training and developing staff.

The Company is committed to promoting and recognising diversity both within Admiral, and in the communities in which it operates.

The Company believes that a happy workplace inspires employees to give that little bit extra. The Company wants employee insights to continue influencing Board discussions and the decision-making process.

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

The Company's priorities are to ensure open lines of communication, fair treatment, opportunities for career progression, reward, and recognition.

The Company aims to retain its reputation as a desirable and attractive place for people to work.
Staff are encouraged to engage across multiple channels including website chats and with in-person discussions. The Company also engages with staff via:

- 1:1 and performance appraisals.
- The Admiral Employee Consultation Group (ECG) meetings.
- Regular employee surveys.
- Feedback schemes such as 'Ask Milena' and 'Speak Up'.
- Participation in the Great Places to Work survey.

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

Actions taken in 2021

- Employee Consultation Group (ECG) consulted on the move to hybrid/smart working and held other meetings to discuss topics important to Company staff.

- The Board continued to monitor the impact of the Covid pandemic on staff in terms of case numbers and the mental health impact both within the UK and within its offices in India. Wellbeing services were enhanced to counter the mental health effects of the pandemic.
- The Company carefully considered the impact on staff when deciding on office space closures during the year.

Monitoring

- #5 Best Big Company to Work for UK in 2021.
- #5 Best Super Large Workplace in the UK by Great Places to Work.
- #2 Best Workplace for Women in the UK by Great Places to Work.

Outcomes

- The Company continued to achieve strong ratings on key metrics such as staff attrition and enjoyment at work.

Community

The Company perceives that the key material issues for its communities generally relate to support and ongoing dialogue, financial and resource-based contributions, and consistency and integrity relating to its promises.

The Company's employees drive community engagement because they both nominate and choose which initiatives are supportedengaging 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.

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

Actions taken in 2021

- The Board approved a new Modern Slavery Statement and published this on the Group website.

Monitoring

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

Outcomes

- The Company donated £1 million to the UNICEF India vaccination programme at the height of their pandemic.
- During 2021, the Company made "super donations" to support a small number of local organisations that work in areas closely aligned to the Group sustainability goal.
- The Company launched a three-year partnership with the University of Oxford's Jesus College on their Welsh access initiative to encourage young Welsh school students to attend leading universities in the UK.

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. The Company perceives that key material issues for its 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 its 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 2021

- The Board receives regular updates on its arrangements with its coinsurance partner Great Lakes.
- The Board approved a revised contract with the Company's payments service provider.
- The Board approved a variation to the Binding Authority Agreement.

Monitoring

- Feedback from the 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, such as the FCA pricing reforms.

The Company's compliance, audit, procurement, and due diligence frameworks outline its expectations for responsible business behaviour and provide insight into its culture and approach.

UK Coinsurance arrangements

During 2021, 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% (2020: 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.

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 2021

- The Board discussed opportunities for further diversification and business growth in line with the Company's strategy.

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.

The environment

At Admiral, we care deeply about our employees, our customers, and the impact we make on the world. Admiral is mindful that it is increasingly important to demonstrate responsible business behaviour with regards to the environment, because all of our stakeholders demand it, and because it is the right thing to do:

- Our people want to know that they work for a company which is playing its part in tackling the climate emergency.
- Our customers want to know that we are not only looking after their property and possessions, but that we're looking after their future.
- Our shareholders and regulators want to know that we are a company which is robust to the challenges and open to the opportunities that tackling the climate emergency will present. We aim to reduce our environmental impact, including our carbon footprint, and encourage responsible behaviour in our people, customers and other stakeholders

Further disclosures are contained in the Group Financial Statements and EUI supports and participates in all Group related management and employee activities.

Actions taken in 2021

- Management received regular updates from the Green Team, an internal working group.
- Green Week and Earth Date were internally promoted to raise awareness amongst staff.
- Quarterly meetings of the climate steering group were held.

Monitoring

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

Outcomes

- The Company continued to reduce its CO2e emissions.
- The Company continued it ongoing improvements in recycling and energy usage.
- Increased awareness and understanding of environmentally responsible behaviour among 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 condition.

- 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 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 exposure 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 116-123 of the Admiral Group plc Annual Report.

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. To manage liquidity risk EUI Limited maintain a liquidity buffer.

Post balance sheet events

No events have occurred after the reporting period which require disclosure.

This report was approved by the board and signed on its behalf on:

DocuSigned by:
DJ Caunt
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D J Caunt
Company Secretary
23rd September 2022

Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2021. Several disclosures required by Companies Act 2006 are included in the Strategic Report, including disclosure of foreign operations and use of financial instruments.

Results and dividends

The profit for the year after taxation amounted to £520.7 million (2020: £371.4 million).

During the year, the Company paid dividends totalling £490.0 million (2020: £310.0 million) to its parent company, Admiral Group plc. This consisted of £220 million declared on 22 February 2021, a further interim dividend of £120 million on 4 August 2021 and a final dividend of £150 million on 30 November 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
H C Molyneux
M C Nestares-Lopez
T M Scott
R I L Townend

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 £319,000 (2020: £6.0 million) to various local and national charities. The reason for the reduction is a return to normal levels, after there were significant donations in the prior year to support communities confronting the Covid-19 pandemic.

The Company has never made political donations.

Future developments

The Company continues to take advantage of growth opportunities where the market conditions are favourable. The Company will continue to identify and develop new products for customers that add value and take advantage of new technologies to improve the customers' experience including enhanced digital and self-service offerings.

The arrangements for the UK Car, business will be underwritten on a new basis commencing from 1 January 2022, and premium is now ceded 20% to Munich Re, 72.5% and 7.5% to Admiral Insurance Gibraltar Limited and Admiral Insurance Company Limited respectively.

Admiral Insurance Gibraltar Limited continues to underwrite all household, van and travel insurance policies written within the UK.

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.

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 with customers and suppliers. During the period the Company maintained relationships with strategic partners through internal relationship managers and ongoing dialogue. The Company also renewed and maintained key contracts for the business.

Auditor reappointment

Following an audit tender process in 2020 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 2021 (specifically in the Governance Report on pages 140 - 153):

https://admiralgroup.co.uk/sites/default/files_public/annual-report/2022/03/2021-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.

Annual Report Energy and Carbon Statement

This statement has been prepared in accordance with the regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

During the reporting period **January 2021 to December 2021**, the Company's measured Scope 1 and 2 emissions (location-based) totalled **3,905** t.CO_2e. This comprised:

	FY2021		
	UK	Rest of World	Total
Scope 1	1,739	7	1,746
Scope 2 – location-based	1,768	391	2,159
Scope 2 – market-based	25	391	417
Total Scope 1 & 2 (Location-Based)	**3,506**	**399**	**3,905**
Total Scope 1 & 2 (market-based)	1,764	399	2,163
Scope 1 & 2 intensity per FTE (location-based)	0.5	0.4	0.5
Scope 3	430	531	962

Notes:
[1] This is the first Report published for EUI Limited (Admiral Group)

The Company purchased 81% of electricity from renewable sources, meaning the Scope 1 and 2 market based emissions were 2,163 tCO_2e.

The impact of Covid-19 has resulted in working from home being adopted as the norm, with the offices being kept within statutory and regulatory compliance requirements, has naturally resulted in a reduction of utility usage, and driven a floor space reduction which has increased the energy/utility savings. The building management within the UK sites in Newport, Cardiff and Swansea Vale/AGH are controlled by Building Management Systems (BMS) which are actively monitored for performance optimisation and time schedule efficiency, and with the requirement to introduce greater amounts of fresh air into the buildings which is achieved via the BMS systems has resulted in a marginal increase in utility consumption.

During this period, the Company have taken the opportunity to engage with specialist consultants to review the building operation and explore decarbonisation measures such as the removal of natural gas in Cardiff and introduction of air source heat pumps. Equipment /plant modernisation is also being planned for the next financial period/ year which includes the upgrade of the BMS system in Cardiff and replacement of the air-condition plant in the Vale Swansea.

The Company continues to engage staff in energy efficiency campaigns and to explore the use of emerging technology, such as hydrogen boilers and the district heating mains being introduced in Cardiff.

The Company's Scope 3 emission account for business travel, waste and water. This year, the Company has expanded the reporting boundary to include Category 3: Fuel and Energy-Related Activities not included in Scope 1 or Scope 2 (FERA). Measured Scope 3 emissions totalled **864**tCO2e.

During the year, the total fuel and electricity consumption of the Company was **15,283** MWh, of which **87%** was consumed in the UK. The split between fuel and electricity consumption is displayed below.

Energy consumption (MWh)	**FY2021**		
	UK	Rest of world	Total
Electricity	8,325	1,914	10,239
Fuels[1]	5,033	12	5,044

[1] Natural gas and transportation fuels (petrol and diesel)

Methodology

The Company quantifies and reports its organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. The Company consolidates its organisational boundary according to the **operational** control approach, which includes all operations and sites. The GHG sources that constituted the Company's operational boundary for the year are:

- **Scope 1:**
  - Natural gas combustion
  - Company (Diesel) Vehicle combustion
- **Scope 2:**
  - Purchased electricity - standard
  - Purchased electricity - renewable
- **Scope 3:**
  - FERA
  - Waste
  - Water
  - Business Travel

In some cases, where data is missing, values have been estimated using extrapolation of available data. The Scope 2 Guidance requires that the Company quantifies and reports Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

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 support 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	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.	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. 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. The Company has put in place established procedures and structures intended to ensure the effective operation of the Board, including: • 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, from the Group Risk Committee and to the Board Risk and Conduct Committees. • At least annual reviews of the Board terms of reference and the terms of reference of the EUI Board Risk and Conduct Committee ("EUI BRCC"). • Introduction of Board Skills Matrix and broad Board Education Planner. • The establishment of the new EUI BRCC to oversee risk and compliance matters. • Documentation of annual Board Objectives, which are tracked at every Board meeting.

B	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.	The Board establishes and maintains the Company's purpose, values and strategy within the parameters of the Group's strategy. The Company follows the Group's purpose, which is set out on the first page of the Annual Report, is to "*Help more people to look after their future; always striving for better, together*". More detail can be found on the Group's website at www.admiralgroup.co.uk. The Company's strategy, which is closely aligned with the Group strategy as set out on page 35 of the Annual Report, is highly focused on building customer-focussed, sustainable businesses for the long-term. The strategy is divided between investing in: • Core positioning • Core transformation • Motor evolution • Future business Ensuring the Company is a great place to work is also an essential part of the strategy. The Board is responsible for ensuring these matters are communicated to and understood by EUI's employees. The s172 Statement above sets out the actions taken by the Company in 2021 in respect of its employees and explains how employee and culture metrics are monitored. The Board is committed to ensuring the highest possible standards of conduct across the business in all areas. The Directors have an open-door policy to encourage reporting of inappropriate conduct at the highest level. The Company ensures that employees feel comfortable raising any concerns and provides guidance on ways to report issues and assures employees that all concerns are dealt with seriously and if necessary, anonymously, under the Group Whistleblowing Policy.
C	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 risk to be assessed and managed.	The Board approves the EUI Risk Strategy and Appetite, aligned to the Group risk appetite (approved by the Group Board), 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. The EUI BRCC is a committee of the Board and has been delegated responsibility for the matters outlined within its 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. EUI Key Risk Indicators (KRIs) are monitored monthly and reported to each BRCC meeting. The more material risks and associated KRIs are also monitored at Group level by the Group Risk Committee. Any breach of a KRI limit is immediately notified to the BRCC to ensure that appropriate action is taken. The Board receives regular updates from the EUI BRCC and from the Company's four management committees (Customer Committee, Risk Management Committee, Pricing and Product Committee, and Change Investment 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 various corporate governance teams functions. 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. The RMC is responsible for monitoring and providing information to the BRCC 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. 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. The Board considers this information to be appropriate for it to assess and manage risks relating to the Company.
D	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.	The BRCC 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. The Company's Operational Report also provides management information on people (attrition, absence, headcount), staff feedback, culture and performance metrics on information technology. The Board receives regular updates from the Admiral Employee Consultation Group ("ECG") which is a forum for staff to raise any issues to management. The Board receives updates on supplier partnerships and approves supplier contracts of certain values. 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.
E	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	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 are essential to the Company's long-term success. 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. The Company's staff regularly complete surveys which inform management on all aspects of morale, job satisfaction, wellbeing and happiness. All Company staff can engage with the ECG, which was formed to allow all staff to voice their opinions and concerns to senior management.
2	**Division of Responsibilities**	
F	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	Board meetings are conducted in a transparent and open way. The Chair allows all Non-Executive Directors (NEDs) to contribute to the Board discussions and ask questions, and encourages dialogue and challenge to 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 Chair fosters an open and collaborative forum within each Board meeting to facilitate constructive and effective debate. The Group Chair is responsible for conducting reviews of the Company Chair's effectiveness, and the Chairs meet annually to this end. 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. The Board membership and attendances is carefully considered to facilitate more open debate and time for NED participation. All Board papers all distributed in a timely and secure manner ahead of Board meetings. Full minutes are completed for all Board meetings.
G	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.	Independent Non-Executive Directors are selected for their experience and varied skillsets. As at 31 December 2021, the Board was made up of the following officers: 1. Dan Caunt (Company Secretary) 2. Andy Crossley (EUI Chair and INED) 3. Sue Gilbert (Interim Group CRO) 4. Alistair Hargreaves (UK COO) 5. Helen Molyneux (INED) 6. Cristina Nestares (UK CEO) 7. Tom Scott (INED) 8. Rob Townend (EUI BRCCC Chair and INED) The following are standing attendees of the Board: 1. Glen Ward (EUI CFO) 2. Charlotte Watkins (Senior Governance Executive) The following are standing invitees of the Board: 1. Milena Mondini (Group CEO) 2. Geraint Jones (Group CFO) As at 31 December 2021, the EUI BRCC was made up of the following members: 1. Rob Townend (EUI BRCC Chair and INED) 2. Tom Scott (INED) 3. Dan Caunt (Company Secretary) The following are standing attendees of the EUI BRCC: 1. Cristina Nestares (UK CEO) 2. Alistair Hargreaves (UK COO) 3. Sue Gilbert (Interim Group CRO) 4. Katie Grove (Head of EUI Compliance) 5. Jim Parry (Head of EUI Risk) 6. Brian Martin (UK Head of Customer Conduct) 7. Charlotte Watkins (Governance Executive) The following are standing invitees of the EUI BRCC:

		1. Andy Crossley (EUI Chair and INED) 2. Helen Molyneux (INED) In addition, the Board and the EUI BRCCs are regularly attended by other senior management and staff who provide the Board with updates from around the business. 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 allocation between the Chair and CEO are documented and reviewed by the Board each year. The framework also defines the division of responsibilities between the Company and the Group. The 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 the proper flow of information. 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.
H	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.	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. The NEDs time commitments and external directorships are also formally reviewed on at least an annual basis. 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. NEDs' skills and experience are assessed against the Board Skills Matrix to ensure sufficient balance of knowledge and expertise within the Board. 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.
I	The board, supported by the company secretary, should ensure that it has the policies,	The overall governance framework is intended to provide appropriate structure, resources, information, and processes to help the Board function effectively and

	processes, information, time and resources it needs in order to function effectively and efficiently.	efficiently. Oversight and feedback support the efficient functioning of the Board for example: - The Chair encourages feedback from Board members regarding the length of meetings, the volume and quality of Board papers, the frequency of meetings and related matters. - The Board regularly reviews and approves Board Policies, the Board Terms of Reference and risk, compliance and internal audit 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	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.	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 Chair. The Board believes the Group arrangements for appointments are in line with best practice. 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. Succession planning and diversity remain key areas of focus for the Board and the Group Nomination and Governance Committee. The Board seeks to ensure that its composition and balance is reviewed and refreshed where necessary so 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.
K	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	The EUI NEDs are from a broad range of backgrounds (including insurance, legal, commercial customer services). Their skills are supplemented by a full induction programme and regular internal and external training sessions.

	regularly refreshed.	Each year, the Board agrees an Education Programme for NEDs to enhance their knowledge of the business and the environment in which the Company operates. The topics covered in 2021 included claims, data, digital, IT and human resources. NED education sessions will continue to be provided regularly going forward and will cover topic such as IT, culture, succession, ancillary products, customer perception and sales process. The composition of the Board and the BRCC is discussed with the Group. There is a 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.	The Company delegates its responsibility for this part of the Corporate Governance Code to the Group Audit Committee. 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. 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: • 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. There is an appropriate whistleblowing policy for staff of the Company to confidentially report concerns regarding financial reporting and related matters.

N	The board should present a fair, balanced and understandable assessment of the company's position and prospects	Assurance is provided to the board by the Group internal audit function along with the Company's robust internal control framework and with oversight from the Group Audit Committee. The Board and the EUI BRCC 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 risks the company is willing to take in order to achieve its long-term strategic objectives	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. 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. 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. 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.
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.	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). 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). 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.

Directors' Report
For the Year Ended 31 December 2021

		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.
Q	A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.	Please see section P above.
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 [TBC]

DocuSigned by:

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D J Caunt
Company Secretary
23rd September 2022

Directors' Responsibilities Statement
For the Year Ended 31 December 2021

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.

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 2021 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 27.

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; 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 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 solvency requirements.

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 tested the inputs to 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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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.

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.

David Rush (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

23rd September 2022

Statement of Comprehensive Income
For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	3	**226,020**	*205,898*
Cost of sales		**(68,203)**	*(52,122)*
Gross profit		**157,817**	*153,776*
Administrative expenses		**(560,759)**	*(476,662)*
Profit commission	3b	**498,255**	*330,123*
Gross expense recovery		**543,384**	*463,991*
Operating profit	4	**638,697**	*471,228*
Finance costs	8	**(2,203)**	*(2,663)*
Finance costs recovery	8	**2,203**	*2,663*
Interest and investment (expense)/income	9	**(45)**	*296*
Profit before tax		**638,652**	*471,524*
Tax on profit	10	**(117,947)**	*(100,149)*
Total profit after tax		**520,705**	*371,375*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Foreign exchange movement		**260**	*414*
Total comprehensive income for the year		**520,965**	*371,789*

Turnover and operating profit are all derived from continuing operations.

The notes on pages 37 to 61 form part of these financial statements.

EUI LIMITED
Registered number: 02686904

Statement of Financial Position
As at 31 December 2021

	Note		2021 £000		*2020* *£000*
Fixed assets					
Intangible assets	12		**63,824**		*53,660*
Tangible assets	13		**91,131**		*121,281*
			154,955		*174,941*
Current assets					
Debtors: amounts falling due after more than one year	15	**-**		*465*	
Debtors: amounts falling due within one year	15	**1,163,225**		*1,164,123*	
Cash and cash equivalents	16	**174,435**		*141,896*	
		1,337,660		*1,306,484*	
Creditors: amounts falling due within one year	17	**(999,855)**		*(1,029,683)*	
Provisions: amounts falling due within one year	19	**(1,855)**		*-*	
Net current assets			**335,950**		*276,801*
Total assets less current liabilities			**490,905**		*451,742*
Creditors: amounts falling due after more than one year	18		**(99,823)**		*(104,073)*
Provisions: amounts falling due after more than one year	19		**(9,669)**		*-*
Net assets			**381,413**		*347,669*
Capital and reserves					
Called up share capital	22		**1**		*1*
Foreign exchange reserve	23		**(430)**		*1,614*
Other reserves	23		**26,335**		*21,252*
Profit and loss account			**355,507**		*324,802*
			381,413		*347,669*

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 23rd September 2022

DocuSigned by:
Sue Gilbert
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S M Gilbert
Director

The notes on pages 37 to 61 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£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 (Note 11)	-	-	-	(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 1 January 2021	1	1,614	21,252	324,802	347,669

	Called up share capital	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	**1**	**1,614**	**21,252**	**324,802**	**347,669**
Comprehensive income for the year					
Profit for the year	**-**	**-**	**-**	**520,705**	**520,705**
Foreign exchange movement	**-**	**260**	**-**	**-**	**260**
Other comprehensive income for the year	**-**	**260**	**-**	**-**	**260**
Total comprehensive income for the year	**-**	**260**	**-**	**520,705**	**520,965**
Dividends: equity capital (Note 11)	**-**	**-**	**-**	**(490,000)**	**(490,000)**
Elimination of FX reserve on disposal of a foreign branch		**(2,304)**			**(2,304)**
Deferred tax credit on share scheme charges		**-**	**5,083**	**-**	**5,083**
Total transactions with owners	**-**	**(2,304)**	**5,083**	**(490,000)**	**(487,221)**
At 31 December 2021	**1**	**(430)**	**26,335**	**355,507**	**381,413**

The notes on pages 37 to 61 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements of EUI Limited for the year ended 31 December 2021 were authorised for issue by the Board of Directors on and the statement of financial position was signed on 23rd September 2022, 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).

The financial statements are prepared on the historical cost basis, except for the revaluation of financial assets classified as fair value through profit or loss or as fair value through other comprehensive income.

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, United Kingdom, 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, 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.

The Company has also considered the impact of the ongoing crisis in Ukraine, the effects of claims inflation and changes in premium rates arising from the FCA's general insurance pricing reforms.

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

- Amendments to IFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021.

The application of this amendment 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
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 recognised 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 expenses.

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.

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 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 car 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

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.

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.

Creditors 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:

- 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.

Extension options may be applicable to certain leases.

1.20 Provisions

In line with IAS 37, provisions are made where there is a present legal or constructive obligation as a result of a past event and it is probable that there will be an outflow of economic benefits to settle this obligation and a reliable estimate of this amount can be made. The effect of the time value of money is considered immaterial for provisions held as at 31 December 2021.
The Company's policies on provisions for specific areas are:

Onerous contracts

Where the unavoidable costs of meeting a contract's obligations exceed the economic benefits derived from that contract, the unavoidable costs, less revenue anticipated under the terms of the contract, are recognised as a provision and charged to the income statement.

As at 31 December 2021, an onerous contract obligation is deemed to have arisen as a result of the decision to exit one of the leases entered into by the company. Taking into account that the earliest that EUI would be able to leave would be June 2030, the onerous provision has been calculated at £11.5m covering the remaining lease term.

1.21 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.

1.22 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.

1.23 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.

1.24 Qualitative risk disclosures

Objectives, policies and procedures for managing financial assets and liabilities

The Company’s activities expose it primarily to the significant financial risks of credit risk, liquidity risk, interest rate risk and foreign exchange risk. These risks are consistent with those experienced by Admiral Group plc, of which EUI is a subsidiary. The Company has its own Risk Committee responsible for supervising risk management and internal controls. There is also an Investment Committee that makes recommendations to the EUI Board on Company’s investment strategy.

There are several key elements to the risk management environment throughout the Company. These are detailed in full in the Corporate Governance statement in the annual report of Admiral Group plc.

Credit risk

The Company defines credit risk as the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion. The significant areas of exposure to credit risk for the Company are through its investments and bank deposits. Note that while EUI retains the policyholder receivable on the balance sheet, Admiral Insurance Company Limited retains the risk of the policyholder defaulting as premiums passed to the Admiral Insurance Company Limited will be reduced.

Economic and financial market conditions have led the Directors to consider counterparty exposure more frequently and in significant detail. The Directors consider that the policies and procedures in place to manage credit exposure continue to be appropriate for the Company’s risk appetite and, during 2021 and historically, no material credit losses have been experienced by the Company.

There are no specific concentrations of credit risk with respect to investment counterparties due to the structure of the liquidity funds which invest in a wide range of very short duration, high quality securities. Cash balances and deposits are placed only with highly rated credit institutions.

The Company's maximum exposure to credit risk at 31 December 2021 is £174m (2020: £141m) being the carrying value of financial investments and cash. The Company does not use credit derivatives or similar instruments to mitigate exposure. 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.

There were no significant financial assets that were past due at the close of either 2021 or 2020.

Interest rate risk

The Company considers interest rate risk to be the risk that unfavourable movements in interest rates could adversely impact on the capital values of financial assets and liabilities. This relates primarily to investments held at fair value. As noted above, the Company invests the following asset types:

• Investment funds (all material amounts being money market liquidity funds) which in turn invest in a mixture of very short dated fixed and variable rate securities, such as cash deposits, certificates of deposits, floating rate notes and other commercial papers. The funds are not permitted to have an average maturity greater than 60 days and hence are not subject to large movements in yield and value resulting from changes in market interest rates (as longer duration fixed income portfolios can investment return will vary according to market interest rates, the capital value of these investment funds will not be impacted by rate movements. The interest rate risk arising is therefore considered to be minimal.

1.25 Financial assets

Financial assets held by the Company include cash and cash equivalents, loans and advances to customers and trade and other receivables.

Classification and measurement

The classification and subsequent measurement of the financial asset under IFRS 9 depends on:
(a) the Company's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Based on these factors, the financial asset is classified into one of the following categories:

- Amortised cost – assets which 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 (SPPI), where the asset is not irrevocably designated as fair value through profit and loss (FVTPL) at inception. An expected credit loss allowance is calculated for all assets held at amortised cost, as detailed further in the impairment section below. Assets measured at amortised cost include cash and cash equivalents and trade and other receivables.
- Fair value through other comprehensive income (FVOCI) – assets which are held both to collect contractual cash flows and to sell the asset, where 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 (SPPI), where the asset is not designated as FVTPL. The Company has no assets classified as FVOCI.
- Fair value through profit or loss (FVTPL) – assets which do not meet the criteria for amortised cost or FVOCI, or which are designated as FVTPL. The Company has no assets classified as FVTPL.

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 – 2021 underwriting years:

	2017	**2018**	**2019**	**2020**	**2021**
Booked loss ratio	62%	68%	65%	58%	
Impact of 1% deterioration in booked loss ratio (£m)	(4.8)	(4.4)	(4.3)	(5.1)	-
Impact of 3% deterioration in booked loss ratio (£m)	(14.4)	(13.3)	(12.5)	(15.4)	-
Impact of 5% deterioration in booked loss ratio (£m)	(24.0)	(19.8)	(18.8)	(24.6)	-
Impact of 1% improvement in booked loss ratio (£m)	4.8	4.4	4.3	5.1	-
Impact of 3% improvement in booked loss ratio (£m)	14.4	13.9	13.3	15.4	-
Impact of 5% improvement in booked loss ratio (£m)	24.0	24.0	23.0	25.6	-

The figures above are stated net of tax at the current rate.
Note that no profit commission has yet been recognised in respect of the 2021 underwriting year and so there are no sensitivity effects resulting from changes in loss ratio.

Notes to the Financial Statements
For the Year Ended 31 December 2021

3. Turnover

3a. Revenue

	2021	2020
	£000	*£000*
Contribution from additional products and fees	**138,110**	*148,643*
Instalment income*1	**87,889**	*57,214*
Interest on loans and advances to customers	**21**	*41*
	226,020	*205,898*

*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:

	2021 £000	2020 £000
Point in time	**135,565**	*145,882*
Over time	**2,545**	*2,762*
Revenue outside the scope of IFRS 15	**87,910**	*57,254*
	226,020	*205,898*

No revenue was recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (2020: £nil). All revenue originates from services rendered within the UK.

3b. Profit commission

	31 December 2021 £000	31 December 2020 £000
Underwriting year (UK Motor only)		
2015 and prior	**94,069**	*88,519*
2016	**56,581**	*59,613*
2017	**86,934**	*73,039*
2018	**64,387**	*30,346*
2019	**58,252**	*32,254*
2020	**119,426**	*37,238*
Total UK Motor profit commission	**479,649**	*321,009*
Total UK Household	**18,606**	*9,114*
Total profit commission	**498,255**	*330,123*

4. Operating profit

The operating profit on continuing operations is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	**19,231**	*18,083*
Amortisation of intangible assets	**13,566**	*12,203*

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. There were no non-audit services provided in the year (2020: £nil):

	2021 £000	2020 £000
Fees for the audit of the Company	**481**	*383*
	481	*383*

6. Employees

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

	2021 £000	2020 £000
Wages and salaries	**229,185**	*196,843*
Social security costs	**17,346**	*16,012*
Cost of defined contribution scheme	**8,229**	*7,567*
Share scheme charges	**76,530**	*62,943*
	331,290	*283,365*

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

	2021 No.	2020 No.
Direct customer contact employees	**5,461**	*5,262*
Support employees	**1,976**	*1,933*
	7,437	*7,195*

7. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	**935**	*902*
Amounts receivable under log-term incentive schemes	**2,083**	*1,996*
Company contributions to defined contribution pension schemes	**28**	*40*
	3,046	*2,938*

During the year retirement benefits were accruing to three Directors *(2020: four)* in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,743k *(2020: £1,492k)*. The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £nil *(2020: £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 (2020:nil).

8. Finance costs

	2021 £000	2020 £000
Interest payable on lease liabilities	**2,203**	*2,663*
Recoveries: Interest payable on lease liabilities	**(2,203)**	*(2,663)*
	-	*-*

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)

	2021 £000	2020 £000
Losses on forward contracts	**(68)**	*(15)*
Other interest receivable	**23**	*311*
	(45)	*296*

10. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	**120,433**	*86,712*
Adjustments in respect of previous periods	**1,045**	*10,907*
	121,478	*97,619*

Foreign tax		
Foreign tax on income for the year	**523**	*191*
Foreign tax in respect of prior periods	**-**	*(8)*
	523	*183*
Total current tax	**122,001**	*97,802*
Deferred tax		
Current period deferred taxation	**(2,404)**	*2,285*
Adjustments in respect of previous periods	**(1,650)**	*62*
Total deferred tax	**(4,054)**	*2,347*
Taxation on profit on ordinary activities	**117,947**	*100,149*

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax enacted in the UK of 19.0% (2020: 19.0%). The tax assessed in the prior year was also higher than the standard corporation tax rate. The differences are explained below:

	2021 £000	2020 *£000*
Profit on ordinary activities before tax	**638,652**	*471,524*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2020 – 19.0%)	**121,344**	*89,590*
Effects of:		
Expenses not deductible for tax purposes	**324**	*(271)*
Non-taxable income	**(499)**	*(508)*
Adjustments to tax charge in respect of prior periods	**(605)**	*10,968*
Impact of different overseas rates	**523**	*183*
Non-taxable profit on transfer of loans business	**-**	-
Release of deferred tax asset brought forward	**-**	-
Difference in tax rate on deferred tax	**(3,140)**	*187*
Total tax charge for the year	**117,947**	*100,149*

Factors that may affect future tax charges

The average rate of tax for 2021 is 19.0% (2020: 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.

11. Dividends

	2021 £000	2020 £000
Dividends paid on equity capital	**490,000**	*310,000*
	490,000	*310,000*

Dividends paid in 2021 were equivalent to £490k per share (2020: £310k).

12. Intangible assets

	Software £000
Cost	
At 1 January 2021	**128,533**
Additions	49,104
Impairment	(63,847)
Foreign exchange movement	12
Disposals	(18)
At 31 December 2021	**113,784**
Amortisation	
At 1 January 2021	**74,873**
Charge for the year	13,566
Impairment	(38,455)
Disposals	(20)
Foreign exchange movement	(4)
At 31 December 2021	**49,960**
Net book value	
At 31 December 2021	**63,824**
At 31 December 2020	*53,660*

Intangible assets predominantly consist of capitalised development expenditure relating to the Company's insurance policy administration software system. Of the total additions disclosed above, £29.1 million relates to internally generated assets.

The gross carrying amount of internally generated assets as at 31 December 2021 was £68.9 million (2020: £61.8 million) with accumulated amortisation of £50.0 million (2020: £28.0 million).

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

Impairment recognised in internally generated software relates to impairment of technology assets which are to be replaced as a result of the continued investment in technology and digital capabilities outlined as part of the Admiral 2.0 strategy discussed in Admiral group PLC financial statements.

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 2021	**30,726**	**93**	**7,264**	**17,557**	**68,423**	**106,388**	**230,451**
Additions	850	-	609	361	6,653	4,077	**12,550**
Disposals	(26)	-	(19)	(5)	(15,786)	(2,958)	**(18,794)**
Impairment	(174)	-	(570)	(712)	-	(17,805)	**(19,261)**
Exchange adjustments	1	-		18	20	115	**154**
At 31 December 2021	**31,377**	**93**	**7,284**	**17,219**	**59,310**	**89,817**	**205,100**
Depreciation							
At 1 January 2021	**20,421**	**71**	**6,720**	**15,676**	**51,910**	**14,372**	**109,170**
Charge for the year	3,269	22	266	996	6,908	7,492	**18,953**
Disposals	(1)	-	(3)	(1)	(9,402)	(107)	**(9,514)**
Impairment	(174)		(570)	(712)	-	(3,239)	**(4,695)**
Exchange adjustments	2	-	-	15	19	25	**61**
At 31 December 2021	**23,517**	**93**	**6,413**	**15,974**	**49,435**	**18,543**	**113,975**
Net book value							
At 31 December 2021	**7,860**	**-**	**871**	**1,245**	**9,881**	**71,274**	**91,131**
At 31 December 2020	10,305	22	544	1,881	16,513	92,016	121,281

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

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2020	**20,747**
Disposal of investment	**(20,747)**
At 31 December 2020	**-**
Cost or valuation	
At 1 January 2021	**-**
At 31 December 2021	**-**

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

	2021 £000	2020 £000
Due after more than one year		
Loans and advances to customers	**-**	*465*
	-	*465*

Due within one year		
Policyholder receivables	**791,751**	*817,539*
Amounts owed by group undertakings	**236,701**	*298,531*
Other debtors	**40,301**	*28,965*
Corporation tax asset	**-**	*13,631*
Loans and advances to customers	**15**	*63*
Assets classified as FVTPL	**79,927**	-
Deferred taxation (note 21)	**14,530**	*5,394*
	1,163,225	*1,164,123*

The combined loans and advances to customers balances above totalling £15,000 (2020: £63,000) is shown net of an expected credit loss provision of £184,000 (2020: £144,000), calculated in accordance with IFRS 9 as set out in note 1.17 and 1.18. A charge of £40,000 (2020: £41,000) 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, as well as Assets classified as FVTPL 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

	2021	2020
	£000	*£000*
Cash at bank and in hand	**174,435**	*141,896*

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.

17. Creditors: Amounts falling due within one year

	2021	2020
	£000	*£000*
Trade creditors	**20,041**	*18,321*
Amounts owed to other participating interests	**801,872**	*819,812*
Lease liabilities	**7,898**	*8,590*
Other taxation and social security	**7,453**	*5,552*
Other creditors	**23,406**	*21,763*
Accruals and deferred income	**85,742**	*78,850*
Commissions owed	**24,482**	*46,532*
Motor Insurers' Bureau levies payable	**13,114**	*11,697*
Corporation tax liability	**206**	-

Forward foreign exchange contracts	**-**	-
Claims handling costs accrued	**15,641**	*18,566*
	999,855	*1,029,683*

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

	2021 **£000**	2020 *£000*
Claims handling costs accrued	**10,917**	*5,085*
Lease liabilities	**88,906**	*98,988*
	99,823	*104,073*

19. Provisions

	2021 **£000**	2020 *£000*
Restructuring provision	**11,524**	-
	11,524	-
Amounts due within one year	**1,855**	-
Amounts falling due after more than one year	**9,669**	-
	11,524	-

	2021 **£000**	2020 *£000*
At beginning of year	**-**	-
Charged or credited to the profit /(loss) Account	**11,524**	-
Utilised in year	**-**	-
Released	**-**	-
At end of year	**11,524**	-

The restructuring provision charged to the profit or loss in 2021 relates to onerous contracts in relation to the closure of one leased office planned to take place in 2022.

20. 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 2021 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:

	2021 £000	2020 £000
Within 1 year	**10,128**	*11,100*
Between 2 to 5 years	**36,255**	*35,145*
Between 5 to 10 years	**31,936**	*36,501*
More than 10 years	**35,389**	*45,362*
	113,709	*128,108*

Total lease payments made during the year amounted to £7.7 million (2020: £8.4 million)

21. Deferred taxation

	2021 £000	2020 £000
At beginning of year	**5,394**	2,056
Charged to the profit or loss	**4,054**	(2,347)
Credited to other reserves	**5,083**	5,685
At end of year	**14,530**	5,394

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	**7,646**	*(1,780)*
Share schemes	**6,421**	*6,941*
Other timing differences	**(464)**	*233*
	14,530	*5,394*

22. Share capital

	2021 £	2020 £
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*
	1,000	*1,000*

Both Ordinary A and Ordinary B shares carry the same voting rights and rights to dividends.

23. 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.

24. 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 £8,229,007 (2020: £7,567,000). Contributions totalling £1,504,000 (2020: £1,355,000) were payable to the fund at the balance sheet date and are included in creditors.

25. 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 2021 £000	**Amount due from/ (to) at 31 Dec 2021 £000**	*Transaction Value 2020 £000*	*Amount due from/ (to) at 31 Dec 2020 £000*
Admiral Law Limited (fellow subsidiary)	**1,435**	**8,832**	*5,426*	*7,975*
Compare.com Insurance Agency LLC (fellow subsidiary)	**276**	**47**	*(276)*	*246*
Rastreator.com Limited` (fellow subsidiary)			*1*	*3,079*
Comparaseguros Correduria de Seguros, S.L., Sociedad Unipersonal (fellow subsidiary)			*104*	*1,225*
Preminen Price Comparison Holdings Limited (fellow subsidiary)			*153*	*662*
	1,711	**8,879**	*5,408*	*13,187*

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. Preminen Price Comparison Holdings Limited ceased to be a related party during the year as it was disposed of by the ultimate parent company.

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. These entities ceased to be a related party during the year as they were disposed of by the ultimate parent company.

No amounts were written off or provided for bad or doubtful debts at 31 December 2021 or 31 December 2020.

26. Events after the reporting period

There are no events after the reporting period to disclose.

27. 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, Cardiff, United Kingdom CF10 2EH.