

ANNUAL
REPORT AND
ACCOUNTS

2017



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GLOBAL PLC



Hansard is a specialist long-term savings provider that has been providing innovative financial solutions for international clients since 1987. We focus on helping financial advisors and institutions to provide their clients (individual and corporate investors) with saving and investment products in secure life assurance wrappers to meet long-term savings and investment objectives

We administer assets in excess of £1 billion for over 500 financial advisor businesses with approximately 40,000 client accounts in as many as 155 countries.

Hansard Global plc Report and Accounts

For the year ended 30 June 2017



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Chairman's Statement

The Chairman reviews our performance, and the relevant issues affecting our business and how we operate.

Strategic Report

A narrative review of the Group's performance that includes an overview from the Chief Executive and details of our business. You can also find out about our approach to risk management.

Governance Information

In this section you can find out more on our Directors' background and experience, their specific responsibilities in relation to the Annual Report and Accounts, the key parts of our governance framework and how it was implemented during the year as well as reports from the various Board committees.

Financial Information

The Group's IFRS financial statements which include detailed analysis of the Group's performance, assets and liabilities. You will also find the Company financial statements in this section.

European Embedded Value

The Group's EEV Information which includes detailed analysis of the Group's performance.

Shareholder Information

Further information for shareholders such as our financial calendar and how to get in touch.

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Chairman's Statement

Philip Gregory

It is pleasing to see new business levels rise by almost 25% on the previous year. We are seeing new distribution relationships flourish and are well positioned to maintain this growth in 2018 with additional business streams.



We are seeing new distribution relationships flourish and are well positioned to maintain this growth in 2018 with additional business streams.



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New business

Total new business levels rose 24% to £148.3m PVNBP. As a consequence our new business margin has continued to improve and is now 0.9% (2016: 0.2%).

I indicated last year that the Group continues to work on a number of new initiatives that would enable us to sell our products in new markets in the financial year 2018 and beyond. We remain on track with this target and were delighted to have signed a strategic alliance with Union Insurance Company in the UAE in Q3 FY 2017. We have seen significant levels of interest in this product range and expect this to convert to issued business in the coming period.

Financial performance

Our IFRS profit for the year after taxation was £7.7m (2016: £8.3m). This figure reflects a charge of £1.1m taken as a provision against balances due from a brokerage firm which has experienced financial difficulties during the year. Underlying profit for FY 2017 was £8.8m compared to £9.2m for FY 2016. This underlying performance reflects the development of the Group's international business within Hansard International, offset by reducing Hansard Europe income and increased legal defence costs.

On an EEV basis the profit for the year after taxation was £11.7m (2016: £13.1m). EEV profit continues to be supported by positive investment return variances.

Cash flows have improved reflecting the past two years of growth. Cash flows from operations for the year increased to £8.4m for FY 2017 (2016: £4.7m). This remains less than our 2017 dividend payout but is comfortably funded by our substantial cash balances. As announced in our 2017 half year results, we intend to reduce our dividend in 2018 to better match cash flows and to allow the business to capitalise on future business development opportunities.

Regulatory developments

During 2017, the Isle of Man Financial Services Authority (FSA) released its "2017 Roadmap for updating the Isle of Man's regulatory framework for insurance business", together with a number of key consultations. These changes are wide ranging and will affect all aspects of Hansard's international insurance business from 1 January 2019. The underlying objectives of the Roadmap are to improve policyholder protection, maintain confidence in the island's financial services industry through effective regulation, to observe international standards and core principles and to achieve a positive equivalence assessment under the EU Solvency II framework. Some of the key changes include additional point of sale requirements, including commission disclosure, and a more robust approach to the acceptance and oversight of broker

relationships. Given the scale and complexity of these initiatives, we welcome the FSA's recent pragmatic decision to allow the industry until 2019 to develop and implement the necessary changes.

Capitalisation and solvency

The Group remains well capitalised to meet the requirements of regulators, contract holders, intermediaries and other stakeholders. Aggregate minimum solvency margins are covered by £40.8m (2016: £35.5m) of excess assets. We have maintained our prudent investment policy for shareholder assets, which minimises market risk and has provided a stable and resilient solvency position over recent years.

Dividends

The Board has resolved to pay a final dividend of 5.3p per share (2016: 5.3p). The dividend is subject to approval at the Annual General Meeting. If approved, this will represent total dividends for the financial year of 8.9p per share (2016: 8.9p). The final dividend will be paid on 16 November 2017.

Concluding remarks

The Board is pleased to see the continuing growth of the business but is clear that further growth is required to achieve increased economies of scale and improved margins. We are confident that there are significant additional opportunities to capitalise upon in FY 2018 and that we have the appropriate capabilities and structures in place to do so.

Philip Gregory
Chairman

27 September 2017

Group Chief Executive Officer's Overview

Gordon Marr

The year has built further on the growth and diversification of our business achieved over the past two years. We have seen a number of regions mature and deliver consistent results while a number of others have grown rapidly as new distribution relationships come on stream.

We were delighted to launch a new business model in the UAE this year which pairs the local knowledge and experience of a domestic insurer with Hansard's leading technology, product and administration capabilities. This locally licensed model allows us to expand our target market and we believe this offers an attractive growth opportunity for the current financial year.

I would also like to highlight the Group's 30-year anniversary which was reached in 2017. There are few companies left in our industry which have not gone through some form of re-branding, takeover or market exit. This stability and consistency we view as a strength and a source of comfort to our customers and distribution partners that we are here for the long term. We were delighted to celebrate this longevity recently at a gala event in the historic grounds of University College Isle of Man.





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Strategy development

In light of a global environment where technology and regulation are rapidly evolving, we decided during 2017 to establish a dedicated strategy team and appoint a Chief Strategy Officer.

This team has three main aims:

- i) to capitalise on near term strategic opportunities;
- ii) to ensure the Group is correctly positioned for future regulatory developments and change; and
- iii) to consider and plan for longer term industry and technological evolution.

In due course, we will communicate the output from these considerations and ensure the Group is positioned correctly for the short, medium and long term.

In the meantime, we continue to focus on growing our core offering. We still see plenty of opportunity in developing new and existing broker relationships and indeed as a number of the larger, multi-national insurers take a step back from non-core markets, we see opportunity to step in and meet the needs of customers in those regions.

We are also continuing initiatives to secure additional licenses and partnerships in a small number of targeted locations.

Results for the year under review

We believe that the following areas are the fundamental factors for the success of the Group.

- 1. Sourcing significant flows of regular premium new business flows from diversified target markets;**
- 2. Managing our exposure to business risk;**
- 3. Positioning ourselves to incorporate ever-increasing levels of regulation into our business model;**
- 4. Leveraging Hansard Online developments; and**
- 5. Managing our cash flows through the cycle to fund the appropriate balance of investment in new business and dividends.**

I would draw your attention to the additional following information that is contained in the Business and Financial Review on pages 14 to 25.

1. New Business distribution

The level of new business* we earned during the financial year ("FY") of £148.3m (using the Present Value of New Business Premiums ("PVNBP") metric) is some 24% above the £119.3m from FY 2016.

Both regular and single premium new business grew during the year. Despite recent changes to UK regulations, we saw strong growth in international pensions products and also in our refreshed Capital Builder product. Latin America was our fastest growing region during the year as new relationships started to produce results.

* Following the closure of Hansard Europe DAC (previously Hansard Europe Limited) to new business with effect from 30 June 2013, new business performance commentary within this document will relate to Hansard International Limited alone, except where indicated.

Group Chief Executive Officer's Overview *continued*

Gordon Marr

2. Operational, Business and Financial Risks

Our business model involves the acceptance of a number of risks. We maintain an enterprise risk management framework to identify, assess, manage, monitor and control current and emerging risks. However the system of internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The Group's internal control and risk management processes have operated satisfactorily throughout the year. There are a number of areas outlined below which are of significance for understanding the results and operating environment of the Group.

2.1. Complaints and potential litigation

We continue to deal with complaints in circumstances where a contract holder believes that the performance of an asset linked to a particular contract is not satisfactory. We do not give investment advice and are not party to the selection of the asset and therefore we believe that such claims have no merit. Sometimes these complaints progress to litigation with the resulting increase in cost and resource to the Group. In many cases the litigation relates to decisions taken by individuals during, or as a result of, the global financial crisis some years ago.

During the year the Group successfully won a further two cases in Italy and Germany which continues to affirm confidence in the Group's legal arguments. The outstanding writs have not materially reduced however as one case has since been appealed and the other case was of a relatively minor value. Two additional claims were made during the year, resulting in a net increase of outstanding writs of €1.2m. The total level of net writs outstanding at the end of the year was €16.9m (£14.8m). At this time it is not possible to put a reliable estimate on the ultimate liability of such writs. Such writs continue to be treated as contingent liabilities within the Annual Report and Accounts.

3. Leverage Hansard Online

Hansard OnLine is a powerful sales and business administration tool that is used by IFAs and clients the world over. It is an integral part of the Group's operating model and allows us to better service IFAs and clients, embed process efficiencies and be flexible in operational deployment.

Hansard OnLine provides IFAs and clients with a reliable online self-service model which they can access 24/7 from anywhere around the world with an internet connection. It provides an important foundation to our strategic goal of delivery of excellent customer service.

We have continued to invest in the system over the last year, extending its functionality and reporting capabilities.

Additional information concerning developments in Hansard OnLine is set out in the Business and Financial Review.



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4. Operating cash flows and dividends

The Group generates positive operating cash flows to fund investment in new business and support dividend payments.

Operating cash flows have recovered in line with the improved level of new business and Assets under Administration achieved. As outlined on page 20, the Group generated £5.8m (2016: £1.2m) in net cash flows before dividends, after the investment of £17.4m (2016: £15.4m) in acquiring new business. Dividends of £12.2m were paid in the financial year (2016: £12.2m), reflecting the strong cash reserves we have in place while we continue to grow the business.

An interim dividend of 3.6p per share was declared on 23 February 2017. A final dividend of 5.3p per share has been proposed by the Board and will be considered at the Annual General Meeting on 8 November 2017. When the final dividend is paid at this level, these dividends will total 8.9p per share in respect of this financial year.

As previously announced we intend to reduce the dividend in 2018 to 50% of current levels which will better match cash flows with dividend pay outs and furthermore allow the business to take advantage of strategic and new business opportunities.



Group Chief Executive Officer's Overview *continued*

Gordon Marr

Financial performance

Results for the year

Financial performance is summarised as follows. A detailed review of performance is set out in the Business and Financial Review that follows this report.

	2017 £m	2016 £m
New business sales – PVNBP	148.3	119.3
Underlying IFRS profit after tax	8.8	9.2
IFRS profit after tax	7.7	8.3
New business contribution	1.3	0.2
EEV operating loss after tax	(8.2)	(1.1)
EEV profit after tax	11.7	13.1
EEV at 30 June	195.5	195.9

IFRS results

Fees and commissions were £52.6m for the year, up 2.5% or £1.3m from 2016. Fees from Hansard International have increased by £2.5m or 5.5% over 2016 as a result of increasing new business levels and the positive impact on income of sterling's continued weakness. Against this, income from Hansard Europe has continued to fall, as expected, and is 16% down on last year. Further detail and analysis is contained in the Business and Financial Review.

Administrative and other expenses were £27.1m for the year, increased from £25.3m in 2016. The increase is primarily as a result of a £1.1m provision for doubtful debts and an increase of £0.3m in litigation costs.

After eliminating significant, one-off items, the underlying profit after tax was £8.8m compared to £9.2m in 2016.





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EEV results

During the year, the Group has continued to invest in the development and implementation of its strategic objectives, while at the same time managing the expenses of supporting its existing business. Operating cash flows have remained positive.

With distribution levels increasing during the year, New Business Contribution has improved to £1.3m for the year (2016: £0.2m). Overall, an EEV profit after tax of £11.7m was produced (2016: £13.1m). This was driven by strong positive investment return variances. Offsetting that were a number of expense, persistency and encashment variances which are outlined further in the EEV section of this report.

The key drivers of these variances were:

	2017 £m	2016 £m
Investment performance of contract holder funds	14.9	(7.6)
Impact of economic changes on contract holder activity margins	3.8	(4.7)
Exchange rate movements	1.1	26.1
Change in expense assumptions	(5.3)	1.0
Persistency and encashment experience variances	(3.7)	(2.0)

Following the payment of dividends of £12.2m (2016: £12.2m), the Group's EEV was £195.5 at 30 June 2017 (30 June 2016: £195.9m).

Capitalisation and solvency

Our key financial objective is to ensure that the Group's solvency is managed safely through the economic cycle to meet the requirements of regulators, contract holders, intermediaries and shareholders. The Group is well capitalised. The required minimum solvency margins are covered by excess assets of £40.8m, which are typically held in a wide range of deposit institutions and in highly-rated money market liquidity funds. This prudent investment policy for shareholder assets minimises market risk and has provided a stable and resilient solvency position over recent years.

We recognise that Hansard Europe's capital surplus is not available for distribution in the near future. It is therefore included within the total of Required Capital of £27.8m in the analysis of the Group's EEV balance sheet at 30 June 2017. Allowing for this, the EEV balance sheet reflects that the Group has a free surplus of £21.4m (2016: £27.9m) available for investment and distribution.

Our people

The Group has a dedicated dynamic workforce across a number of locations around the world. We recognise that our people are key to our success and that our ambitious goals and development plans can only be achieved with their hard work and commitment. This year, many of our people across all disciplines were involved in establishing a new operating model with our strategic partner in the UAE and I am grateful for all the hard work and effort that went into that. It was also pleasing to see our employee engagement scores continue to increase this year and this reflects well on the many initiatives deployed to develop engagement levels in recent years.

G S Marr
Group Chief Executive Officer
27 September 2017

Our Business Model and Strategy

Our Business Model and Strategy

Hansard is a specialist long-term savings provider that has been providing innovative financial solutions for international clients since 1987. We focus on helping financial advisors and institutions to provide their clients (individual and corporate investors) with savings and investment products in secure life assurance wrappers to meet long-term savings and investment objectives.

We administer assets in excess of £1 billion for over 500 financial advisor businesses with approximately 40,000 client accounts in as many as 155 countries.

Business

The Company's head office is in Douglas, Isle of Man, and its principal subsidiaries operate from the Isle of Man and the Republic of Ireland. Hansard International Limited ("Hansard International") is regulated by the Financial Services Authority of the Isle of Man Government and has a branch in Malaysia, regulated by the Labuan Financial Services Authority, to support business flows from Asian growth economies. Hansard Europe DAC ("Hansard Europe", previously Hansard Europe Limited) is regulated by the Central Bank of Ireland. Hansard Europe ceased accepting new business with effect from 30 June 2013.

Our products are designed to appeal to affluent international investors, institutions and wealth-management groups. They are distributed exclusively through independent financial advisors ("IFAs") and the retail operations of financial institutions.

Our network of Account Executives provides local language-based support services to financial advisors in key territories around the world, supported by our multi-language online platform, Hansard OnLine.

Strategy

Our aim is to be the preferred choice of distributors when recommending international savings and investment products to their clients.

We have developed attractive products and services and will continue to improve them. We recognise that clients are at the heart of our business and, consequently, we must work hard to build long-term positive relationships with them.

Our vision encompasses every part of our business. Beneath this, we have identified a range of strategic objectives to meet this target and continue to work towards them. Through careful execution of our plans in each of the following areas we intend to add increased scale to the business, on a diversified basis, at acceptable levels of risk and profitability.

- More long-term relationships with distributors;
- Better value for clients;
- A more visible profile in the market;
- Excellent client service;
- A motivated and engaged workforce; and
- Market-leading Online systems.



We administer assets exceeding £1 billion for over 500 financial advisor businesses with approximately 40,000 client accounts in as many as 155 countries



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Products

The Group's products are unit-linked regular or single premium life assurance and investment contracts which offer access to a wide range of investment assets. The contracts are flexible, secure and held within "wrappers" allowing life assurance cover or other features depending upon the needs of the client. The contract benefits are directly linked to the value of those assets that are selected by, or on behalf of, the client and held within the wrapper. The Group does not offer investment advice. Contract holders bear the investment risk.

The Group's products do not include any contracts with financial options and/or guarantees regarding investment performance and, hence, unlike the situation faced by some other life assurers, the Group carries no guarantee risk that can cause capital strain.

As a result of high levels of service, the nature of the Group's products, the functionality of Hansard OnLine, and the ability of the contract holder to reposition assets within a contract, we expect to retain the contract holder relationship over the long term.

Contract holder servicing and related activities are performed by Hansard Administration Services Limited, which is authorised by the Financial Services Authority of the Isle of Man Government to act as an Insurance Manager to both Hansard International and Hansard Europe.

We continuously seek to develop and enhance our products. In particular during the past year, we launched an enhanced version of our flexible Capital Builder product.

Revenues

The main sources of income for the Group are the fees earned from the administration of insurance contracts. These fees are largely fixed in nature and amount. Approximately 30% of the Group's revenues, under IFRS, are based upon the value of assets under administration. The new business generated in a particular year is expected to earn income for an average period of 14 years. Accordingly, with careful expense management, this provides a healthy return on the capital invested in that business. Our business is therefore long term in nature both from a contract holder perspective and with regards to the income that is generated.

From this income we meet the overheads of the business, invest in our business, invest to acquire new insurance contracts and pay dividends.

Managing Risk

While markets have substantially emerged from the global financial crisis of 2007 and beyond, there remains fragility to global economic and market growth. Events such as the UK referendum result on EU membership, terrorist attacks and geo-political tensions can cause significant volatility to stock market and foreign exchange markets. We therefore continue to maintain a robust, low risk balance sheet. We believe this prudent approach to be appropriate to meet the requirements of regulators, contract holders, intermediaries and shareholders.

We are conscious that managing operational risk is critical to our business and we are continuously developing our enterprise risk management system and controls. Further details of our approach to risk management and the principal risks facing the Group are outlined in the Risk Management and Internal Control Section on pages 26 to 31.

Hansard Online

Hansard OnLine is a powerful and secure tool that is used by our IFAs around the world. It allows them to access vast amounts of information about their clients, to generate reports for their clients, to submit new business applications online, to place dealing and switch instructions online, to access all client correspondence and to access a library of forms and literature.

The number of reports and actions processed through Hansard OnLine continues to rise and is now approaching 3 million with over 85% of new business applications and dealing/switch instructions submitted online.

The benefit of this tool is recognised by many IFA's as market leading, which was recently independently acknowledged with Hansard International winning the prestigious International Life Award 2017 for the "Best Online Proposition – Middle East". This is one of, if not the largest International IFA markets in the world.

Our Business Model and Strategy *continued*

Online Accounts

Whilst many of our IFAs are technologically sophisticated and have been utilising our online offering for years, our client base has typically lagged behind. However, we are now observing a growing trend amongst our clients to take more control of their financial wellbeing by embracing mobile technology to better monitor and manage their finances.

To support our commitment to delivering 'excellent customer service', we believe it is vital to provide our clients with a modern and secure online platform that allows them to access their finances easily and comprehensively, 24/7. We provide this through our client-facing version of Hansard OnLine, called Online Accounts. Similar to our IFA-facing online platform, the client's Online Account allows them to access all their policy information, valuation statements, transaction history, premium reports, switch their funds online, access all correspondence, access a library of forms and literature, and much more.

A large and increasing number of clients have signed up for this service which allows them to view all documentation and communications relating to their contracts via their Online Account as well as choosing to receive post electronically, rather than in hard-copy form. This not only provides a more secure, faster and cost efficient means of communication with clients but also the convenience to manage their own contract within a timeframe which is more suitable.

Continuous Improvements to our Online Proposition

When it comes to improving how we operate and the proposition we offer, we value the views of our clients and IFAs. This means that we regularly seek feedback through surveys and office visits in order to identify ways in which we can improve our systems and processes to best meet their needs.

However, it is not just functionality that is important, we also have running alongside a continuous programme to enhance the overall user experience, for both IFA's and our clients.

Cyber Security

At a time when 'cyber criminals' are becoming increasingly active and targeting commercial and public enterprises alike, Hansard continues to invest in its cyber security. In addition to continuous upgrades to our firewall protection we have also recently enhanced our forensic capabilities and will continue to do so.

Excellent Customer Service

The restructure mentioned last year has now bedded in and together with a supporting cross training program in place this has given us the flexibility to optimise our resource management. In turn, this has allowed us to cover increased workload and operational peaks, whilst maintaining a high level of service, without the need for a commensurate increase in operational headcount.

Our service levels to IFA's has again been recognised externally by IFA's in Malaysia, where we have won the International Life Award "Readers' Choice" award for the second year running.

Process Re-engineering

The initiative now has significant momentum and is proving to be a huge success. To date, we have reengineered over 120 back office processes, delivering significant process efficiency savings and at the same time reducing operational risk. With most of the core back office process now completed we are extending the program to other parts of the business where we anticipate similar outcomes.

Key Performance Indicators



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Key Performance Indicators

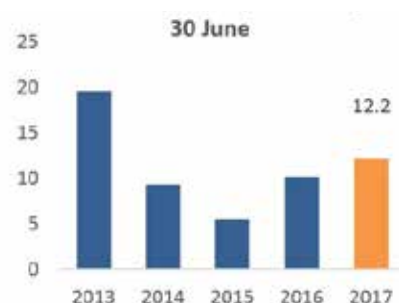
The Group's senior management team monitors a wide range of Key Performance Indicators, both financial and non-financial, that are designed to ensure that performance against targets and expectations across significant areas of activity are monitored and variances explained.

The following is a summary of the key indicators that were monitored during the financial year under review.

New Business – The Group's internal indicator of calculating new business production, Compensation Credit ("CC") reflects the amount of base commission payable to intermediaries. Incentive arrangements for intermediaries and the Group's Account Executives incorporate targets based on CC (weighted where appropriate).

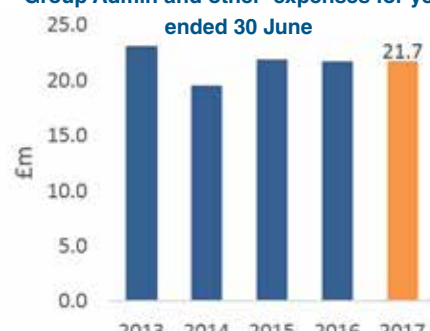
New business levels are reported daily and monitored weekly against target levels. As is reported elsewhere in this Report and Accounts, new business flows have continued to recover after the decline in 2014/2015. The Group expects further recovery of CC levels in future years.

Issued CC for years ended 30 June



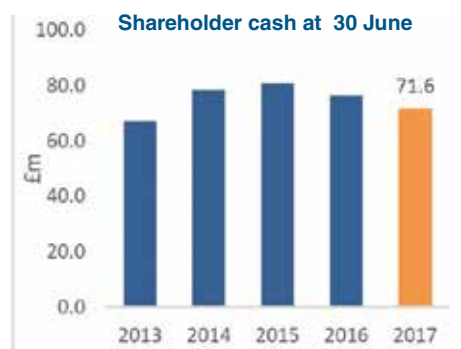
Administrative Expenses (excl. exceptional items) – The Group maintains a rigorous focus on expense levels and the value gained from such expenditure. The objective is to develop processes to restrain increases in administrative expenses to the rates of inflation assumed in the charging structure of the Group's policies. The Group's administrative and other expenses for the year (excl. exceptional items) were £21.7m compared to £21.7m in the previous year. Further detail is contained in the section on Administrative and other expenses on page 19.

Group Admin and other expenses for year ended 30 June



Cash – Bank balances and significant movements on balances are reported weekly. The Group's liquid funds at the balance sheet date were £71.6m (2016: £76.6m). The change is reflective of the level of dividends paid and the level of new business written during the year which has an initial cash flow strain.

Shareholder cash at 30 June



Business continuity – Maintenance of continual access to data is critical to the Group's operations. This has been achieved throughout the year through a robust infrastructure. The Group is pro-active in its consideration of threats to data, data security and data integrity. Business continuity and penetration testing is carried out regularly by internal and external parties.

Risk profile – The factors impacting on the Group's risk profile are kept under continual review. Senior management review operational risk issues at least weekly. The significant risks faced by the Group are summarised later in this Strategic Report.

Business and Financial Review

Strategy development

We have sought to build distribution relationships for the long term over a diversified geographical base. We have been focussed in 2017 in leveraging our proposition across new and existing distribution channels and have seen a number of regions mature, such as Middle East & Africa, while others remain in a higher growth phase, such as Latin America.

Our strategy takes account of current and future regulatory developments and we are pursuing opportunities to increase onshore business streams written through new licenses or partnerships in a small number of jurisdictions where we believe attractive levels of business can be obtained.

During the latter part of FY 2017 we successfully launched our first such partnership with a local insurer in the UAE. This allies Hansard's market-leading technology and administration capabilities with the direct insurer's local knowledge and expertise.

We are seeking opportunities to replicate this model in other targeted jurisdictions over the coming years.

Strategic initiatives

These initiatives impact upon the whole of the Group's business, its clients and other stakeholders.

■ Office of Strategic Development

Given the changing industry landscape, particularly in terms of regulation and technology, the Group has established an Office of Strategic Development which comprises experienced resource from across the business to design, review and execute the Group's strategy. Our Chief Operating Officer has been appointed to lead this group as Chief Strategy Officer.

The department has three initial primary aims:

- i) to capitalise on near term strategic opportunities;
- ii) to ensure the Group is correctly positioned for future regulatory developments and change; and
- iii) to consider and plan for longer term industry and technological evolution.

■ Regulatory change

The Isle of Man Financial Services Authority ("FSA") is in the process of introducing significant regulatory change to the island's insurance landscape via its "Roadmap for updating the Isle of Man's regulatory framework for insurance business". In common with many other jurisdictions around the world, the intention of these changes is to implement regulatory best practice and ensure the continued reputation of the Isle of Man as a stable and well-regulated place to do business. Changes will include enhanced requirements around consumer disclosures, certain minimum standards for distribution relationships and a Solvency II equivalent risk based capital regime.

We are pro-actively working with the FSA and locally based insurers to shape the practical implementation of the Roadmap and to adapt our business model and processes accordingly. The changes are currently scheduled for implementation on 1 January 2019.



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New Business Flows – Year Ended 30 June 2017

New business performance for the year is summarised in the table below:

Basis	2017 £m	2016 £m	% change
Present Value of New Business Premiums	148.3	119.3	24.3%
Annualised Premium Equivalent	23.2	18.7	24.1%
Compensation Credit	12.4	10.2	21.6%

New business figures were substantially higher than the prior year as the business continued the roll-out of its refreshed product proposition. Expatriate broker distribution continues to perform strongly around the world and significant growth was seen in Latin America during the year as new relationships have developed.

■ Present Value of New Business Premiums (“PVNBP”)

New business flows for Hansard International on the basis of PVNBP are summarised as follows:

PVNBP by product type	2017 £m	2016 £m	% change
Regular premium	75.3	65.6	14.8%
Single premium	73.0	53.7	35.9%
Total	148.3	119.3	24.3%

PVNBP by region	2017 £m	2016 £m	% change
Rest of World	53.4	44.6	19.7%
Middle East and Africa	40.6	36.8	10.3%
Far East	35.4	25.7	37.7%
Latin America	18.9	12.2	54.9%
Total	148.3	119.3	24.3%

We continue to receive business from a diverse range of financial advisors around the world. There has been no significant change in the currencies in which contractual premiums were received.

Currency denominations (as a percentage of PVNBP)	2017 %	2016 %
US dollar	63.4	68.4
Sterling	30.0	25.4
Euro	4.6	4.4
Other	2.0	1.8
	100.0	100.0

■ New business margins

New business margins (calculated on a PVNBP basis) are sensitive to sales levels and product mix (regular premium products and smaller premium sizes typically have a higher margin). During FY 2017, we experienced higher new business levels than FY 2016 which is positive for our margin because much of our cost base is fixed. However this has been offset by an increasing percentage of single premium business as a proportion of PVNBP and increased volumes of our Vantage Platinum product which has a lower margin than its predecessor. Overall, our new business margin has improved to 0.9% for the year, compared to 0.2% for FY 2016.

Business and Financial Review *continued*

Presentation of financial results

Our business is long term in nature. For this reason we present the results on an EEV basis in addition to the statutory IFRS basis. We believe that EEV is a valid measure of profitability and shareholder value. Our embedded value is based on the EEV principles which were set out as an industry standard by the Chief Financial Officers (CFO) Forum in 2004 and extended most recently in 2016.

The profit that the Group expects to earn from the issue of an insurance contract is the same, irrespective of the basis of measurement, however:

- The EEV result is a discounted cash flow valuation of the future profits expected to emerge from the current book of insurance contracts and provides a more complete recognition of management's activity throughout the financial year. It demonstrates the expected emergence of shareholder cash over the long term, by reflecting the net present value of the expected future cash flows.
- The IFRS methodology smooths recognition of profit from new business by spreading the initial costs (and revenues) evenly over the life of the business. The IFRS result therefore, reflects neither the future shareholder value added, nor the cash impact of the new business in a particular year.

Results for the year

The following is a summary of key items to allow readers to better understand the results for the year. A small number of comparative figures have been restated in this section to ensure consistency of presentation. IFRS profit after tax for the year is £7.7m (2016: £8.3m).

The reduction in IFRS profit in 2017 is driven primarily by a £1.1m provision for bad debts and increased litigation defence costs of £0.3m, offset partially by an increase in income from the Group's book.

Prior to the significant, one-off items totalling a cost of £1.1m (2016: cost of £0.8m), the underlying IFRS profit was £8.8m before taxation, compared with £9.2m in 2016.

Abridged consolidated income statement

The consolidated statement of comprehensive income presented under IFRS reflects the financial results of the Group's activities during the year. This income statement however, as a result of its method of presentation, incorporates a number of features that might affect an understanding of the results of the Group's underlying transactions. This relates principally to:

- Investment gains during the year attributable to contract holder assets of £134.5m (2016: £60.8m) and;
- Fund management fees paid by the Group to third parties having a relationship with the underlying contract. In 2017, third party fund management fees attributable to contract holder assets were £4.3m (2016: £3.6m). These are reflected in both income and expenses under the IFRS presentation on page 60.

An abridged non-GAAP consolidated income statement in relation to the Group's own activities is presented overleaf, excluding the items of income and expenditure indicated above.



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	2017 £m	2016 £m
Fees and commissions attributable to Group activities before one-off items	48.3	48.4
Investment and other income	1.5	2.7
	49.8	51.1
Origination costs	(19.3)	(20.2)
Administrative and other expenses attributable to the Group, before exceptional items	(21.7)	(21.7)
Operating profit for the year before significant one-off items	8.8	9.2
One-off income adjustments	-	(0.8)
One-off expense items	(1.1)	-
Profit for the year before taxation	7.7	8.4
Taxation	-	(0.1)
Profit for the year after taxation	7.7	8.3

Fees and commissions

Fees and commissions for the year attributable to Group activities were £48.3m, on a par with last year's level prior to one-off items.

Contract fee income totalled £34.6m for the year (2016: £34.4m).

Contract fee income includes the amortised element of up-front income deferred under IFRS and contract-servicing charges.

Hansard International fee income has increased reflecting increases in new business and some AuA-based streams. Against this we have seen a further reduction in the year of £1.0m due to the continuing run-off of Hansard Europe which closed to new business in 2013.

Fund management fees accruing to the Group and commissions receivable from third parties totalling £13.7m (2016: £13.2m) are related directly to the value of assets under administration and are therefore exposed to market movements, currency rates and valuation judgements.

A summary of fees and commissions is set out below:

	2017 £m	2016 £m
Contract fee income	34.6	34.4
Fund management fees accruing to the Group	9.1	9.1
Commissions receivable	4.6	4.1
	48.3	47.6

Included in contract fee income is £18.1m (2016: £18.5m) representing the amortisation of fees prepaid in previous years, as can be seen in the analysis set out below:

	2017 £m	2016 £m
Amortisation of deferred income	18.1	18.5
Income earned during the year	16.5	15.9
Contract fee income	34.6	34.4

Business and Financial Review *continued*

Investment and other income

Historically low UK interest rates continue to result in relatively modest levels of interest income earned on the Group's deposits and money market funds. The Brexit-related foreign exchange gains of FY 2016 have not been repeated in FY 2017 with little net movement over the year in our primary foreign exchange rates.

A summary of Investment and other income is set out below:

	2017 £m	2016 £m
Bank interest	1.0	0.9
Foreign exchange gains/(losses) on revaluation of net operating assets	-	1.2
Other operating income	0.5	0.6
	1.5	2.7

Origination costs

Under IFRS, new business commissions paid, together with the directly attributable incremental costs incurred on the issue of a contract, are deferred and amortised over the anticipated life of that contract to match the longer-term income streams expected to accrue from the contracts issued this year. Typical terms range between 6 years and 16 years, depending on the nature of the product. Other elements of the Group's new business costs, for example recruitment costs and initial payments to new Account Executives, which reflect investment in distribution resources in line with our strategy, are expensed as incurred.

With the increased new business volumes which the Group experienced during the year, origination costs incurred in the year are similarly increased from the prior year. Overall, net origination costs expensed to the consolidated statement of comprehensive income were slightly lower at £19.3m compared to £20.2m in 2016.

	2017 £m	2016 £m
Origination costs – deferred to match future income streams	16.8	15.1
Origination costs – expensed as incurred	3.2	2.5
Total origination costs incurred in the year	20.0	17.6
Net amortisation of deferred origination cost	(0.7)	2.6
	19.3	20.2

Amounts totalling £16.1m (2016: £17.7m) have been expensed to match contract fee income earned this year from contracts issued in previous financial years, as can be seen in the analysis below.

Origination costs in the year are:

	2017 £m	2016 £m
Amortisation of deferred origination costs	16.1	17.7
Other origination costs incurred during the year	3.2	2.5
	19.3	20.2



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Administrative and other expenses

We continue to manage our expense base robustly to control administrative expenses while supporting our strategic developments and other new business growth activities with targeted expenditure.

An analysis of administrative and other expenses is set out in notes 8 and 9 to the consolidated financial statements under IFRS. The following summarises some of the expenses attributable to the Group's own activities.

	2017 £m	2016 £m
Salaries and other employment costs	9.3	10.0
Other administrative expenses	6.5	6.6
Professional fees, including audit	3.5	2.8
Recurring administrative and other expenses	19.3	19.4
Growth investment spend	2.4	2.3
Administrative and other expenses, excl. significant one-off items	21.7	21.7
Provision for doubtful debts	1.1	-
Total administrative and other expenses	22.8	21.7

Salaries and other employment costs have decreased by £0.7m or 7% to £9.3m. Salaries in general have remained relatively flat, despite the increased levels of new business. Discretionary bonuses for management and administrative personnel of £0.3m were payable for 2016, with no comparable figure accrued this year. Costs of £0.3m were incurred in 2016 in recruitment and other handover costs relating to a number of senior management positions.

The average Group headcount for the 2017 financial year was 204 people (2016: 206 people).

Other administrative expenses have decreased marginally from £6.6m to £6.5m.

Professional fees including audit in the year include amounts totalling £0.5m paid to the Group's auditor (2016: £0.6m); £0.5m (2016: £0.3m) for administration, custody, dealing and other charges paid under the terms of the investment processing outsourcing arrangements; recruitment costs of £0.1m (2016: £0.2m) and costs of Investor Relations activities of £0.4m (2016: £0.4m). In addition costs associated with the defence of the litigation against Hansard Europe totalled £0.8m (2016: £0.5m).

Growth investment spend represents internal and external costs to generate opportunities for growth. The Group continues to invest to build its business and to implement product and technological changes to support intermediaries, contract holders and other stakeholders. Specifically, this year's figure includes £0.3m invested in our strategic alliance with a local insurer in the UAE.

Provision for doubtful debts reflects a charge of £1.1m taken as a provision against balances due from a brokerage firm which has experienced financial difficulties.

Business and Financial Review *continued*

Cash flow analysis

Operating cash flows have increased this year reflecting improved levels of new business over the past two years, more than offsetting changes to our product pricing profile and the run-off of Hansard Europe.

The operational cash surplus (fees deducted from contracts and commissions received, less operational expenses paid) for the year was £22.7m (2016: £15.9m). This surplus funds the cost of new business acquisition for the year which totalled £17.4m (2016: £15.4m).

Writing new business, particularly regular premium business, produces a short-term cash strain as a result of the commission and other costs incurred at the inception of a contract. Annual management charges offset this strain and produce a positive return over time.

Future increases in new business levels can be funded where necessary by the Group's significant cash resources, but over time as the level of contract holder assets is built up, the annual management charges that are earned from the Group's newer products will become sufficient to sustain new business growth and dividends.

To reduce the risk that the targeted return on investment in new business is jeopardised, the Group withholds a portion of initial commission from certain intermediaries pending completion of the initial period of particular contracts. At the balance sheet date, amounts totalling £2.2m (2016: £1.6m) had been withheld. These amounts are reflected within "Other payables" in note 19 to the consolidated balance sheet.

The following non-GAAP tables summarise the Group's own cash flows in the year. This analysis demonstrates that the in-force contract book generated the cash required to support the Group's primary business objective of investing in new business whilst enhancing distribution and other infrastructure. Dividends of £12.2m (2016: £12.2m) paid during the year were covered by the Group's excess cash resources. As we have previously communicated, we are planning to reduce the current level of dividend by 50% in 2018 which will better match the level of operating cash flows generated and allow the Group to take advantage of other new business development and strategic opportunities.

Overall cash and deposits have decreased from £76.6m at 30 June 2016 to £71.6m at 30 June 2017.

	2017 £m	2016 £m
Net cash surplus from operating activities	22.7	15.9
Interest received on shareholder bank deposits	1.0	1.0
Net cash inflow from operations	23.7	16.9
Net cash investment in new business	(17.4)	(15.4)
Purchase of property and computer equipment	(0.4)	(0.2)
Corporation tax paid	(0.1)	(0.1)
Net cash inflow before dividends	5.8	1.2
Dividends paid	(12.2)	(12.2)
Net cash outflow	(6.4)	(11.0)

	2017 £m	2016 £m
Net cash outflow	(6.4)	(11.0)
Increase in amounts due to contract holders	1.0	3.4
Net Group cash movements	(5.4)	(7.6)
Group cash at beginning of year	76.6	80.9
Effect of exchange rate changes	0.4	3.3
Group cash and deposits at end of year	71.6	76.6

Bank deposits and money market funds

The Group holds its liquid assets in highly-rated money market liquidity funds and with a wide range of deposit institutions to minimise market risk. Deposits totalling £14.4m have original maturity dates greater than 3 months and are therefore excluded from the definition of "cash and cash equivalents" under IFRS as reflected in note 16 to the consolidated balance sheet (2016: £15.7m). The following table summarises the total shareholder cash and deposits at the balance sheet date.



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	2017 £m	2016 £m
Money market funds	49.2	53.6
Short-term deposits with credit institutions	8.0	7.3
Cash and cash equivalents under IFRS	57.2	60.9
Shareholders' longer-term deposits with credit institutions	14.4	15.7
Shareholder cash and deposits	71.6	76.6

The longer-term term deposits have maturity dates of between 4 months and 11 months from the balance sheet date.

Abridged consolidated balance sheet

The consolidated balance sheet on page 62 presented under IFRS reflects the financial position of the Group at 30 June 2017. As a result of its method of presentation, the consolidated balance sheet incorporates the financial assets held to back the Group's liability to contract holders, and also incorporates the net liability to those contract holders of £1,049.7m (2016: £923.5m). Additionally, that portion of the Group's capital that is held in bank deposits is disclosed in "cash and cash equivalents" based on original maturity terms, as noted above.

The abridged consolidated balance sheet presented below, adjusted for those differences in disclosure, allows a better understanding of the Group's own capital position.

	2017 £m	2016 £m
Assets		
Deferred origination costs	111.6	110.9
Other assets	7.3	6.5
Bank deposits and money market funds	71.6	76.6
	190.5	194.0
Liabilities		
Deferred income	129.2	130.5
Other payables	29.6	27.3
	158.8	157.8
Net assets	31.7	36.2
Shareholders' equity		
Share capital and reserves	31.7	36.2

Deferred origination costs

The deferral of origination costs reflects that the Group will earn fees over the long-term from contracts issued in a given financial year. These costs are recoverable out of future net income from the relevant contract and are charged to the income statement on a straight-line basis over the life of each contract.

The movement in value over the financial year is summarised below.

Carrying value	2017 £m	2016 £m
At beginning of financial year	110.9	113.5
Origination costs incurred during the year	16.8	15.1
Origination costs amortised during the year	(16.1)	(17.7)
	111.6	110.9

Business and Financial Review *continued*

Deferred income

The treatment of deferred income ensures that contract fees are taken to the consolidated statement of comprehensive income in equal installments over the longer-term, reflecting the services to be provided over the period of the contract. This is consistent with the treatment of deferred origination costs. Deferred income at the balance sheet date is the unamortised balance of accumulated initial amounts received on new business.

The proportion of income deferred in any one year is dependent upon the mix and volume of new business flows in previous years. The Group's focus on regular premium business means that these fees are received over the initial period of the contract, rather than being received up front, as is often the case with single premium contracts.

The majority of initial fees collected during the year relates to charges taken from contracts issued in prior financial years demonstrating the cash generative nature of the business. Regular premium contracts issued in this financial year will generate the majority of their initial fees over the next 18 months on average.

The movement in value of deferred income over the financial year is summarised below.

Carrying value	2017 £m	2016 £m
At beginning of financial year	130.5	137.6
Income received and deferred during the year	16.8	11.4
Income recognised in contract fees during the year	(18.1)	(18.5)
	129.2	130.5

Contract holder assets under administration

In the following paragraphs, contract holder assets under administration ("AuA"), refers to net assets held to cover financial liabilities, as analysed in note 17 to the consolidated financial statements presented under IFRS.

The Group enjoys a stream of cash flows from the large number of regular premium contracts administered on behalf of clients around the world. The Group has continued to build an increasing stream of single premium business which increased to £66.4m this year (2016: £52m). The majority of premium contributions are designated in currencies other than sterling, reflecting the wide geographical spread of those contact holders. Premium contributions during the

year also includes additional contributions of approximately £4.0m (2016: £4.3m) relating to single and regular premium contracts issued by Hansard Europe in prior years.

These flows are offset by charges and withdrawals, by premium holidays affecting regular premium policies and by market valuation movements. During the year, the Group benefitted from significant market gains which drove AuA to over £1 billion.

AuA currency composition

The currency composition of AuA at the balance sheet date is similar to that as at 30 June 2016, with 60% of AuA designated in US dollar (2016: 69%) and 19% in euro (2016: 12%).

The value of AuA at 30 June 2017 was £1,049.7m, £126.2m above the value at 30 June 2016.

	2017 £m	2016 £m
Deposits to investment contracts – regular premiums	84.5	71.9
Deposits to investment contracts – single premiums	66.4	52.0
Withdrawals from contracts and charges	(159.2)	(168.3)
Effect of market movements	123.8	(48.1)
Effect of currency movements	10.7	108.9
Movement in year	126.2	16.4
At beginning of financial year	923.5	907.1
	1,049.7	923.5

The analysis of AuA held by each Group subsidiary to cover financial liabilities is as follows:

Fair value of AuA at 30 June	2017 £m	2016 £m
Hansard International	878.5	749.0
Hansard Europe	171.2	174.5
	1,049.7	923.5

As expected the level of assets in Hansard Europe continues to decline after closing to new business in 2013. However, investment market strength and sterling's continued weakness has offset significantly the impact of net contract holder withdrawals.



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Complaints and potential litigation

In valuation issues such as those referred to above, financial services institutions can be drawn into disputes in cases where the performance of assets selected directly by or on behalf of contract holders through their advisors fails to meet their expectations. This is particularly relevant in the case of more complex products distributed throughout Europe.

Even though the Group does not give any investment advice, as this is left to the contract holder directly or through an agent, advisor or an entity appointed at their request or preference, the Group has been subject to a number of complaints in relation to the performance of assets linked to contracts.

Some of these complaints escalate into litigation, particularly in Europe. At the beginning of this financial year the Group was facing litigation based on writs totalling €15.7m (£13.1m).

During the year the Group successfully won a further three cases in Italy and Germany which continues to affirm confidence in the Group's legal arguments. The outstanding writs have not materially reduced as two cases have since been appealed and the other case was of a relatively minor value. Two additional claims were made during the year, resulting in a net increase of outstanding writs of €1.2m. The total level of writs outstanding at the end of the year was €16.9m (£14.8m).

While it is not possible to forecast or determine the final results of such litigation, based on the pleadings and advice received from the Group's legal representatives, we believe we have a strong chance of success in defending these claims. The writs have therefore been treated as contingent liabilities and are disclosed in note 26 to the consolidated financial statements.

Results for the year under European Embedded Value

Headline Results

During the course of the 2017 financial year, the Group made a European Embedded Value ("EEV") profit of £11.7m (2016: profit of £13.1m), analysed into an EEV operating loss of £8.2m (2016: loss of £1.1m) and gains from investment return variances and economic assumption changes of £19.9m (2016: gains of £14.2m).

The EEV operating loss is primarily driven by a negative experience variance of £4.7m and negative operating assumption changes of £5.9m. Experience variances arise when actual experience differs from that assumed in the prior year's EEV. Operating assumption changes reflect changes in management's view of the behaviour of the existing business.

Headline results for the EEV are shown in the tables below:

	2017 £m	2016 £m
EEV operating loss after tax	(8.2)	(1.1)
Investment return variances & economic assumption changes	19.9	14.2
EEV profit	11.7	13.1

	2017 £m	2016 £m
EEV before dividends	207.7	208.1
Dividends paid during the financial year	(12.2)	(12.2)
Closing Embedded Value	195.5	195.9

The EEV at 30 June 2017 of £195.5m has remained broadly level with the 30 June 2016 amount of £195.9m, after the payment of dividends of £12.2m for the year (2016: £12.2m).

Business and Financial Review *continued*

Sales Metrics

New business comparatives are shown below:

	2017	2016
New business sales (PVNBP)	£148.5m	£119.5m
New Business Contribution ("NBC")	£1.3m	£0.2m
New Business Margin ("NBM")	0.9%	0.2%

The change is primarily due to the increase in new business volumes over the period and the existence of a greater number of insurance contracts to spread initial expenses over.

The New Business Contribution and Margin have increased primarily due to the increase in new business volumes over the period and the existence of a greater number of insurance contracts to spread initial expenses over. New Business Margin is also impacted by the mix of business written, with regular premium business having a larger margin than single premium business. During 2017, a higher proportion of single premium business was written than 2016.

The high-level components of the EEV are shown in the table below:

	2017 £m	2016 £m
Free Surplus	21.4	27.9
Required Capital	27.8	27.6
Net Worth	49.2	55.5
Value of In-Force ("VIF")	152.6	147.8
Other	(6.3)	(7.4)
Value of Future Profits ("VFP")	146.3	140.4
EEV	195.5	195.9

Net Worth has reduced to £49.2m from £55.5m as profits earned from the existing business are offset by the dividend paid. It is represented by liquid cash and money market balances.

Free Surplus, which is available for investment and distribution, has reduced to £21.4m from £27.9m reflecting the fact that more of the cash which continues to emerge from the existing policies was needed to invest in increasing levels of new business. Required Capital has not changed significantly. It currently includes around £20m of Hansard Europe capital, the use of which management estimates is constrained for up to three years.

The increase in VFP reflects sterling exchange rates on 30 June 2017, increased new business levels, the conversion of VFP to Net Worth and the impact of contract holder behaviour and renewal expenses.

The Other component of VFP includes a reduction to non-market risk and frictional costs, which have not changed substantially over the year.

Change In Net Worth

	2017 £m	2016 £m
Opening Net Worth	55.5	63.5
Expected new Net Worth from existing business	27.9	24.0
Time value	0.1	0.5
Net worth variance	(1.3)	(1.7)
Net Worth from Existing Business	26.7	22.8
New Business Strain	(20.8)	(18.6)
Dividends paid	(12.2)	(12.2)
Closing Net Worth	49.2	55.5

The Net Worth is lower than projected by £1.3m (2016: lower by £1.7m) primarily because of worse than assumed operating experience during the year. The Net Worth has grown by £26.7m (2016: £22.8m), of which £20.8m (2016: £18.6m) has been invested in new business (shown as New Business Strain) and £12.2m has been paid in dividends (2016: £12.2m).

EEV Profit / (Loss) after tax

The Group's EEV profit after tax is £11.7m (2016: £13.1m). New business, experience variances, operating assumptions and model changes drive this result at an operating profit level. Thereafter, the impact of positive investment return variances and economic assumption changes more than offset the loss at an operating level.

	2017 £m	2016 £m
New Business Contribution	1.3	0.2
Experience Variances	(4.7)	(3.8)
Operating Assumption & Model Changes	(5.6)	1.0
Expected Return on new, existing business and Net Worth	0.8	1.5
EEV operating loss after tax	(8.2)	(1.1)
Investment Return Variances	16.8	18.8
Economic Assumption Changes	3.1	(4.6)
EEV profit after tax	11.7	13.1



Experience Variances

	2017 £m	2016 £m
Full encashments	(2.0)	(1.2)
Premium reductions and underpayments	(1.7)	(0.8)
Charges	(0.7)	(0.6)
One-off expenses	(0.5)	(0.3)
Policies made paid up	(0.4)	(0.1)
Ongoing expenses	(0.2)	(1.3)
Other	0.8	0.5
Experience variances	(4.7)	(3.8)

Experience variances arise when the behavior of the existing book differs from that assumed. Major contributors to the experience variances this year are worse than assumed encashment and premium persistency.

Full encashments were significantly impacted by a single broker which has now ceased trading.

Operating Assumption Changes

	2017 £m	2016 £m
Ongoing expenses	(5.3)	1.0
Premium persistency	(2.1)	0.9
Full encashment	(0.6)	0.6
Partial encashment	0.7	(2.5)
Contract holder activity margins	1.4	-
Other	-	0.5
Operating Assumption Changes	(5.9)	(0.1)

The primary change in operating assumption changes during the year was a strengthening of the expenses assumed to be borne by each in-force contract. This was to reflect a lengthier period being taken by the Group to achieve the scale assumed in its long-term assumptions, impacted also by the closure to new business of Hansard Europe.

Investment Return Variances

Investment performance principally reflects the investment choices, by nature and currency, made by contract holders. It is therefore largely outside the Group's control.

	2017 £m	2016 £m
Investment performance of contract holder funds	14.9	(7.6)
Exchange rate movements	1.1	26.1
Other	0.8	0.3
Investment Return Variances	16.8	18.8

Economic Assumption Changes

There was a positive variance of £3.1m (2016: negative £4.6m) from economic assumption changes. This reflects changes to government yields for the currencies to which the Group is exposed in line with EEV Principles.

	2017 £m	2016 £m
Contract holder activity margins	3.8	(4.7)
Risk discount rates and unit growth	(0.7)	0.1
Economic Assumption Changes	3.1	(4.6)

Net asset value per share

On an EEV basis, the net asset value per share at 30 June 2017 is 142.3p (2016: 142.5p) based on the EEV at the balance sheet date divided by the number of shares in issue at that date, being 137,444,792 ordinary shares (2016: 137,440,456 shares).

The net asset value per share at 30 June 2017 on an IFRS basis, is 23.1p (2016: 26.3p).

Risk Management and Internal Control

Risk management and internal control

As with all businesses, the Group is exposed to risk in pursuit of its objectives. The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its effectiveness. The schedule of powers reserved to the Board ensures that the Directors are responsible for determining, evaluating and controlling the nature and extent of the principal risks which the Board is willing to take in achieving its strategic objectives and the Board oversees the strategies for principal risks that have been identified.

The Executive Management Team works within the risk appetite established by the Board and the governance, risk management and internal control arrangements which constitute the Group Enterprise Risk Management (ERM) Programme and which direct the Group, including setting the cultural tone and expectations from the top, delegating authorities and monitoring compliance.

Having regard to the Financial Reporting Council's 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', the ERM Programme encompasses the policies, processes, tasks, behaviours and other aspects of the Group's environment, which cumulatively:

- Facilitate the effective and efficient operation of the Group and its subsidiaries by enabling appropriate responses to be made to significant business, operational, financial, compliance and other risks to business objectives, so safeguarding the assets of the Group;
- Help to ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the Group;
- Seek to ensure compliance with applicable laws and regulations and also with internal policies with respect to the conduct of business.

Approach

The ERM Programme is structured in accordance with the component elements and supporting principles of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Framework and has been designed to be appropriate to the nature, scale and complexity of the Group's business at both corporate and subsidiary level. A comprehensive review of the component elements of the ERM Programme has been undertaken during the year ended 30 June 2017. The review has sought to strengthen the governance arrangements associated with the identification and management of risks across the Group and to

enhance the reporting arrangements which assist the Directors in their assessment of the adequacy and effectiveness of the Group's risk management and internal control systems.

The ERM Programme continues to be built upon the 'three lines of defence' model, which addresses how specific duties relating to risk management and internal control are assigned and coordinated between front line management (first line), risk and compliance monitoring functions (second line) and the independent assurance services of internal audit (third line). Each of the three lines plays a distinct role within the Group's overarching governance framework.

The ERM Programme seeks to add value through embedding risk management and effective internal control systems as continuous and developing processes within strategy setting, programme level functions and day-to-day operating activities. The ERM Programme also acknowledges the significance of the Group's operating culture and values in relation to risk management and their impact on the overall effectiveness of the internal control framework.

The ERM Programme promotes the pursuit of its overarching performance, information and compliance objectives through focus on five interrelated elements, which enable the management of risk at strategic, programme and operational level to be integrated, so that layers of activity support each other. The five interrelated elements are defined as:

- Management oversight and the control culture
- Risk recognition and assessment
- Control activities and segregation of duties
- Information and communication
- Monitoring activities and correcting deficiencies.

Risk management processes are undertaken on both a bottom-up and top-down basis. The top-down aspect involves the Board assessing, analysing and evaluating what it believes to be the principal risks facing the Group. The bottom-up approach involves the identification, review and monitoring of current and forward-looking risks on a continuous basis at functional and divisional levels, with analysis and formal reporting to the Executive Risk Committee, established by the Board, on a quarterly basis and onward analytical reporting to the Board. The terms of reference of the Committee are published on the Company's website.

The system of internal control is designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.



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Review of risk management and internal control systems

The results of the risk management processes combine to facilitate identification of the principal business, financial, operational and compliance risks and any associated key risks at a subordinate level. Established reporting cycles enable the Board to maintain oversight of the quality and effectiveness of risk management and internal control activities throughout the year and ensure that the entirety of the governance, risk management and internal control frameworks, which constitute the ERM Programme, are operating as intended. These processes have been in place throughout the year under review and up to the date of this report.

Independently of the quarterly cyclical risk reporting arrangements and in accordance with provision C.2.1 of the UK Corporate Governance Code, the Board has conducted its annual review of the effectiveness of the company's risk management and internal control systems including financial, operational and compliance controls. This review is undertaken in collaboration with the Audit Committee and is based upon analysis and evaluation of:

- Attestation reporting from subsidiary companies of the Group as to the effective functioning of the risk management and internal control framework and the ongoing identification and evaluation of risk within each subsidiary;
- Formal compliance declarations from senior managers at divisional level that key risks are being managed appropriately within the functional and operational areas falling under their span of control and that controls have been examined and are effective;
- The cumulative results of cyclical risk reporting by senior and executive management via the Executive Risk Committee, covering financial, operational and compliance controls;
- Independent assurance work by the Group Internal Audit Department to identify any areas for enhancements to internal controls and work with Management to define associated action plans to deliver them.

The Board has determined that there were no areas for enhancement which constituted a significant weakness for the year under review and they are satisfied that the Group's governance, risk management and internal control systems are operating effectively and as intended.

Financial reporting process

The Group maintains a process to assist the Board in understanding the risks to the Group of failing to meet its objectives. This incorporates a system of planning and sensitivity analysis incorporating Board approval of forecast financial and other information. The Board receives regular representations from the senior executives.

Performance against targets is reported to the Board quarterly through a review of the Group's and Company's results based on accounting policies that are applied consistently throughout the Group. Financial and management information is prepared quarterly by the Chief Financial Officer ("CFO") and presented to the Board and Audit Committee. The members of the Audit Committee review the draft financial statements for the half year ended 31 December annually and for the full financial year, and meet with the CFO to discuss and challenge the presentation and disclosures therein. Once the draft document is approved by the Audit Committee, it is reviewed by the Board before final approval at a Board meeting.

Outsourcing

The majority of investment dealing and custody processes in relation to policyholder assets are outsourced to Capital International Limited ("CIL"), a company authorised by the Isle of Man Financial Services Authority and a member of the London Stock Exchange.

These processes are detailed in a formal contract that incorporates notice periods and a full exit management plan. Delivery of services under the contract is monitored by a dedicated relationship manager against a documented Service Level Agreement and Key Performance Indicators.

CIL is required to confirm monthly that no material control issues have been identified in their operations; this is overseen via the delivery of services monitoring performed by the relationship manager. Each year CIL are required to confirm and evidence the adequacy and effectiveness of their internal control framework through an Assurance report, with an external independent review performed every second year. The last such report, which included an external independent review, was issued by CIL on 13 May 2016 and did not reveal any material control deficiencies in the period reviewed from 1 January 2015 to 31 December 2015.

Risk Management and Internal Control *continued*

Risks relating to the Group's financial and other exposures

Hansard's business model involves the controlled acceptance and management of risk exposures. Under the terms of the unit-linked investment contracts issued by the Group, the contract holder bears the investment risk on the assets in the unit-linked funds, as the contract benefits are directly linked to the value of the assets in the funds. These assets are administered in a manner consistent with the expectations of the contract holders. By definition, there is a precise match between the investment assets and the contract holder liabilities, and so the market risk and credit risk lie with contract holders.

The Group's exposure on this unit-linked business is limited to the extent that income arising from asset management charges and commissions is generally based on the value of assets in the funds, and any sustained falls in value will reduce earnings. In addition, there are certain financial risks (credit, market and liquidity risks) in relation to the investment of shareholders' funds. The Group's exposure to financial risks is explained in note 3 to the consolidated financial statements.

The Board believes that the principal risks facing the Group's earnings and financial position are those risks which are inherent to the Group's business model and operating environment. The regulatory landscape continues to evolve at both a local and international level and the risk management and internal control frameworks of the Group must remain responsive to developments which may change the nature, impact or likelihood of such risks.



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Principal Risks

The following table sets out the principal inherent risks that may impact on the Group's strategic objectives, profitability or capital and how such risks are managed or mitigated. The Board robustly reviews and considers its principal risks on at least an annual basis.

Risk	Risk factors and management
Business model risk	<p>The scale and pace of change in regulatory and supervisory standards at an international level continue to drive developments at a local level. The interpretation or application of regulation over time may impact market accessibility, broker relationships and / or competitive positioning. If the Group fails to monitor the regulatory environment or adequately integrate the management of associated obligations within strategic, business model or business planning processes there may be material risk to the achievement of strategic objectives both in the short and longer term.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none">■ Robust strategic planning processes informed by analytical review of the external environment and consideration of associated risk in the shorter and longer term.■ Continuous monitoring and review of developments in local and international law and regulation.■ Engagement with regulatory authorities and industry bodies, including active engagement in and responding to regulatory consultation exercises.
Distribution strategy compromised as a result of market changes, technology or competitor activity	<p>The business environment in which the international insurance industry operates is subject to continuous change as new market and competitor forces come into effect and as technology continues to evolve. Hansard may fail to sufficiently differentiate itself from its competitors and global brands and as a result be unable to build and sustain successful distribution relationships.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none">■ Close monitoring of marketplaces and competitor activity for signs of threats to forecast new business levels.■ Revised strategies designed to add additional scale to the business, on a more diversified basis, through organic growth at acceptable levels of risk and profitability.■ Continuous development of technology.
Conduct risk	<p>Any failure to adequately assess, monitor, manage and mitigate risks to the delivery of fair customer outcomes, or to market integrity, can be expected to result in material detriment to the achievement of strategic objectives and is likely to incur regulatory censure, financial penalty, contract holder litigation and / or reputational damage.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none">■ Developments in the Group's ERM framework will continue to drive and deliver the integration of conduct risk management at both a cultural and practical level.■ Business activities designed to manage the volume and velocity of regulatory change are fundamentally concerned with ensuring compliance with conduct risk obligations, managing conflicts of interest, preventing market abuse and building robust governance arrangements around new product development and product suitability processes.■ The Group maintains regular dialogue with its regulatory authorities and continual discussions with its advisors in relation to developments in the regulatory environment in which we operate.

Risk Management and Internal Control *continued*

Infrastructure risk	<p>A material failure in our core business systems or business processes may result in significant, costly interruptions, customer dissatisfaction and regulatory censure.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> ■ Maintenance of detailed and robust Business Continuity Plans, including full data replication at an independent recovery centre, which can be invoked when required. ■ Frequent and robust testing of business continuity and disaster recovery arrangements.
Cyber risk	<p>As we and our business partners increasingly digitalise our businesses, we are unavoidably exposed to the risk of cybercrime. If the Group fails to take adequate and appropriate measures to protect its systems and data from the inherent risk of attack, disruption and/or unauthorised access by internal or external parties could arise, resulting in confidential data being exposed and/or systems interruption. A significant cybercrime event could result in reputational damage, regulatory censure and financial loss.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> ■ Continuous focus on the maintenance of a robust, secure and resilient IT environment that protects customer and corporate data. ■ Control techniques deployed to evaluate the security of systems and proactively address emerging threats both internally within the organisation and externally, through regular engagement with internet and technology providers and through industry forums.
Failure to drive the right corporate culture and attract, develop, engage and retain key personnel	<p>Delivery of the Group's strategy is dependent on attracting and retaining experienced and high-performing management and staff. The performance, knowledge and skills of our employees are central to our success. We must attract, integrate, engage and retain the talent required to deliver our strategy and have the appropriate processes and culture in place. The inability to retain key people, and adequately plan for succession can be expected to negatively impact the performance of the Group.</p> <p>How we manage the risk:</p> <ul style="list-style-type: none"> ■ Significant resources focussed on communicating strategy and desired cultural behaviours to all employees. ■ Forums established for employees to provide feedback for continuous improvement. ■ Employee engagement monitored and measured through periodic employee surveys. ■ Group performance management system in place. ■ Training and development strategy in place to manage talent, provide development opportunities and address any skill gaps. ■ Remuneration models and trends monitored closely by the Group's Human Resources Department and the Remuneration Committee. ■ Succession planning strategy in place, to manage and mitigate 'key person' risk.



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Other Key Risks

In addition to the principal risks identified above, there are other key risks that the Group is subject to that derive from the nature of the business it operates. These are outlined below, together with how they are managed.

Risk	Risk factors and management
Market risk	<p>While the Group does not invest shareholder funds in assets subject to any significant market risk, the Group's earnings and profitability are influenced by the performance of contract holder assets and the fees derived from their value. Significant changes in equity markets and interest rates can adversely affect fee income earned.</p> <p>Extreme market conditions can influence the purchase of financial services products and the period over which business is retained.</p> <p>How we manage the risk – These risks are inherent in the provision of investment-linked products. We model our business plans across a broad range of market and economic scenarios and take account of alternative economic outlooks within our overall business strategy.</p>
Credit risk	<p>In dealing with financial institutions, banking, money market and settlement, custody and other counterparties the Group is exposed to the risk of financial loss and operational disruption of our business processes.</p> <p>How we manage the risk – The Group seeks to limit exposure to loss from counterparty and third party failure through selection criteria, minimum rating agency limits, pre-defined risk based limits on concentrations of exposures and monitoring positions.</p>
Liquidity risk	<p>If the Group does not have sufficient liquid assets available to pay its creditors, the Group may fail to honour its obligations as they fall due, or may have to incur significant loss or cost to do so.</p> <p>How we manage the risk – The Group maintains highly prudent positions in accordance with its risk appetite and investment policies which ensures a high level of liquidity is available in the short term at all times. Generally, shareholder assets are invested in cash or money market instruments with highly rated counterparties.</p>
Currency risk	<p>The Group operates internationally and earns income in a range of different currencies. The vast majority of its operational cost base is denominated in Sterling. The movement of Sterling against US Dollars is the most significant exposure to reported income levels.</p> <p>How we manage the risk – We seek to match currency assets and liabilities to mitigate against currency movements to the extent possible. As the Group's products are long term products, over time currency movements tend to even out, reducing the need for active hedging policies. Long term trends are monitored however and considered in pricing models.</p>

Further detail around financial risks is outlined in Note 3 (Financial Risk Management) to the consolidated financial statements.

Board of Directors

We recognise our obligations to adopt a responsible attitude towards our stakeholders. The Board believes that the Group continues to demonstrate such an attitude but recognises that the Group is a relatively small organisation.

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Board of Directors

The Directors serving at the date of approval of this Report and Accounts are as follows:



Philip Gregory

Non-executive Chairman

Chairman of Nominations Committee. Member of Audit and Remuneration Committees.

Philip was appointed Chairman of the Board with effect from 30 June 2014. He was appointed an

independent non-executive Director with effect from 1 October 2011. He has no other significant commitments.

Philip is a chartered accountant. He has been CEO of HSBC Insurance Brokers Limited, Tullett & Tokyo Liberty plc, Municipal Mutual Insurance Limited; CFO of Marsh – Europe, Middle East and Africa and Sema Group plc; and an Independent non-executive Director of CFC Capital Limited.



Gordon Marr

Group Chief Executive Officer

Gordon was appointed Group Chief Executive Officer with effect from 1 January 2013. He has previously served as Managing Director and Group Counsel. He joined the Group in 1988.

Gordon is a Solicitor and a member of the Law Society.



Tim Davies

Group Chief Financial Officer

Tim was appointed as Chief Financial Officer with effect from 8 April 2015 and subsequently appointed as executive Director with effect from 1 December 2015. Tim acted as Company Secretary from 1 December 2015 until 23 June 2017 when Stephen Bland was appointed

as Company Secretary. He is a Fellow of Chartered Accountants Ireland.

Prior to joining the Company, Tim was Managing Director of HSBC Life (Europe) Limited in Ireland, having joined as Finance Director in 2004. Prior to that he was a Senior Manager with PricewaterhouseCoopers in both Dublin and Boston, having worked 9 years within their insurance and financial services division.



Dr Leonard Polonsky, CBE

Non-executive director – President

Dr Polonsky founded the Group in 1970 and served as Chairman for many years. He accepted the honorary title of President with effect from 30 June 2014. Previously he was a partner of Associated Investors (Investment Brokers) and had roles with Life Assurance

Company of Pennsylvania. He taught languages in Heidelberg following postgraduate studies at Oxford and the Sorbonne.



Maurice Dyson

Senior Independent non-executive Director

Chairman of Audit and Remuneration Committees. Member of Nominations Committee.

Maurice was appointed the Senior Independent Director with effect from 30 June 2014, having been

appointed an independent non-executive Director on 24 November 2006. Maurice is currently a Director and Trustee of several companies and trusts involved with corporate re-construction, investment and pensions. He is a Fellow of the Institute of Actuaries, and an Associate of the CFA Society of the UK. Previously he was Deputy Chairman and Managing Director of Aon's consulting division in the UK, was the Head of the Actuarial Practice at Alexander Clay & Partners and a Partner in the actuarial firm, Clay & Partners.



Andy Frepp

Independent non-executive Director

Member of Audit, Nominations and Remuneration Committees.

Andy was appointed an independent non-executive Director with effect from 1 January 2014. He is a Fellow of the Faculty of Actuaries and

is currently Managing Director responsible for Moody's Analytics software business. Having joined Barrie & Hibbert in 2007, Andy was the Chief Executive Officer until Barrie & Hibbert was acquired by Moody's in 2012.

Prior to Barrie & Hibbert, Andy held numerous roles within Scottish Widows from 1988 to 2007. From 2003 to 2007 he was the Director of Sales and Marketing for Scottish Widows Investment Partnership, the asset management company of Scottish Widows.

Directors' Report

Financial statements

The Directors have pleasure in submitting their Annual Report on the affairs of the Company and the Group together with the financial statements and the auditor's report for the year ended 30 June 2017. Where the context requires "the Group" means Hansard Global plc and its wholly owned subsidiaries.

Hansard Global plc is the holding company of the Group and has a Premium Listing on the London Stock Exchange. The Company is a limited liability company incorporated and domiciled in the Isle of Man.

Activities

The principal activity of the Company is to act as the holding company of the Hansard Group of companies. The activities of the principal operating subsidiaries include the transaction of life assurance business and related activities.

Principal operating subsidiaries

The following companies are wholly-owned subsidiaries of the Company and represent its principal operating subsidiaries at the balance sheet date and at the date of this report. All companies are incorporated in the Isle of Man with the exception of Hansard Europe, which is incorporated in the Republic of Ireland. Hansard Europe was closed to new business with effect from 30 June 2013.

Company	Business
Hansard International Limited	Life Assurance
Hansard Europe Designated Activity Company (formerly Hansard Europe Limited)	Life Assurance
Hansard Administration Services Limited	Administration services
Hansard Development Services Limited	Marketing and development services

Results and dividends

The results of trading of the Group for the year under IFRS are set out in the consolidated statement of comprehensive income on page 60. The consolidated financial statements have been prepared under International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements of the parent company have been prepared under UK Generally Accepted Accounting Practice ("UK GAAP"), including Financial Reporting Standard 102.

Additionally, certain information relating to embedded value is presented using the European Embedded Value ("EEV") methodology. The Board believes that EEV Information provides additionally meaningful information on the financial position and performance of the Group in a particular financial year than that provided by IFRS reporting alone. The results of trading of the Group for the year on an EEV basis are set out in the EEV Information on pages 94 to 103.

Results under IFRS

Profit after tax for the year was £7.7m, compared with a profit for the prior year of £8.3m.

Dividends totalling £12.2m were paid during the year (2016: £12.2m).

Results under EEV

Following the increase in new business flows in the year, New Business Contribution increased to £1.3m from £0.2m in 2016. After taking into account favourable economic and investment experience over the year, an overall EEV profit after tax was earned of £11.7m (2016: £13.1m). After payment of dividends of £12.2m during the year, the EEV of the Group as at 30 June 2017 was £195.5m (2016: £195.9m).

Proposed final dividend

The Board has resolved to pay a final dividend of 5.3p per share on 17 November 2017, subject to approval at the Annual General Meeting, to shareholders on the register on 6 October 2017. If approved, this would bring the total dividends in respect of the year ended 30 June 2017 to 8.9p per share.



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Business review and future developments

A full review of the Group's activities during the year, recent events and future developments is contained in the Chairman's Statement on pages 2 and 3, the Chief Executive Officer's Review on pages 4 to 9, and the Business and Financial Review on pages 14 to 25.

Principal risks and uncertainties

The Board has established a process for identifying, evaluating and managing the significant risks the Group faces. A summary of the principal risks and uncertainties can be found on pages 29 and 31.

Corporate governance and corporate social responsibility

Hansard is committed to achieving high standards of Corporate Governance throughout the Group. The Company continues to adhere to the principles of the UK Corporate Governance Code. The Group is compliant with the relevant provisions of the Code at the date of this report.

The Corporate Governance Report on pages 40 to 45 provides full details on the efforts made by the Group in the areas of corporate governance and corporate social responsibility within the business.

Directors' remuneration

Details of Directors' remuneration for the year can be found in the Report of the Remuneration Committee on pages 50 to 55.

Directors

Details of Board members at the date of this report, together with their biographical details, are set out in the previous section of this Annual Report and Accounts. All Board members served throughout the financial year and to the date of this report.

In accordance with the Articles of Association all of the Directors will retire at the Annual General Meeting and, being eligible, seek re-election

Capital structure and significant shareholders

Details of the authorised and issued share capital together with details of movements in share capital during the year are included in Note 21 to the consolidated financial statements. The Company has one class of share in issue, ordinary shares of 50 pence each, all of which are fully paid.

Each ordinary share in issue carries equal rights including one vote per share on a poll at general meetings of the Company, subject to the terms of the Company's Articles of Association and applicable laws. Votes may be exercised by shareholders attending or otherwise duly represented at general meetings. Deadlines for the exercise of voting rights by proxy on a poll at a general meeting are detailed in the notice of meeting and proxy cards issued in connection with the relevant meeting. There are no restrictions on the transfer of shares.

At the Company's 2016 AGM, shareholders renewed the Company's authority to make market purchases of its own shares, up to 5,000,000 ordinary shares. As at 30 June 2017, and to the date of this report, none of this authority had been exercised. Similar shareholder authority will be requested at the Company's 2017 AGM.

Substantial shareholdings

At 30 June 2017 the Company had been notified of the following substantial holdings in its share capital. There have been no significant changes in these holdings between the balance sheet date and the date of this report.

Name	Shares (millions)	% holding
Dr L S Polonsky CBE *	50.3	36.6
Aberforth Partners LLP	17.2	12.6
The Polonsky Foundation	7.7	5.7
Mr M A L Polonsky *	7.5	5.5
Miton Asset Management Limited	7.0	5.1

*Including holdings of spouse

Directors' Report *continued*

Employee Benefit Trust

An Employee Benefit Trust ("EBT") was established in November 2011 with a gift of 400,000 Hansard Global plc shares from Dr Polonsky. No distributions were made from the EBT during the year. The EBT increased its holding to 803,949 shares at 30 June 2017 (2016: 760,521 shares) with the purchase of 43,428 shares on 12 December 2016.

Share incentive schemes

Save As You Earn share save programme

A Save As You Earn share save programme allows eligible employees to have the opportunity of acquiring an equity interest in the Company.

At the balance sheet date 1,126,193 options remain outstanding (2016: 1,052,119), details of which can be found in the Report of the Remuneration Committee.

Directors' interests

Directors' interests in shares in the Company and in options granted under the Save As You Earn programme are disclosed in the Report of the Remuneration Committee on pages 50 to 55 together with details of their contractual arrangements with the Group. The Committee is currently considering a proposal to renew the existing Save As You Earn programme for a further ten years. It is anticipated that a proposal will be presented to the shareholders for approval at the forthcoming Annual General Meeting.

Dr Polonsky is a controlling shareholder of the Group, as defined by the Listing Rule 6.1.2A of the Financial Conduct Authority. A summary of the most recent agreement, dated 22 September 2014, governing his relationship with the Group is set out in the Report of the Remuneration Committee on page 50 to 55. Other than as mentioned below, there were no significant transactions between the Group and Dr Polonsky during the year.

- Dr Polonsky received fees of £50,000 (2016: £50,000) for services provided to the Group under the terms of his service agreement dated 22 September 2014. This fee represents the standard arm's length fee paid to each of the Group's non-executive directors.
- Dr Polonsky has an investment contract issued by the Group on terms available to employees in general. During the year withdrawals of £2.4m were made from this contract. At 30 June 2017 the contract had a fair value of £15.7m (2016: £17.5m). A further withdrawal of £10.8m was made during July 2017.

Company Secretary

The Company Secretary at 30 June 2017 was Stephen Bland who was appointed 23 June 2017 following the resignation of Tim Davies.

Forward-looking statements

The Chairman's statement, the Group Chief Executive Officer's overview, the Business and Financial Review and other sections of this Report and Accounts may contain forward-looking statements about the Group's current plans, goals and expectations on future financial conditions, performance, results, strategy and objectives. Statements containing the words: 'believes', 'intends', 'expects', 'plans', 'seeks', 'anticipates' and other words of similar meaning are forward-looking. All forward-looking statements involve risk and uncertainty. This is because they relate to future events and circumstances that are beyond the Group's control.

As a result, the Group's future financial condition, performance and results may differ materially from the plans, goals and expectations set out in the forward-looking statements. The Company will not undertake any obligation to update any of the forward-looking statements in this Report and Accounts.

Annual General Meeting

The Annual General Meeting ("the meeting") of the Company will be held on 8 November 2017 at the Company's registered office.

A copy of the notice of the meeting, with each separate issue presented as a separate resolution, will be circulated with this Report and Accounts to shareholders. As well as the business normally conducted at such a meeting, shareholders will be asked to:-

- renew the authority for the Directors to make market purchases of the Company's shares;
- renew the general authority of the Directors to issue shares and;
- approve the renewal of the existing Save As You Earn programme for a further ten years. Full details of the changes are given in the covering letter to shareholders to the notice for the Annual General Meeting.

The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and will be voting in favour of them. The Board undertakes to apply the Listing Rules in relation to the re-appointment of the independent non-executive directors. This requires that re-election is by majority of votes cast by independent shareholders as well as by majority of all shareholders. This is in relation to resolutions 5 and 8 to be presented at the meeting. The Company further confirms, as required by the Listing Rules, that it has an agreement in place with Dr Polonsky, as the controlling shareholder and that the Company has complied with the requirements.



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The notice of the meeting and the Report and Accounts are also available at www.hansard.com. As required by the UK Corporate Governance Code, copies of the Letters of Appointment for the non-executive Directors, are available for inspection at the Company's registered office until the conclusion of the meeting.

In accordance with the Group's normal practice, the total number of proxy votes lodged at the meeting on each resolution (categorised as for; against; and votes withheld) will be made available both at the meeting and subsequently on the Company's website.

Political donations

The Group did not make any political donations during the year (2016: £nil).

Adequacy of the information supplied to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The Company's auditor, PricewaterhouseCoopers LLC ("PwC"), has indicated its willingness to continue in office. The Audit Committee has recommended that PwC be reappointed as the Company's auditor. Accordingly, a resolution to reappoint PwC as auditor to the Company, and to authorise the Directors to determine its remuneration, will be proposed at the Annual General Meeting.

Statement of going concern

As shown within the Business and Financial Review, the Group's capital position is strong and well in excess of regulatory requirements. The long-term nature of the Group's business results in considerable positive cash flows arising from existing business. Investment in cash consumptive new business can be managed through a number of financing mechanisms. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic environment.

The Directors are satisfied that the Company and the Group have adequate resources to continue to operate as a going concern for the foreseeable future, being a period of 12 months from the approval of the Report and Accounts, and have prepared the financial statements on that basis.

Longer-term viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code and Listing Rule 9.8.6, the Directors have assessed the prospects of the Group over a five year period and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of assessment.

The assessment of prospects is considered over a five year period as this matches the period over which business plans are considered by the Board. The Board also considers it a reasonable period in light of rapidly changing regulation, competitive landscape and IT advancements.

The Group's business plan and associated scenario modelling includes projections of the Group's profit, capital, liquidity and solvency. Scenario and stress testing considers the Group's capacity to absorb or respond to potential economic, policyholder activity or operational stresses. These include for example material investment market declines, interest rate movements, mass surrenders by contract-holders and operational losses. Reverse stress tests are also considered to provide insight into the level of stress needed to breach regulatory solvency requirements.

The Group's insurance subsidiaries are required to maintain at all times minimum regulatory solvency capital levels based on the size and nature of business written.

In making its overall assessment, the Board has also considered the principal risks and associated mitigating strategies which it has identified and outlined on page 29 to 30. The Directors confirm that their assessment of the principal risks facing the Group was robust.

Statement of Directors' responsibilities in respect of the Report and the financial statements

The Directors are responsible for preparing the Report and Accounts, the Report of the Remuneration Committee 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 Group financial statements in accordance with IFRS as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102).

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union and applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper 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 the Group and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing the Directors' report, the Report of the Remuneration Committee and a Corporate Governance Report that comply with that law and those regulations.

The Directors have chosen to present supplementary information in accordance with the European Embedded Value Principles issued in May 2004 by the Chief Financial Officers Forum and most recently extended in April 2016 ('the EEV Principles'). When compliance with the EEV Principles is stated, those principles require supplementary information to be prepared in accordance with the Embedded Value methodology contained in the EEV Principles and to disclose and explain any non-compliance with the EEV Guidance included in the EEV Principles.



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In preparing the EEV supplementary information, the Directors have had:

- the supplementary information prepared in accordance with the EEV Principles;
- the business covered by the EEV Principles identified and described;
- the EEV Principles applied consistently to the covered business;
- determined assumptions on a realistic basis, having regard to past, current and expected future experience and to any relevant external data, and then applied them consistently and;
- estimates made that are reasonable and consistent.

The Directors are responsible for the maintenance and integrity of the Group's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Report and Accounts confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;

- the European Embedded Value ("EEV") supplementary information has been prepared in accordance with the European Embedded Value principles issued in May 2004 by the Chief Financial Officers Forum and most recently extended in April 2016 ('the EEV Principles') and;
- the Business and Financial Review referenced to in the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By Order of the Board

Stephen Bland
Company Secretary
27 September 2017

Corporate Governance Report

Compliance with Companies Acts

As an Isle of Man incorporated company, the Company's primary obligation is to comply with the Isle of Man Companies Acts 1931 to 2004. The Board confirms that the Company is in compliance with the relevant provisions of the Companies Acts.

Compliance with the UK Corporate Governance Code 2016 ("the Code")

The Board believes high standards of corporate governance are integral to the delivery of the Group strategy and so the Board maintains a strong commitment to achieving the highest standards of corporate governance with the application of the provisions and principles of the Code to the business. A copy of the Code is available on the website of the Financial Reporting Council at www.frc.org.uk.

Details on how we have applied the provisions and principles of the Code to our activities throughout the financial year and to the date of this report (as well as any exceptions to the Code) are set out in this Corporate Governance Report, in the Directors' Report on pages 34 to 39 and/or in the Report of the Remuneration Committee on pages 50 to 55 and/or in the Report of the Nominations Committee on pages 48 to 49 and/or in the Report of the Audit Committee on pages 46 to 47.

The Board is of the opinion that the Board composition and governance frameworks are sufficient to maintain compliance with the principles of the Code.

Compliance with the Market Abuse Regulation

Prior to implementation of the Market Abuse Regulation ("MAR"), the Board of Directors reviewed the Company's internal policies, procedures and controls in respect of market abuse, market manipulation and insider dealing. An updated Share Dealing Code was drafted that all employees must adhere to and training on MAR was conducted at Board level and for employees across the relevant business units. The Company has complied with this Share Dealing Code and MAR throughout the period.

Role of the Board of Directors and its principal Committees

The primary role of the Board is to provide leadership of the Company. The Company is directed and controlled both by its Board of Directors and through systems of delegation and escalation, in order to achieve its business objectives in accordance with high standards of transparency, probity and accountability.

It achieves these goals by making decisions relating to a number of key areas for the business, by overseeing the activities of the executive management team, and by delegating certain matters for resolution through the principal Board Committees, namely

the Audit Committee, the Executive Committee, the Executive Risk Committee (formerly the Management Risk Committee), the Remuneration Committee and the Nominations Committee.

The specific duties of the Board are clearly set out in a Board Procedures Manual that addresses a wide range of corporate governance issues and lists those items that are specifically reserved for decision by the Board.

The primary responsibilities of the Board include, but are not limited to:

- formulation of medium and long-term direction and strategy for the Group;
- establishment of capital structure and dividend policy;
- ensuring the Group's operations are well managed and proper succession plans are in place;
- review of major transactions or initiatives proposed by management;
- implementation of policy and procedures to support the governance framework of the Group;
- regular review of the results and operations of the Group;
- ensuring that proper accounting records are maintained and adequate controls are in place to safeguard the assets of the Group from fraud and other significant risks;
- regular evaluation of board performance
- oversight of the Group's Enterprise Risk Management framework and;
- decisions regarding the Group's policy on charitable and political donations.

The duties of the principal Board Committees are detailed in the relevant written terms of reference, which are reviewed annually and are available on the Company's website, www.hansard.com.

Board composition and key roles

At the date of this report the Board comprises the non-executive Chairman, two independent non-executive Directors, one non-executive Director, the Group Chief Executive Officer and the Group Chief Financial Officer.

The Code requires that the Boards of "smaller companies", excluding the Chairman, should comprise at least two independent non-executive Directors. Having considered directors' independence, the Board confirms that it is in compliance with the Code in this respect.

As required by the Articles of Association, the full Board offer themselves for re-election at the Annual General Meeting ("AGM").



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The Board supports greater transparency in regard to the election and re-election of independent non-executive directors. In compliance with the Listing Rules, the Company, at its forthcoming and future Annual General Meetings, will operate a dual voting structure for any such resolutions. The results from the AGM votes on any such resolutions, together with other information normally circulated following the conclusion of the meeting, will be disclosed through the Regulatory Information Services following the conclusion of the Meeting. In the event that the majority of independent shareholders are shown to have voted against these resolutions, a further vote will be called after 90 days.

Chairman

Philip Gregory was appointed the Company's non-executive Chairman with effect from 30 June 2014 and as required by the Code, was considered independent upon appointment. He leads the Board within a solid corporate governance framework, and he ensures that the Board provides effective leadership for the Group including strategy and direction. As part of the appointment process the time commitments required for this role were considered.

Group Chief Executive Officer

Gordon Marr was appointed the Group Chief Executive Officer ("CEO") with effect from 1 January 2013. As CEO, he leads the senior executive team in the day to day running of the Group's business, including execution of the Group's business plans and objectives and communicating its decisions and recommendations to the Board.

The division of responsibilities between the Chairman and the CEO is clearly defined and has been approved by the Board. The Chairman has no day-to-day involvement in the management of the Group. The CEO has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group.

Senior Independent Director

As recommended by provision A.4.1 of the Code, the Board appointed Maurice Dyson as the Senior Independent Director on 30 June 2014.

Non-executive Directors

Maurice Dyson and Andy Frepp are considered by the Board to be independent non-executive directors in accordance with the Code definition. Philip Gregory, as non executive Chairman was considered independent on appointment. Dr Polonsky, a non executive director and President of the Group is not considered to be independent for the purposes of the Code.

The non-executive Directors fulfil a critical role to constructively challenge all recommendations presented to the Board for approval and to provide the benefit of their experience and expertise to manage risk within the Group and enhance delivery of the overall strategy.

Board independence

The Board's policy is to appoint and retain independent non-executive Directors who can apply their wider knowledge and experiences to their understanding of the Group. The process for appointing new Directors is conducted by the Nominations Committee.

It is the Board's view that an independent non-executive Director also needs to be able to present an objective, rigorous and constructive challenge to management. To be effective, an independent non-executive Director needs to acquire a sound understanding of the industry and the Company so as to be able to evaluate properly the information provided.

Each independent non-executive Director serves for a fixed term not exceeding three years that may be renewed by mutual agreement and subject to shareholder approval at the AGM. Subject to the Board being satisfied with a Director's performance, independence and commitment, there is no specified limit regarding the number of terms an independent non-executive Director may serve, subject to any explanation, if required under the provisions of B.1.1 of the Code.

A review of the current arrangements affecting all non-executive directors covering the current term of appointment and review of their independence (where relevant) was undertaken during 2017 by the Nomination Committee. The Committee was satisfied that Mr Frepp who was first elected to the Board in January 2014 remains independent. Following a robust and rigorous review which took into account the need for progressive refreshing of the Board, Mr Dyson who has served on the Board since November 2006 was considered to remain independent. Mr Gregory, as Chairman, was considered independent upon appointment.

Corporate Governance Report *continued*

Board meeting attendance

The Board meets regularly to determine the Company's strategic direction, to review the Company's operating and financial performance and to provide oversight that the Company is adequately resourced and effectively controlled.

The Company requires Directors to devote sufficient time to the Company in order to perform their duties. If Directors are not able to attend a meeting they have the opportunity to submit their comments in advance to the Chairman or the Company Secretary. If necessary, they can follow up with the Chairman of the meeting.

The attendance of the Directors at the Board and Committee meetings held during the year (and the maximum number of meetings that each Director could have attended) was as follows:

	Board	Audit	Nominations	Remuneration
Number of meetings	5	4	3	2
Dr Leonard Polonsky*	5/5	n/a	n/a	n/a
Maurice Dyson [^] *	5/5	4/4	3/3	2/2
Andy Frepp*	5/5	4/4	3/3	2/2
Philip Gregory ^{>}	5/5	4/4	3/3	2/2
Marc Polonsky [~]	5/5	n/a	n/a	n/a
Gordon Marr	5/5	n/a	n/a	n/a
Tim Davies	5/5	n/a	n/a	n/a

* Some meetings attended by telephone

[^] Chairman of the Audit and Remuneration Committees throughout the year

[>] Chairman of the Nominations Committee throughout the year

[~] Alternate to Dr Polonsky

Board committees

The Board has established a number of standing committees to oversee important issues of policy and maintain such oversight outside the main Board meetings. Each committee operates within defined terms of reference, which can be accessed on the Company's website.

- Audit Committee (Chair: Maurice Dyson. Members: Andy Frepp, Philip Gregory);
- Executive Committee (Chair: Gordon Marr. Member: Tim Davies);
- Executive Risk Committee (Chair: Gordon Marr. Member: Tim Davies);
- Nominations Committee (Chair: Philip Gregory. Members: Maurice Dyson, Andy Frepp);

- Remuneration Committee (Chair: Maurice Dyson. Members: Andy Frepp, Philip Gregory).

Throughout the year, the Chairman of each Committee provided the Board with a summary of the key issues considered at the meetings of the Committees and the minutes of the meetings were circulated to the Board.

Board Committees are authorised to engage the services of external advisers as they deem necessary in the furtherance of their duties, at the Company's expense.

Reports from the Audit, Nominations and Remuneration Committees are set out in this Report and Accounts, together with a summary of their activities during the year. The activities of the Executive Risk Committee are summarised in the Risk Management and Internal Control Report on pages 26 to 31.

The Executive Committee is chaired by the Group Chief Executive Officer and currently meets weekly. The Executive Committee has responsibility for the day-to-day management of the Group, and other items as delegated from time to time by the Board. In addition to Gordon Marr and Tim Davies, the Executive Committee is currently comprised of Steve Bland (Group General Counsel), Ollie Byrne (Chief Strategy Officer), Karen Corran (Head of Human Resources), Angela McCraith (Head of Group Risk and Compliance), Graham Morrall (Global Sales and Marketing Director) and Leslie Wong (Chief Operating Officer).

The Executive Risk Committee is chaired by the Head of Group Risk and Compliance and meets on a monthly basis. The Executive Risk Committee is currently comprised of Gordon Marr, Tim Davies, Steve Bland, Ollie Byrne, Karen Corran, Angela McCraith, Graham Morrall, Leslie Wong, Ailish Sherlin (Group Chief Actuary) and Rachel Panagiodis (Managing Director of Hansard Europe dac).

Board processes

The agenda for each Board and Committee meeting is considered by the Chairman or Committee Chairman and the papers for each meeting are distributed by the Company Secretary to the Board or Committee members beforehand. As a standard agenda item during the scheduled Board meetings, the Chairman and non-executive Directors meet without the executives present. The Chairman maintains regular contact with the CEO and with the non-executive Directors, outside of Board meetings or calls, in order to discuss specific issues.

Board evaluation and effectiveness

The effectiveness of the Board is vital to the success of the Group. The Company undertakes an evaluation each year in order to assess the performance of the Board, its committees, the Directors and the Chairman. The aim is to improve the effectiveness of the Board and its committees and the Group's performance. The process is led by



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the Chairman and supported by the Company Secretary through the use of a detailed questionnaire by way of a self-evaluation. The analysis and summary of responses in the year under review did not identify any significant issues.

As part of the Chairman's evaluation the independent non-executive Directors meet separately under the chairmanship of the Senior Independent Director who, in turn, engages in reviews with the Chairman.

Following these reviews, the Directors have concluded that the Board and its Committees operate effectively and have agreed actions in respect of certain processes identified for improvement. Additionally, the Chairman and the Senior Independent Director have concluded that each Director contributes effectively and demonstrates full commitment to his duties.

Remuneration of Directors

The principles and details of Directors' remuneration, as well as the composition and working of the Remuneration Committee, are contained in the Report of the Remuneration Committee on pages 50 to 55.

Insurance

The Company maintains insurance cover with respect to the liabilities of Directors and Officers within the Group. In addition, qualifying third party indemnity arrangements are in force for the benefit of the Directors within the Group and were in force for the benefit of former Directors of the Group during the year under review.

Board support

Directors are fully briefed in advance of Board and Committee meetings on all matters to be discussed. The Company Secretary is responsible for following Board procedures and advising the Board, through the Chairman, on governance matters. All Directors have access to his advice and services.

The Board has adopted a procedure whereby Directors may, in the performance of their duties, seek independent professional advice at the Company's expense if considered appropriate.

Directors are required to complete a number of mandatory training sessions during each year, for example on Anti-Money Laundering responsibilities. Training and support is also provided on any other key topics that the Board feel appropriate in addition to their individual professional Continuing Professional Development requirements, for example, on cyber crime.

Risk management and internal controls

The Board has overall responsibility for the Group's system of risk management and internal control, which is effected via the Group Enterprise Risk Management ("ERM") Programme, and for reviewing its effectiveness. The ERM Programme is intended to reduce, but cannot eliminate, the range of possibilities which might cause detriment to the Group. Similarly the ERM Programme cannot provide protection with certainty against any failure of the Group to meet its business objectives, or guard against material errors, losses, fraud, or breaches of laws and regulations. Taking all of these factors into account the ERM Programme is intended to provide reasonable, but not absolute, assurance against material mis-statement or losses and / or the breach of any laws or regulations.

The primary responsibility for developing and implementing internal control and risk management procedures covering all aspects of the business lies with the Executive Management Team. As part of the reporting processes from the ERM Programme, the Board regularly receives written reports covering all such aspects in addition to overseeing controls and risk management procedures via the Audit Committee.

Individual managers have primary responsibility for ensuring compliance with Group policies, principles and compliance obligations within their respective span of control. This includes the identification, evaluation, monitoring, management and reporting of risks within their areas of responsibility. The substance and form of risk management activities and the quality of their application are regularly reviewed by the Executive Risk Committee and objectively analysed and evaluated by the Group's Internal Audit function, with oversight by and reporting to the Audit Committee, which is ultimately responsible for reporting on the same to the Board.

Processes for identifying, evaluating and managing the risks faced by the Group have been in place throughout the year under review and up to the date of this report. They are regularly reviewed by the Board, with the assistance of the Audit and Risk Committees.

The Board (through the Audit Committee) has reviewed the effectiveness of the Company's risk management and internal control systems including financial, operational and compliance controls.

The Board has further undertaken a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, in accordance with C.2.1. of the UK Corporate Governance Code. Additional information on the principal risks and uncertainties faced by the Group, together with steps taken to manage them, can be found in the Strategic Report on pages 29 and 31.

Corporate Governance Report *continued*

Financial reporting process

The Group maintains a process to assist the Board in understanding the risks to the Group failing to meet its objectives. This incorporates a system of planning and sensitivity analysis incorporating Board approval of forecast financial and other information. Operational management reports monthly to the Executive Committee on a wide range of key performance indicators and other significant matters. The Board receives regular representations from the senior executives. Performance against targets is reported to the Board quarterly through a review of the Group's and Company's results based on accounting policies that are applied consistently throughout the Group. Draft management financial statements are prepared quarterly by the Chief Financial Officer ("CFO").

The members of the Audit Committee review the draft financial statements for the half year ended 31 December and for the full financial year, and meet with the CFO to discuss and challenge the presentation and disclosures therein. Once the draft document is approved by the Audit Committee, it is reviewed by the Board before final approval at a Board meeting.

Financial reporting

The statement on the responsibilities of the Directors in relation to the preparation of the accounts and the Directors' evaluation of the business as a going concern is contained in the Directors' Report on pages 34 to 39.

The Directors as at the date of this report consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Communications with stakeholders

We recognise our obligations to adopt a responsible attitude towards our stakeholders. The Board believes that the Group continues to demonstrate such an attitude but recognises that the Group is a relatively small organisation.

The Board believes that Hansard's policies and actions fulfil the Group's obligations.

Human resources

The Group's principal administrative operations are performed in the Isle of Man. Management of Hansard Europe Designated Activity Company (formerly Hansard Europe Limited) and certain support functions are located in the Republic of Ireland. Account Executives and related market development resources are based in local markets to support Independent Financial Advisors and other intermediaries that introduce business to the Group. The principal locations at 30 June 2017 are the Middle East and Africa, the Far East, and Latin America.

At 30 June, the number of the Group's employees by location was as follows:

Location	Number 2017	Number 2016
Isle of Man	161	164
Republic of Ireland	16	16
Other	26	25
	203	205

The gender profile of the Group at 30 June 2017 is split with a total of 101 male and 102 female employees (2016: 109 male and 96 female). Within the executive management team, there are six male executives and two female executives.



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Environmental responsibility

The Group continues its efforts to reduce and restrain our carbon footprint both in relation to daily operations, and in our communications. At the Group's locations we have regard to energy efficiency and ensure that appropriate waste is recycled. Whenever possible we conduct meetings using video conferencing facilities installed at the Group's offices to reduce travel requirements.

Online propositions provide increasing electronic access to information and allow us to be more creative with printing requirements, including deliberately keeping the print runs to a minimum. Provision of an electronic version of the Report and Accounts, where shareholders have chosen this option, and other market information has reduced the need to publish and distribute copies. In order to support this, shareholders are asked to contact the Registrars and elect the electronic option for future receipt of the Report and Accounts.

Corporate and social responsibility

Hansard is committed to being a socially responsible employer and member of the corporate community in all jurisdictions in which we have offices. The Group seeks to act fairly, responsibly and transparently in its operations and relationships with stakeholders.

Our community

We recognise the importance of supporting our employees who volunteer in other areas which support our community. We encourage employees in their efforts to support local causes, through collections in the office, financial top-ups to funds raised by our people and time off to support the community.

The Group has also supported a number of initiatives to support young people in education. Examples include providing work experience placements and internships, scholarships and providing experts to deliver presentations on specific topics to students, particularly in the IT space. Hansard was one of the founder members of the ICT University on the Isle of Man which will specialise in the provision of leading information and communication technology for business use.

During the year the Company matched donations made by employees in support of a number of registered charities, primarily in the Isle of Man and the Republic of Ireland. This has resulted in a total of approximately £13,413 (2016: £10,411) being donated to various charities in those locations during the year ended 30 June 2017.

Our People

We recognise that our team of over 200 people play a key role in delivering the strategic objectives of the business. Our core values of Innovation, Quality, Integrity and Respect were defined by our

people in 2014 and are central to our culture. We believe all of our people can make a difference and continually work to ensure that they are appropriately developed, engaged, rewarded and retained.

Engagement with shareholders

The Board is accountable to the shareholders for creating and delivering value through the effective governance of the business. The Group places considerable importance on developing its relationships with our shareholders and it aims to achieve this by way of the following regular communication activities:

- Regular dialogue with major institutional shareholders, both directly and through the Company's advisors;
- Market announcements, corporate presentations and other Company information which are available on our website at www.hansard.com and;
- The Annual Report and Accounts issued to all registered shareholders, either in hard copy or electronically for those that have elected to receive it in that form.

There have been regular meetings with the investor community, major shareholders and analysts during the financial year. This included formal meetings with investors, analysts and media at various points throughout the year.

In addition the Chairman is available to meet with and has met major shareholders to discuss any areas of concern not resolved through normal channels of investor communication. Arrangements can be made to meet with the Chairman through the Chief Financial Officer or Company Secretary.

The Board is equally interested in communications with private shareholders and the Chief Financial Officer oversees communication with these investors. All information reported to the regulatory news services is simultaneously published on the Company's website, affording the widest possible access to Company announcements.

The Board receives regular feedback on the views of shareholders on the Company from its executive management team after meetings with those shareholders, as well as from reports from the Company's corporate brokers and the Senior Independent Director.

By Order of the Board

Stephen Bland
Company Secretary
27 September 2017

Report of the Audit Committee

Purpose and terms of reference

This report provides details of the role of the Group Audit Committee and the work it has undertaken during the year. The role, responsibilities and work of the Committee can best be understood by reference to its written terms of reference. These are published on the Company's website, www.hansard.com.

A summary is set out below:

- advising the Board on the Group's interim and annual financial statements, its accounting policies and compliance with accounting standards to ensure that the financial and non-financial information supplied to shareholders provides a fair, balanced and understandable assessment of the Group's position;
- monitoring the effectiveness and objectivity of the internal and external auditors and;
- keeping under review the effectiveness of the systems of internal control and risk management.

Composition and structure

During the year the members of the Committee were the Group Chairman, Philip Gregory, and the Group's independent non-executive Directors who have considerable recent and relevant financial experience, being Maurice Dyson and Andy Frepp. All members served on the Committee throughout the year and to the date of this report and have competence relevant to the sector in which the company operates. Maurice Dyson is the Chairman of the Committee.

The Company Secretary acts as the secretary to the Committee. The Chairman of the Committee reports to each subsequent meeting of the Board on the Committee's work and the Board receives a copy of the minutes of each meeting of the Committee.

Meetings and frequency

The Committee met on four occasions during the financial year. The members' attendance record is set out in the Corporate Governance Report.

During the year, the Chairman invited the Chief Financial Officer, representatives from Internal Audit and PwC (the external auditor) to attend all meetings of the Committee. Other members of senior management, including the Group Chief Executive Officer, were also invited to attend as appropriate.

It is the Committee's practice to meet separately, at least once a year, with both the Internal Audit Manager and with the engagement partner of the external auditor, without any members of management being present. In addition, outside the structure of formal meetings, Maurice Dyson (as Chairman of the Committee) has had separate meetings throughout the year directly with the external auditor

and the Internal Audit Manager. He also meets and has regular contact with the Group Chief Executive Officer, the Chief Financial Officer, the Group Chief Actuary and the Head of Group Risk and Compliance.

In performing its duties, the Committee has access to the services of the Internal Audit Manager, the Company Secretary and, if required, external professional advisers.

Subsidiary company audit committees

Each of the Group's life assurance subsidiaries has established an audit committee that provides an oversight role for its own business. The chairman of each of those committees is an independent non-executive director of the relevant company. Each committee operated throughout the financial year and considered specifically the reporting of outsourced services and the valuation of policyholder liabilities, having regard to the opinion of the independent Appointed Actuary.

The minutes of the meetings of those committees are circulated to the Group Audit Committee which monitors in particular the adherence of the subsidiaries to regulatory requirements.

Committee activities during the financial year

1. Review of accounting and reporting

During the financial year the Committee:

- agreed the annual audit plan with the external auditor, considered the auditor's reports and monitored management actions in response to the issues raised;
- reviewed the annual and half yearly report and accounts, including the external auditor's reports, and associated announcements;
- reviewed the reports of the reviewing actuaries and considered disclosure and the recommendations for improvements;
- monitored compliance with the relevant parts of the UK Corporate Governance Code, the effectiveness of internal controls and reporting procedures for risk management processes;
- continued to monitor the application of the Group's policy on whistle-blowing and;
- reviewed other Stock Exchange reporting prior to publication of each announcement.

Whilst reviewing the annual and half yearly report and accounts, the Committee focussed on the following areas where significant financial judgements were required:

- The accounting principles, policies, assumptions and practices adopted;



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- Judgements exercised in the production of the financial results including, the valuation of certain financial investments, deferred origination costs and deferred income, and the appropriateness of assumptions in the Group's EEV reporting and;
- The status of known or potential claims against the Group.

To assist the Committee's review of key judgements, expert input was received from actuarial and legal advisors.

2. Review of Internal audit

The Group's internal audit function reports to the Audit Committee on the effectiveness of the Group's systems of internal controls, the adequacy of those systems to manage business risk and to safeguard the Group's assets and resources. The internal audit function provides objective assurance on risks and controls to the Committee.

The plans, the level of resources and the budget of the internal audit function are reviewed at least annually by the Committee. During the financial year the Committee monitored and reviewed the effectiveness of the internal audit function, including consideration of the internal audit plan (including changes thereof) and results from completed audits and concluded that the function was fit for purpose.

3. Review of External audit

PricewaterhouseCoopers LLC ("PwC") is the appointed external auditor for the Group. The Group has in place a policy to ensure the independence and objectivity of the external auditor.

During the year, the Committee performed its annual review of the independence, effectiveness and objectivity of PwC, assessing the audit firm, the audit partner and the audit teams. This is performed through written documentation provided by PwC which is discussed and challenged where appropriate by the Committee. In relation to independence, the Committee considered confirmations concerning rotation of the auditor's senior management and of the engagement partners. The Committee considered auditor rotation and was satisfied in regards to its compliance with the Code. The current audit partner has served since the 2016 financial year audit.

Based on this review and with input from Group management and Internal Audit, the Committee concluded that the audit service of PwC was fit for purpose and provided a robust overall examination of the Group's business and the risks involved.

The Committee has therefore recommended to the Board that PwC be re-appointed as the Group's auditor and that auditor remuneration and terms of engagement also be recommended.

The Committee monitored compliance with the Group policy for the provision of non-audit services by the external auditor. This policy aims to ensure that external auditor objectivity and independence is safeguarded and sets out the categories of non-audit services which

the external auditor is allowed to provide to the Group. Financial limits for non-audit related advice and consultancy work by the external audit firm apply to each company in the Group with a limit of £25,000 per company per year. Non-audit assignments exceeding the agreed limits, either individually or cumulatively, must have the prior approval of the Group Audit Committee.

Details of the amount paid to the external auditors during the year for audit and non-audit related services are set out in note 8 to the consolidated financial statements.

4. Review of internal controls

The Committee has reported to the Board regarding the review of the Group's risk management and internal control systems in accordance with provision C.2.3 of the UK Corporate Governance Code.

The Committee took into account events during the year and to the date of signing of the Accounts, including internal reporting structures together with reporting from internal audit, external audit and the Group's reporting actuaries.

5. Review of Committee performance

In line with the Code requirements, the Board undertook a review of the effectiveness of all its committees during the year, including the Audit Committee. In addition, the Committee also carried out a self-evaluation of its effectiveness. No significant issues were identified. The self-evaluation was carried out through response to a detailed questionnaire and analysing the responses compared to prior years' responses and other factors.

For the Board

Maurice Dyson
Chairman of the Audit Committee
27 September 2017

Report of the Nominations Committee

This report provides details of the role of the Nominations Committee and the work it has undertaken during the year.

Purpose and terms of reference

The role, responsibilities and work of the Committee can best be understood by reference to its written terms of reference. These are published on the Company's website. A summary is set out below:

- To regularly review the structure, size and composition required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- To give full consideration to succession planning for Directors and other senior executives and;
- To be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

The Committee keeps under review the balance of skills on the Board and the knowledge, experience, length of service and performance of the Directors. It also reviews their external interests with a view to identifying any actual, perceived or potential conflicts of interests, including the time available to commit to their duties to the Company.

The Group ensures that each of its companies is compliant with relevant applicable legislation relating to Health and Safety, employment legislation including sex, race and other discrimination rules, and strives to be an equal opportunity employer. The Group's recruitment process seeks to find candidates most suited for the job.

The Group respects the dignity of individuals and their beliefs and does not tolerate any sexual, racial, physical or any other form of harassment of staff nor tolerate any discrimination in the workplace.

Membership

During the year the members of the Committee were independent non-executive Directors being Maurice Dyson and Andy Frepp and the non-executive Group Chairman, Philip Gregory. All members served on the Committee throughout the year and to the date of this report. Philip Gregory is Chairman of the Committee.

The Company Secretary acts as the secretary to the Committee. The Chairman of the Committee reports to each subsequent meeting of the Board on the Committee's work and the Board receives a copy of the minutes of each meeting of the Committee.

Activities of the Committee during the year

The Committee met on three occasions during the year. The members' attendance record is set out in the Corporate Governance Report.

During the year the Committee addressed a number of issues concerning the Board structure and division of responsibilities, in particular the Committee:

- considered and approved the appointment of Stephen Bland as Company Secretary;
- considered and approved the creation of a Chief Strategy Officer role and the internal appointment of same;
- considered and approved changes to the structure of Internal Audit function;
- reviewed and agreed job descriptions for the Chief Executive Officer, Chairman and Senior Independent Director;
- considered the guidance in the UK Corporate Governance Code and information/interaction in relation to Mr Dyson and Mr Frepp and concluded that both remain independent;
- considered and approved the succession plan for the positions on the Executive Committee and other critical roles within the Group.

Diversity

The Committee and Board acknowledges the importance of diversity, including gender diversity, for the Company.

The Board has established the following objectives in relation to the Board:

- All Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective;
- Any long lists of potential directors to include diverse candidates of appropriate merit;
- When engaging with executive search firms, the Company will only engage with those firms who have signed up to the voluntary Code of Conduct on gender diversity and best practice.



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Review of Committee performance

In line with the Code requirement the Board undertook a review of the effectiveness of all its committees during the year, including the Nominations Committee. The Board will keep the process under review to ensure that analysis of the data obtained from this and future evaluations is utilised by the Board, the Chairman and the Committee.

Philip Gregory had regular meetings during the year with the Group Chief Executive Officer and the non-executive Directors. In addition, after each Board meeting, the Chairman held an informal session with the full Board members (without management being present) and one with only the independent non-executive Directors, which includes an evaluation of the performance of the Chairman.

For the Board

Philip Gregory

Chairman of the Nominations Committee

27 September 2017



Report of the Remuneration Committee

This report provides details of the role of the Committee and the work it has undertaken during the year.

Purpose and terms of reference

The main purpose of the Committee is to determine the overall remuneration policy and the remuneration packages and service contracts of the executive Directors, the Company Secretary and such other members of the executive management as it considers appropriate, including the operation of incentive schemes. The Committee aims to set remuneration at an appropriate level to promote the long term success of the Group.

- recognise the need to be competitive in an international market, though taking account of the local knowledge and packages in the UK and the Isle of Man;
- support key business strategies and create a strong, performance-orientated environment;
- attract, motivate and retain talent and;
- be aligned to proper risk management consistent with risk tolerance set out by the Board as part of its strategy.

The role, responsibilities and work of the Committee can best be understood by reference to its terms of reference. These are published on the Company's website.

Membership

During the year the members of the Committee were independent non-executive Directors being Maurice Dyson and Andy Frepp and the non-executive Group Chairman, Philip Gregory. All members served on the Committee throughout the year and to the date of this report.

Maurice Dyson was Chairman of the Committee throughout the year.

The Company Secretary acts as the secretary to the Committee. The Chairman of the Committee reports to each subsequent meeting of the Board on the Committee's work and the Board receives a copy of the minutes of each meeting of the Committee.

Activities of the Committee during the year

During the year there were two meetings of the Committee. The members' attendance record is set out in the Corporate Governance Report.

At the request of the Committee, Gordon Marr, the Group Chief Executive Officer, also attends meetings and makes recommendations to the Committee regarding changes to particular remuneration packages (excluding himself) or to policy generally. Such recommendations are discussed by the Committee and adopted or amended as it sees fit. The Head of HR provides all necessary support to Remuneration Committee in executing their duties.

During the year the Committee addressed a number of issues concerning remuneration and incentive schemes implemented by the Group, in particular:

- Considered and reviewed a proposal to renew the existing Save As You Earn programme for a further ten years. Full details of the proposal (if approved by the Committee) will be provided in the covering letter to the notice for the Annual General Meeting when the shareholders will be requested to approve the adoption of the plan;
- Agreed annual cash bonus scheme for staff;
- Agreed deferred bonus scheme for the Executive Committee;
- Having regard to market data, considered and approved reviews in remuneration for senior management effective from 1 July 2017; and
- Agreed discretionary bonuses for Executive Committee members, based on Company and individual performance targets.

Incentive Schemes

Cash-settled bonus scheme

The Committee approved the continuation of a bonus scheme for all employees. The terms of the scheme that are effective from 1 July 2017 incorporate targets for both company and individual performance. Bonuses earned will be paid in the October following the end of the financial year.



Long-term Incentive Plan

A deferred bonus scheme was approved at the Annual General Meeting on 8 November 2016. The deferred bonus scheme incorporates targets for both company and individual performance.

SAYE Share-save Programme

4,366 options over shares were exercised under the Scheme rules during the year (2016: 51,787).

At the date of this report, the following options remain outstanding under each tranche:

Scheme year	2017 No. of options	2016 No. of options
2013	-	4,044
2014	70,550	82,114
2015	666,158	783,332
2016	117,846	182,629
2017	271,639	-
	1,126,193	1,052,119

Employee Benefit Trust

An Employee Benefit Trust ("EBT") was established in November 2011 with a gift of 400,000 Hansard Global plc shares from Dr Polonsky. At 30 June 2017, following the purchase of shares using dividend proceeds, the EBT holds 803,949 shares (2016: 760,521 shares). No distributions were made from the EBT during the year (2016: £nil).

Directors' employment terms and conditions

In accordance with the Articles of Association all Directors are subject to annual re-election. All Directors serving on 9 November 2016 were re-elected at the Annual General Meeting held at that date.

The key terms and benefits of the contractual arrangements between each Director and the Company are as follows:

Dr Leonard Polonsky – Non-executive director – President. The letter of appointment effective from 22 September 2014 reflects Dr Polonsky's appointment as a non-executive Director and President and incorporates the requirements of the Listing Rules of the Financial Conduct Authority in relation to Dr Polonsky as controlling shareholder of the Group.

A summary of the agreement, dated 22 September 2014, governing his relationship with the Group is available for inspection at the Company's registered office and will be made available to

shareholders at the Annual General Meeting to be held on 8 November 2017. In order to maintain effective corporate governance the agreement contains the following terms:

- All transactions between Dr Polonsky and the Group are to be conducted at arm's length and on normal commercial terms;
- Dr Polonsky will take no actions which would prevent the Company from complying with its obligations under the Listing Rules, or propose a resolution to circumvent the proper application of the Listing Rules;
- Dr Polonsky will exercise his voting rights to ensure a requisite number of independent non-executive directors are appointed to and retained by the Board and;
- Will consult with independent non-executive directors where proposals have been made by the Board in relation to its composition.

Consistent with other non-executive Directors, Dr Polonsky receives a fee for his participation on the Board of £50,000 per annum.

There were no significant transactions between the Group and Dr Polonsky during the year under review, except as noted in the Director's Report.

Report of the Remuneration Committee *continued*

Gordon Marr – Group Chief Executive Officer. Housing allowance; company contribution into personal pension arrangements; private health insurance for himself and his spouse; permanent health insurance; life assurance; full-pay sick leave for a maximum of eight weeks of absence, whether or not consecutive, in any 12-month period due to illness or injury and 30 days annual leave in addition to public holidays. Other than the right to receive a payment in lieu of notice upon termination, his service agreement dated 24 November 2006 does not provide for any benefits upon termination of employment. The notice period (by either party) is 12 months.

Mr Marr was appointed to the Board on 27 April 2005 and last re-elected on 9 November 2016.

Mr Marr is a member of the deferred bonus scheme which is based on Company and individual Performance. Mr Marr's potential earnings under the scheme for the 2017 financial year range from nil to 50% of salary. He is also entitled to receive benefits under the Employee Benefit Trust in the same manner as all employees. Additionally he has been granted an option to require the Company to acquire a residential property from him for the sum of £481,000. Mr. Marr purchased the property in July 2011 for £501,000.

Tim Davies – Group Chief Financial Officer. Company contribution into personal pension arrangements; private health insurance for himself, his spouse and dependent children; permanent health insurance; life assurance; full-pay sick leave for a maximum of eight weeks of absence, whether or not consecutive, in any 12-month period due to illness or injury and 30 days annual leave in addition to public holidays. Other than the right to receive a payment in lieu of notice upon termination, his service agreement dated 3 March 2015 does not provide for any benefits upon termination of employment. The notice period (by either party) is six months.

Mr Davies was appointed to the Board on 1 December 2015.

Mr Davies is a member of the deferred bonus scheme which is based on Company and Individual Performance. Mr Davies potential earnings under the scheme for the 2017 financial year range from nil to 50% of salary. He is also entitled to receive benefits under the Employee Benefit Trust in the same manner as all employees.

Non-executive Directors. The appointment of each non-executive Director has been confirmed by an individual letter of appointment which includes a one month notice provision. The non-executive Directors do not have service contracts or any benefits-in-kind arrangements and do not participate in any of the Group's pension or long-term incentive arrangements.

Policy on salary of Executive Directors

It is the policy of the Committee to pay base salaries to the Executive Directors at broadly market rates (taking account of the Isle of Man location where relevant) compared with those of executives of companies of a similar size and international scope, whilst also taking into account the executives' personal performance and the performance of the Group. In addition reliance is placed on the Human Resource function to provide appropriate benchmarking data.

CEO salary

The CEO's salary was reviewed during 2017 and after due care and consideration the Committee determined that the salary was appropriate for the size and scope of the role and therefore this was not increased following the review.

Name	Salary as at 30 June 2017	Salary as at 30 June 2016	Increase
Gordon Marr	325,000	325,000	0%

The Committee will continue to review salaries on a regular basis and may make increases in future years as roles develop.

Our policy on fees for non-executive Directors

It is our policy to set the fees for each non-executive Director so that they reflect the time commitment in preparing for and attending meetings, the responsibility and duties of the position and the contribution that is expected from them. Our policy is to pay a market rate which is set annually by the Board.



HANSARD
GLOBAL PLC

Directors' remuneration and other benefits in the financial year ended 30 June 2017

The following table, which includes audited information, has been prepared in accordance with regulatory requirements, sets out the elements of aggregate emoluments for the year ended 30 June 2017 for each Director who served during that year.

Name	Salary and fees 2017 £	Pension 2017 £	Bonus 2017 £	Other ⁴ 2017 £	Aggregate 2017 £	Aggregate 2016 £
Executive Directors						
Gordon Marr (CEO)	325,000	45,500	24,500	37,184	432,184	410,270
Tim Davies (CFO)	161,500	24,500	17,500	1,480	204,980	109,946
Non-executive Directors						
Maurice Dyson ¹	68,000	—	—	—	68,000	68,000
Andy Frepp	50,000	—	—	—	50,000	50,000
Philip Gregory ²	67,500	—	—	—	67,500	66,250
Dr L S Polonsky	50,000	—	—	—	50,000	50,000
Marc Polonsky ³	—	—	—	—	—	—
Total	722,000	70,000	42,000	38,664	872,664	754,466

1 Mr Dyson receives additional fees in relation to his position as Chairman of the Board of Hansard International Limited.

2 For the year Mr Gregory's fee as Chairman was agreed at £85,000, however Mr Gregory agreed to waive £17,500 of his fees (waived in 2016: £18,750).

3 Appointed alternate Director to Dr Polonsky on 26 September 2013.

4 "Other" includes healthcare benefits and in respect of Mr Marr, contractual benefits relating to accommodation costs of £36,000 per annum.

Report of the Remuneration Committee *continued*

Directors' estimated remuneration and other benefits for the financial year ending 30 June 2018

The following table sets out the elements of estimated aggregate emoluments for the year ending 30 June 2018 for each Director, as agreed by the Board.

Name	Salary and fees 2018 £	Pension 2018 £	Bonus 2018 £	Other ⁴ 2018 £	Aggregate 2018 £
Executive Directors					
Gordon Marr	325,000	45,500	–	37,184	407,684
Tim Davies	161,500	24,500	–	1,480	187,480
Non-executive Directors					
Maurice Dyson ¹	68,000	–	–	–	68,000
Andy Frepp	50,000	–	–	–	50,000
Philip Gregory ²	85,000	–	–	–	85,000
Dr L S Polonsky	50,000	–	–	–	50,000
Marc Polonsky ³	–	–	–	–	–
Total	739,500	70,000	–	38,664	848,164

- 1 Mr Dyson receives additional fees in relation to his position as Chairman of the Board of Hansard International Limited.
- 2 Chairman of the Group Board. Mr Gregory's fee for the year as Chairman is £85,000, however he has agreed to waive fees ranging from nil to £20,000 based on a sliding scale related to new business volumes.

- 3 Alternate Director.
- 4 "Other" includes healthcare benefits and in respect of Mr Marr, contractual benefits relating to accommodation costs of £36,000 per annum.





Directors' interests in share capital (audited information)

At 30 June 2017 and at the date of this report Dr Polonsky held 49,946,319 shares in the Company's share capital, or 36.3% (2016: 36.9%) and an additional 400,000 shares are held by his wife. The Polonsky Foundation (a UK Registered Charity of which Dr Polonsky and Mr Marc Polonsky are among the trustees) has a beneficial interest in 7,686,888 shares in the Company's share capital, or 5.7% (2016: 5.7%).

The table set out below, which includes audited information, shows the beneficial interests of other Directors and their families in the Company's share capital, at 30 June 2017 and at 30 June 2016.

Number of shares	Direct	Indirect ¹	Total 2017	Direct	Indirect ¹	Total 2016
Executive Director						
Gordon Marr	225,000	305,494	530,494	300,000	305,494	605,494
Tim Davies ²	23,000	–	23,000	–	–	–
Non-executive Directors						
Maurice Dyson	32,500	–	32,500	32,500	–	32,500
Philip Gregory	15,462	–	15,462	15,462	–	15,462
Marc Polonsky ³	7,500,000	–	7,500,000	7,500,000	–	7,500,000

1 Held by self-invested pension plan where Mr Marr is a trustee for the relevant scheme.

2 Mr Davies participated in the 2017 SAYE share programme whereby 21,428 share options will be available on maturity in 2019.

3 Alternate Director to Dr Polonsky.

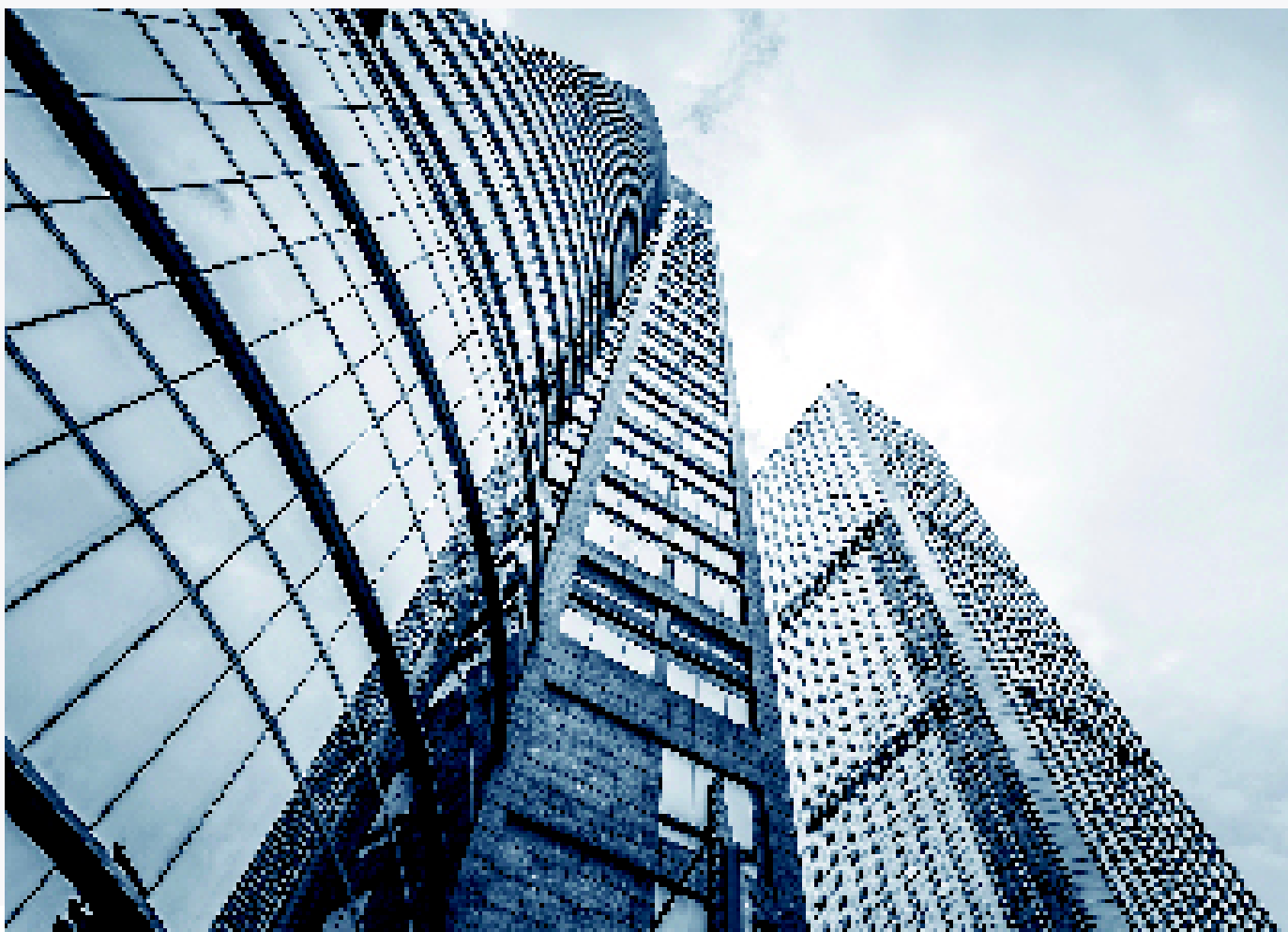
There have been no significant changes in these holdings between the balance sheet date and the date of this report.

For the Board

Maurice Dyson
Chairman of the Remuneration Committee
27 September 2017

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Independent auditor's report to the members of Hansard Global plc

Report on the audit of the consolidated financial statements

Opinion

In our opinion:

- Hansard Global plc's consolidated financial statements give a true and fair view of the state of the group's affairs as at 30 June 2017, and of its profit and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- The consolidated financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 to 2004.

What we have audited

Hansard Global plc's consolidated financial statements (the "financial statements") comprise:

- the consolidated balance sheet as at 30 June 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented elsewhere in the Report of the Remuneration Committee, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements of the United Kingdom's Financial Reporting Council's Revised Ethical Standard 2016 that are relevant to our audit of the financial statements in the Isle of Man. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the United Kingdom's Financial Reporting Council's Revised Ethical Standard 2016.

Our audit approach

Overview

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter - Risk of fraud in revenue recognition

Refer the Directors' Report, note 2, note 5 and note 7 to the financial statements.

The Group earns fees and charges on investment contracts. Determining revenue for the year can be complex where the calculation includes judgement or a high degree of manual preparation together with the related expenses.

We focussed on areas of revenue where the recognition can be judgemental. These areas relate to the estimated average contract lives over which upfront fees and origination costs are deferred and revenue is earned and expenses recognised.

We also focussed on fees on certain policies that are calculated by the actuarial function rather than by the policy administration system.

How our audit addressed the key audit matter

We tested the effectiveness of management controls over the amounts booked for fees and charges.

Independent auditor's report to the members of Hansard Global plc *continued*

We independently assessed the judgements relating to the determination of the expected contract lives and hence the reasonableness of the amortisation period over which upfront fees and origination costs are deferred and recognised as revenue and expenses. Specifically we considered the Group's experience on the investment contracts (e.g. lapses and surrenders) and re-performed the amortisation calculation with respect to deferred income and origination costs.

For fees which are calculated by the actuarial function, we independently re-calculated a sample of fees based on the underlying policy information.

We noted no material exceptions in our testing and concluded that the judgements applied were supported by the evidence available.

Key audit matter - Litigation and claims

Refer to the Directors' Report, note 2 and note 26 to the financial statements.

The Group is subject to a number of legal claims from contract holders due to the performance of their investment policy being below their expectations. As set out note 26, the cumulative net writs served total GBP£14.8m at 30 June 2017.

Management internally evaluate each claim, taking into consideration the assessment of internal legal counsel and external counsel as appropriate.

It is the Group's position that all such legal claims will be contested. This is on the basis that the Group does not provide investment advice and that any investment advice received by the contract holder would have been provided by a professional intermediary appointed by the contract holder themselves. Based on internal and external legal advice the directors are of the view that the Group is more likely than not to be successful in contesting all such legal claims.

On the basis of the above assessment the legal claims are disclosed as contingent liabilities of the Group in the financial statements and no provision is recognised.

The cumulative net writs at 30 June 2017 is material to the financial statements and the key judgement as to whether the Group is more likely than not to be successful in contesting these claims is highly subjective. As a result, this judgement was a key audit matter.

How our audit addressed the key audit matter

We obtained a listing of ongoing legal claims from the legal department. We gained an understanding of the cases and also of the developments during the year and understood management's assessment of the likelihood of success in defending the individual claims.

The Group engages external legal counsel to advise and assist in the defence of the claims. We understood the status of the claims through discussions with the Group Legal Counsel and/or review of the case files.

We challenged the judgements regarding whether the Group was more likely than not to be successful in contesting the legal claims.

We satisfied ourselves that management's conclusion that a successful outcome "is more likely than not" is supportable based on the legal assessments.

Other information

The directors are responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, 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 the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and Isle of Man law, for the group 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 Group'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 Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the parent company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received

Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you by exception if, in our opinion:

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 38, in relation to going concern and longer term viability; and
- the parts of the Corporate Governance Statement relating to the Company's compliance with the eleven provisions of the UK Corporate Governance Code specified for our review.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the parent company financial statements of Hansard Global plc for the year ended 30 June 2017.

Nicholas Mark Halsall, Responsible Individual
for and on behalf of PricewaterhouseCoopers LLC
Chartered Accountants, Isle of Man

27 September 2017

Consolidated Statement of Comprehensive Income for the year ended 30 June 2017

		Year ended 30 June 2017 £m	Year ended 30 June 2016 £m
	Notes		
Fees and commissions	5	52.6	51.3
Investment income	6	135.5	62.8
Other operating income		0.5	0.6
		188.6	114.7
Change in provisions for investment contract liabilities		(134.5)	(60.8)
Origination costs	7	(19.3)	(20.2)
Administrative and other expenses	8	(27.1)	(25.3)
		(180.9)	(106.3)
Profit before taxation		7.7	8.4
Taxation	10	-	(0.1)
Profit and total comprehensive income for the year after taxation		7.7	8.3

Earnings per share

	Note	2017 (p)	2016 (p)
Basic	11	5.6	6.0
Diluted	11	5.6	6.0

The notes on pages 64 to 83 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2017

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2015	68.7	(48.3)	19.7	40.1
Profit and total comprehensive income for the year after taxation	-	-	8.3	8.3
Transactions with owners				
Dividends paid	-	-	(12.2)	(12.2)
At 30 June 2016	68.7	(48.3)	15.8	36.2

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2016	68.7	(48.3)	15.8	36.2
Profit and total comprehensive income for the year after taxation	-	-	7.7	7.7
Transactions with owners				
Dividends paid	-	-	(12.2)	(12.2)
At 30 June 2017	68.7	(48.3)	11.3	31.7

The notes on pages 64 to 83 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 30 June 2017

	Notes	30 June 2017 £m	30 June 2016 £m
Assets			
Property, plant and equipment	13	1.0	1.0
Deferred origination costs	14	111.6	110.9
Financial investments			
Equity securities		20.5	13.0
Investments in collective investment schemes		920.9	784.5
Fixed income securities		22.0	22.6
Deposits and money market funds		103.1	120.2
Other receivables	15	5.2	4.4
Cash and cash equivalents	16	57.2	60.9
Total assets		1,241.5	1,117.5
Liabilities			
Financial liabilities under investment contracts	17	1,049.7	923.5
Deferred income	18	129.2	130.5
Amounts due to investment contract holders		22.8	20.7
Other payables	19	8.1	6.6
Total liabilities		1,209.8	1,081.3
Net assets		31.7	36.2
Shareholders' equity			
Called up share capital	21	68.7	68.7
Other reserves	22	(48.3)	(48.3)
Retained earnings		11.3	15.8
Total shareholders' equity		31.7	36.2

The notes on pages 64 to 83 form an integral part of these financial statements.

The financial statements on pages 60 to 83 were approved by the Board on 27 September 2017 and signed on its behalf by:



G S Marr
Director



T N Davies
Director

Consolidated Cash Flow Statement for the year ended 30 June 2017

	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m
Cash flow from operating activities		
Profit before tax for the year	7.7	8.4
Adjustments for:		
Depreciation	0.4	0.5
Dividends receivable	(3.9)	(3.9)
Interest receivable	(0.8)	(0.6)
Foreign exchange gains	(0.4)	(3.3)
Changes in operating assets and liabilities		
Increase in other receivables	(0.7)	(0.3)
Dividends received	3.9	3.9
Interest received	0.8	0.7
(Increase)/decrease in deferred origination costs	(0.7)	2.6
Decrease in deferred income	(1.3)	(7.1)
Increase in creditors	3.5	3.6
Increase in financial investments	(126.3)	(16.2)
Increase in financial liabilities	126.3	16.5
Cash flow from operations	8.5	4.8
Corporation tax paid	(0.1)	(0.1)
Cash flow from operations after taxation	8.4	4.7
Cash flows from investing activities		
Purchase of plant and equipment	(0.4)	(0.2)
Proceeds from sale of investments	(0.3)	-
Purchase of investments	(0.2)	(0.1)
Cash flows used in investing activities	(0.3)	(0.3)
Cash flows from financing activities		
Dividends paid	(12.2)	(12.2)
Cash flows used in financing activities	(12.2)	(12.2)
Net (decrease)/increase in cash and cash equivalents	(4.1)	(7.8)
Cash and cash equivalents at beginning of year	60.9	65.4
Effect of exchange rate changes	0.4	3.3
Cash and cash equivalents at year end	57.2	60.9

The notes on pages 64 to 83 form an integral part of these financial statements.

Notes to the consolidated financial statements for the year ended 30 June 2017

1 Principal accounting policies

Hansard Global plc (“the Company”) is a limited liability company, incorporated in the Isle of Man, whose shares are publicly traded. The principal activity of the Company is to act as the holding company of the Hansard group of companies. The registered office of the Company is Harbour Court, Lord Street, Box 192, Douglas, Isle of Man, IM99 1QL.

These consolidated financial statements incorporate the assets, liabilities and the results of the Company and its subsidiary undertakings (“the Group”). The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below or, in the case of accounting policies that relate to separately disclosed values in the primary statements, within the relevant note to these consolidated financial statements. These policies have been consistently applied, unless otherwise stated.

1.1 Basis of presentation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRSs”), International Financial Reporting Standards Interpretations Committee (“IFRSIC”) interpretations, and with the Isle of Man Companies Acts 1931 to 2004. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial investments and financial liabilities at fair value through profit or loss. The Group has applied all International Financial Reporting Standards adopted by the European Union and effective at 30 June 2017.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

There has been no significant impact in the financial statements due to the mandatory application of new accounting standards for the year ended 30 June 2017.

The following new standards and interpretations are in issue but not yet effective and have not been early adopted by the Group:

- IAS 7, ‘Statement of cash flows in disclosure initiative’
- IFRS 15, ‘Revenue from contracts with customers’
- Annual improvements 2014
- IFRS 9, ‘Financial instruments’
- IFRS 16, ‘Leases’
- IFRS 17, ‘Insurance contracts’
- Amendments to IAS 12, ‘On recognition of deferred tax assets for unrealised losses’
- Amendment to IFRS 4, ‘Insurance contracts’ regarding the implementation of IFRS 9, ‘Financial instruments’.

The adoption of the above standards is not expected to have any material impact on the Group’s results.

There are no other standards, amendments or interpretations to existing standards that are not yet effective, that would have a material impact on the Group’s financial statements.

The financial statements are presented in pounds sterling rounded to the nearest one hundred thousand pounds.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2.

1.2 Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and the results of the Company and of its subsidiary undertakings. Subsidiaries are those entities in which the Company directly or indirectly has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, accounting policies applied by subsidiary companies have been adjusted to present consistent disclosures on a consolidated basis. Intra-group transactions, balances and unrealised gains and losses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements.

2 Critical accounting estimates and judgements in applying accounting policies

Estimates, assumptions and judgements are used in the application of accounting policies in these financial statements. Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. Estimates, assumptions and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from assumptions and estimates made by management.

2.1 Accounting estimates and assumptions

The principal areas in which the Group applies accounting estimates and assumptions are in deciding the type of management expenses that are treated as origination costs and the period of amortisation of deferred origination costs and deferred income. Estimates are also applied in determining the recoverability of deferred origination costs.

2.1.1 Origination costs

Management expenses have been reviewed to determine the relationship of such expense to the issue of an investment contract. Certain expenses vary with the level of new business production and have been treated as origination costs. Other expenses are written off as incurred.

2.1.2 Amortisation of deferred origination costs and deferred income

Deferred origination costs and deferred income are amortised on a straight-line basis over the life of the underlying investment contract. Deferred origination costs and deferred income are amortised over the anticipated life of the contract estimated to be between 6 and 16 years, depending on the product type.

2.1.3 Recoverability of deferred origination costs

Formal reviews to assess the recoverability of deferred origination costs on investment contracts are carried out at each balance sheet date to determine whether there is any indication of impairment based on the estimated future income levels by product family level.

If, based upon a review of the remaining contracts, there is any other indication of irrecoverability or impairment, the contract's recoverable amount is estimated. Impairment losses are reversed through the statement of comprehensive income if there is a change in the estimates used to determine the recoverable amount. Such losses are reversed only to the extent that the contract's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation where applicable, if no impairment loss had been recognised.

2.2 Judgements

The primary areas in which the Group has applied judgement in applying accounting policies are as follows:

- The classification of contracts between insurance and investment business. All contracts are treated as investment contracts as they do not transfer significant insurance risk;
- The Group has elected to treat all assets backing its contracts at fair value through profit or loss although some of the assets in question may ultimately be held to maturity;
- The fair value of certain financial investments. Where the Directors determine that there is no active market for a particular financial instrument, fair value is assessed using valuation techniques based on available relevant information and an appraisal of all associated risks. This process requires the exercise of significant judgement on the part of Directors, as is discussed further in note 3.5 to these

consolidated financial statements and; consolidated financial statements and;

- To determine whether a provision is required in respect of any pending or threatened litigation, which is addressed in note 26.

3 Financial risk management

Risk management objectives and risk policies

The Group's objective in the management of financial risk is to minimise, where practicable, its exposure to such risk, except when necessary to support other objectives. The Group seeks to manage risk through the operation of unit-linked business whereby the contract holder bears the financial risk. In addition, shareholder assets are invested in highly rated investments.

Overall responsibility for the management of the Group's exposure to risk is vested in the Board. To support it in this role, an enterprise risk management framework is in place comprising risk identification, risk assessment, control and reporting processes. Additionally, the Board and the Boards of subsidiary companies have established a number of Committees with defined terms of reference. These are the Actuarial Review, Audit, Executive, Investment and Risk Committees. Additional information concerning the operation of the Board Committees is contained in the Corporate Governance section of this Report and Accounts.

The more significant financial risks to which the Group is exposed are set out below. For each category of risk, the Group determines its risk appetite and sets its investment, treasury and associated policies accordingly.

3.1 Market risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, analysed between price, interest rate and currency risk. The Group adopts a risk averse approach to market risk, with a stated policy of not actively pursuing or accepting market risk except where necessary to support other objectives. However, the Group accepts the risk that the fall in equity or other asset values, whether as a result of price falls or strengthening of sterling against the currencies in which contract holder assets are denominated, will reduce the level of annual management charge income derived from such contract holder assets and the risk of lower future profits.

Sensitivity analysis to market risk

The Group's business is unit-linked and the direct associated market risk is therefore borne by contract holders (although there is a secondary impact as shareholder income is dependent upon the markets, as mentioned above). Financial assets and liabilities to support Group capital resources held outside unitised funds primarily consist of units in money market funds, cash and cash equivalents, and other assets and liabilities. Cash held in unitised money market funds and at bank is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements.

As a result of these combined factors, the Group's financial assets and liabilities held outside unitised funds are not materially subject to market risk, and movements at the reporting date in interest rates and equity values have an immaterial impact on the Group's profit after tax and equity. Future revenues from annual management charges may be affected by movements in interest rates, foreign currencies and equity values.

(a) Price risk

Unit linked funds are exposed to securities price risk as the investments held are subject to prices in the future which are uncertain. The fair value of financial assets (designated at fair value through profit or loss) exposed to price risk at 30 June 2017 was £963.4m (2016: £820.1m). In the event that investment income is affected by price risk then there will be an equal and opposite impact on the value of the changes in provisions for investment contract liabilities in the same accounting period. The impact on the profit or loss before taxation in a given financial year is negligible.

An overall change in the market value of the unit-linked funds would affect the annual management charges accruing to the Group since these charges, which are typically 1% per annum, are based on the market value of contract holder assets under administration. The approximate impact on the Group's profits and equity of a 10% change in fund values, either as a result of price, interest rate or currency fluctuations, is £1.3m (2016: £1.2m).

(b) Interest rate risk

Interest rate risk is the risk that the Group is exposed to lower returns or loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets arising from changes in underlying interest rates.

The Group is primarily exposed to interest rate risk on the balances that it holds with credit institutions and in money market funds. A change of 1% p.a. in interest rates will result in an increase or decrease of approximately £0.8m (2016: £0.8m) in the Group's annual investment income and equity.

A summary of the Group's liquid assets at the balance sheet date is set out in note 3.2.

(c) Currency risk

Currency risk is the risk that the Group is exposed to higher or lower returns as a direct or indirect result of fluctuations in the value of, or income from, specific assets and liabilities arising from changes in underlying exchange rates.

(c) (i) Group foreign currency exposures

The Group is exposed to currency risk on the foreign currency denominated bank balances, contract fees receivable and other liquid assets that it holds to the extent that they do not match liabilities in those currencies. The impact of currency risk is minimised by frequent repatriation of excess foreign currency funds to sterling. The Group does not hedge foreign currency cash flows. At the balance sheet date the Group had exposures in the following currencies:

	2017 US\$m	2017 €m	2017 ¥m	2016 US\$m	2016 €m	2016 ¥m
Gross assets	15.2	3.8	202.8	10.9	7.4	254.0
Matching currency liabilities	(10.8)	(5.2)	(97.8)	(13.3)	(4.4)	(127.7)
Uncovered currency exposures	4.4	(1.4)	105.0	(2.4)	3.0	126.3
Sterling equivalent (£m)	3.4	(1.3)	0.7	(1.8)	2.5	0.9

The approximate effect of a 5% change: in the value of US dollars to sterling is less than £0.1m (2016: less than £0.1m); in the value of the euro to sterling is £0.1m (2016: £0.1m); and in the value of the yen to sterling is less than £0.1m (2016: less than £0.1m).

(c) (ii) Financial investments by currency

Certain fees and commissions are earned in currencies other than sterling, based on the value of financial investments held in those currencies from time to time.

The sensitivity of the Group to the currency risk inherent in investments held to cover financial liabilities under investment contracts is incorporated within the analysis set out in (a) above.

At the balance sheet date the analysis of financial investments by currency denomination is as follows, US dollars: 59.6% (2016: 63.2%); euro: 18.9% (2016: 17.2%); sterling: 18.9% (2016: 16.9%); other: 2.6% (2016: 2.8%).

3.2 Credit risk

Credit risk is the risk that the Group is exposed to lower returns or loss if another party fails to perform its financial obligations to the Group. The Group has adopted a risk averse approach to such risk and has a stated policy of not actively pursuing or accepting credit risk except when necessary to support other objectives.

The clearing and custody operations for the Group's security transactions are mainly concentrated with one broker, namely Capital International Limited, a member of the London Stock Exchange. At 30 June 2017 and 2016, substantially all contract holder cash and cash equivalents, balances due from broker and financial investments are placed in custody with Capital International Limited. These operations are detailed in a formal contract that incorporates notice periods and a full exit management plan. Delivery of services under the contract is monitored by a dedicated relationship manager against a documented Service Level Agreement and Key Performance Indicators, and attested periodically by external advisors. Investment risk is borne by the contract holder.

The Group has an exposure to credit risk in relation to its deposits with credit institutions and its investments in unitised money market funds. To manage these risks; deposits are made, in accordance with established policy, with credit institutions having a short-term rating

of at least F1 and P1 from Fitch IBCA and Moody's respectively and a long-term rating of at least A and A3. Investments in unitised money market funds are made only where such fund is AAA rated. Additionally maximum counterparty exposure limits are set both at an individual subsidiary company level and on a Group-wide basis.

At the balance sheet date, an analysis of the Group's own cash and cash equivalent balances and liquid investments was as follows (an analysis by maturity date is provided in note 3.4):

	2017 £m	2016 £m
Deposits with credit institutions	22.4	23.0
Investments in money market funds	49.2	53.6
	71.6	76.6

3.3 Liquidity risk

Liquidity risk is the risk that the Group, though solvent, does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost. The Group is averse to liquidity risk and seeks to minimise this risk by not actively pursuing it except where necessary to support other objectives.

The Group's objective is to ensure that it has sufficient liquidity over short- (up to one year) and medium-term time horizons to meet the needs of the business. This includes liquidity to cover, amongst other things, new business costs, planned strategic activities, servicing of equity capital as well as working capital to fund day-to-day cash flow requirements.

Liquidity risk is principally managed in the following ways:

- Assets of a suitable marketability are held to meet contract holder liabilities as they fall due.
- Forecasts are prepared regularly to predict required liquidity levels over both the short- and medium-term.

The Group's exposure to liquidity risk is considered to be low since it maintains a high level of liquid assets to meet its liabilities.

3.4 Undiscounted contractual maturity analysis

Set out below is a summary of the undiscounted contractual maturity profile of the Group's assets.

	2017 £m	2016 £m
Maturity within 1 year		
Deposits and money market funds	71.6	76.6
Other assets	2.3	1.4
	73.9	78.0
Maturity from 1 to 5 years		
Other assets	-	0.1
	-	0.1
Assets with maturity values	73.9	78.1
Other shareholder assets	115.8	115.0
Shareholder assets	189.7	193.1
Gross assets held to cover financial liabilities under investment contracts	1,051.8	924.4
Total assets	1,241.5	1,117.5

There is no significant difference between the value of the Group's assets on an undiscounted basis and the balance sheet values.

Assets held to cover financial liabilities under investment contracts are deemed to have a maturity of up to one year since the corresponding unit-linked liabilities are repayable and transferable on demand. In certain circumstances the contractual maturities of a portion of the assets may be longer than one year, but the majority of assets held within the unit-linked funds are highly liquid. The Group actively monitors fund liquidity.

The contractual maturity analyses of financial and other liabilities are included in notes 17 and 19 to the consolidated balance sheet.

3.5.1 Fair value estimation

The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where the directors determine that there is no active market for a particular financial instrument, for example where a particular collective investment scheme is suspended from trading, fair value is assessed using valuation techniques based on available, relevant, information and an appraisal of all associated risks. When a collective investment scheme recommences regular trading, the value would be transferred back to Level 1. This process requires the exercise of significant judgement on the part of Directors.

IFRS 13 requires the Group to classify fair value measurements into a fair value hierarchy by reference to the observability and significance of the inputs used in measuring that fair value. The hierarchy is as follows:

- Level 1: fair value is determined as the unadjusted quoted price for an identical instrument in an active market.
- Level 2: fair value is determined using observable inputs other than unadjusted quoted prices for an identical instrument and that does not use significant unobservable inputs.
- Level 3: fair value is determined using significant unobservable inputs.

The following table analyses the Group's financial assets and liabilities at fair value through profit or loss, at 30 June 2017:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss				
Equity securities	20.5	-	-	20.5
Collective investment schemes	853.8	-	67.1	920.9
Fixed income securities	22.0	-	-	22.0
Deposits and money market funds	103.1	-	-	103.1
Total financial assets at fair value through profit or loss	999.4	-	67.1	1,066.5

3.5.2 Transfers into and out of Level 3

During the year ended 30 June 2017, no assets were transferred from Level 2 to Level 1. Assets with a fair value of £8.5m were transferred from Level 1 to Level 3, due to the change in market for the related assets. Of these, assets with a value of £2.1m were reclassified from Level 1 to Level 3 and subsequently valued at zero by the Directors, as they believe this reflects the fair value of these assets at the balance sheet date. In total, assets with a fair value of £67.1m are classified as Level 3 as the Directors believe that valuations can no longer be obtained for these assets from an observable market price due to suspension in trading or the asset becoming illiquid. The Directors value these assets at the latest available NAV of the investment unless there is more appropriate information, which indicates a reduction to the fair value.

No assets were transferred from Level 3 to Level 1 or Level 2 during the financial year.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss	-	1,049.7	-	1,049.7

The following table analyses the Group's financial assets and liabilities at fair value through profit or loss, at 30 June 2016:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss				
Equity securities	13.0	-	-	13.0
Collective investment schemes	724.4	-	60.1	784.5
Fixed income securities	22.6	-	-	22.6
Deposits and money market funds	120.2	-	-	120.2
Total financial assets at fair value through profit or loss	880.2	-	60.1	940.3

During the financial year ended 30 June 2016, no assets were transferred from Level 2 to Level 1. Assets with a fair value of £2.8m were transferred from Level 1 to Level 3, due to the change in market for the related assets. Assets with a value of £3.3m were reclassified from Level 1 to Level 3 and subsequently valued at zero by the Directors, as they believe this reflects the fair value of these assets at the balance sheet date. Assets with a fair value of £57.3m were transferred from Level 2 to Level 3 during the year as the directors believe that valuations can no longer be obtained for these assets from an observable market price due to suspension in trading or the asset becoming illiquid.

No assets were transferred from Level 3 to Level 1 or Level 2 during the financial year.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss	-	923.5	-	923.5

Due to the unit-linked nature of the contracts administered by the Group's insurance undertakings, any change in the value of financial assets held to cover financial liabilities under those contracts will result in an equal and opposite change in the value of contract liabilities. The separate effect on financial assets and financial liabilities is included in investment income and investment contract benefits, respectively, in the consolidated statement of comprehensive income.

4 Segmental information

Disclosure of operating segments in these financial statements is consistent with reports provided to the Chief Operating Decision Maker ("CODM") which, in the case of the Group, has been identified as the Executive Committee of Hansard Global plc.

In the opinion of the CODM, the Group operates in a single reportable segment, that of the distribution and servicing of long-term investment products. New business development, distribution and associated activities in relation to the Republic of Ireland ceased with effect from 30 June 2013. All other activities of the Group are continuing.

The Group's Executive Committee uses two principal measures when appraising the performance of the business: Net Issued Compensation Credit ("NICC") and expenses. NICC is the amount of basic initial commission payable to intermediaries for business sold in a period and is calculated on each piece of new business. It excludes override commission paid to intermediaries over and above the basic level of commission. NICC is a high level measure of the value of new in-force business and top-ups on existing single premium contracts and is supplemented by a quarterly review of New Business Contribution at a product level.

The following table analyses NICC geographically and reconciles NICC to origination costs incurred during the year as set out in the Business and Operating Review section of this Report and Accounts

	2017	2016
	£m	£m
Middle East and Africa	3.0	4.5
Rest of the World	3.0	1.9
Far East	2.9	2.1
Latin America	1.6	0.9
Net Issued Compensation Credit	10.5	9.4
Other commission costs paid to third parties	4.9	4.5
Enhanced unit allocations	1.4	1.2
Origination costs incurred during the year	16.8	15.1

The net issued compensation credit figure of £10.5m for the year all relates to continuing operations based in the Isle of Man (2016: £9.4m).

Revenues and expenses allocated to geographical locations contained in sections 4.1 to 4.4 below reflect the revenues and expenses generated in or incurred by the legal entities in those locations.

4.1 Geographical analysis of fees and commissions by origin

	2017	2016
	£m	£m
Isle of Man	46.9	44.5
Republic of Ireland	5.7	6.8
	52.6	51.3

4.2 Geographical analysis of profit before taxation

	2017	2016
	£m	£m
Isle of Man	7.8	8.3
Republic of Ireland	(0.1)	0.1
	7.7	8.4

4.3 Geographical analysis of gross assets

	2017	2016
	£m	£m
Isle of Man	1,038.6	909.7
Republic of Ireland	202.9	207.8
	1,241.5	1,117.5

4.4 Geographical analysis of gross liabilities

	2017	2016
	£m	£m
Isle of Man	1,025.8	892.6
Republic of Ireland	184.0	188.7
	1,209.8	1,081.3

5 Fees and commissions

Fees are charged to the contract holders of investment contracts for contract administration services, investment management services, payment of benefits and other services related to the administration of investment contracts. Fees are recognised as revenue as the services are provided. Initial fees that exceed the level of recurring fees and relate to the future provision of services are deferred in the balance sheet and amortised on a straight-line basis over the life of the relevant contract. These fees are accounted for on the issue of a contract and on receipt of incremental premiums on existing single premium contracts.

Regular fees charged to contracts are recognised on a straight-line basis over the period in which the service is provided. Transactional fees are recorded when the required action is complete.

Commissions receivable arise principally from fund houses with which investments are held. Commissions are recognised on an accruals basis in accordance with the relevant agreement.

	2017	2016
	£m	£m
Contract fee income	34.6	34.4
Fund management charges	13.4	12.8
Commissions receivable	4.6	4.1
	52.6	51.3

6 Investment income

Investment income comprises dividends, interest and other income receivable, realised gains and losses on investments and unrealised gains and losses. Movements are recognised in the statement of comprehensive income in the period in which they arise. Dividends are accrued on the date notified. Interest is accounted for on a time proportion basis using the effective interest method.

	2017	2016
	£m	£m
Interest income	0.8	0.6
Dividend income	4.4	3.9
Gains on realisation of investments	27.2	30.7
Movement in unrealised gains /(losses)	103.1	27.6
	135.5	62.8

7 Origination costs

Origination costs include commissions, intermediary incentives and other distribution-related expenditure. Origination costs which vary with, and are directly related to, securing new contracts and incremental premiums on existing single premium contracts are deferred to the extent that they are recoverable out of future net income from the relevant contract. Deferred origination costs are amortised on a straight-line basis over the life of the relevant contracts. Origination costs that do not meet the criteria for deferral are expensed as incurred.

	2017	2016
	£m	£m
Amortisation of deferred origination costs	16.1	17.7
Other origination costs	3.2	2.5
	19.3	20.2

8 Administrative and other expenses

Included in administrative and other expenses is the following:

	2017	2016
	£m	£m
Auditors' remuneration:		
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	0.1	0.1
- Fees payable for the audit of the Company's subsidiaries pursuant to legislation	0.3	0.3
- Other services provided to the Group	0.1	0.2
Employee costs (see note 9)	10.6	11.4
Directors' fees	0.3	0.3
Fund management fees	4.7	3.6
Renewal and other commission	1.4	1.3
Professional and other fees	2.8	2.3
Impairment of broker balances receivable	1.1	-
Litigation fees and settlements	1.0	0.5
Operating lease rentals	0.9	0.7
Licences and maintenance fees	1.0	0.9
Insurance costs	1.1	0.9
Depreciation of property, plant and equipment	0.4	0.5
Communications	0.6	0.5

9 Employee costs

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Group pays fixed pension contributions on behalf of its employees (defined contribution plans). Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

The Group operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

9.1 The aggregate remuneration in respect of employees (including sales staff and executive Directors) was as follows:

	2017 £m	2016 £m
Wages and salaries	10.9	11.2
Social security costs	1.0	1.0
Contributions to pension plans	0.9	1.0
	12.8	13.2

Total salary and other staff costs for the year are incorporated within the following classifications:

	2017 £m	2016 £m
Administrative salaries and other staff costs	10.6	11.4
Origination costs	2.2	1.8
	12.8	13.2

The above information includes Directors' remuneration (excluding non-executive directors' fees). Details of the Directors' remuneration, share options, pension entitlements and interests in shares are disclosed in the Report of the Remuneration Committee on pages 50 to 55.

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

	2017 No.	2016 No.
Administration	138	138
Distribution and marketing	32	31
IT development	34	37
	204	206

10 Taxation

Taxation is based on profits and income for the period as determined with reference to the relevant tax legislation in the countries in which the Company and its subsidiaries operate. Tax payable is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in equity. Tax on items relating to equity is recognised in equity.

The Group's profits arising from its Isle of Man-based operations are taxable at zero percent. Profits in the Republic of Ireland are taxed at 12.5%.

There is no material difference between the current tax charge in the statement of comprehensive income and the current tax charge that would result from applying standard rates of tax to the profit before tax.

11 Earnings per share

The calculation for earnings per share is based on the profit for the year after taxation divided by the average number of shares in issue throughout the year.

	2017	2016
Profit after tax (£m)	7.7	8.3
Weighted average number of shares in issue (millions)	137.4	137.4
Basic earnings per share in pence	5.6	6.0

The Directors believe that there is no material difference between the weighted average number of shares in issue for the purposes of calculating either basic or diluted earnings per share. Earnings under either measure is 5.6p per share (2016: 6.0p).

12 Dividends

Interim dividends payable to shareholders are recognised in the year in which the dividends are paid. Final dividends payable are recognised as liabilities when approved by the shareholders at the Annual General Meeting.

The following dividends have been paid by the Group during the year:

	Per share 2017 p	Total 2017 £m	Per share 2016 p	Total 2016 £m
Final dividend in respect of previous financial year	5.3	7.3	5.25	7.3
Interim dividend in respect of current financial year	3.6	4.9	3.6	4.9
	8.9	12.2	8.85	12.2

The Board has resolved to pay a final dividend of 5.3p per share on 16 November 2017, subject to approval at the Annual General Meeting, based on shareholders on the register on 5 October 2017.

13 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and any impairment. The historical cost of property, computer equipment and fixtures & fittings is the purchase cost, together with any incremental costs directly attributable to the acquisition. The historical cost of computer software is the purchase cost. Computer software is recognised as an intangible asset.

Depreciation is calculated so as to amortise the cost of tangible and intangible assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned and is included in administration and other expenses in the statement of comprehensive income.

The carrying amount, residual value and useful life of the Group's plant and equipment is reviewed annually to determine whether there is any indication of impairment, or a change in residual value or expected useful life. If there is any indication of impairment, the asset's carrying value is revised.

The economic lives used for this purpose are:

Freehold property	50 years
Computer equipment and software	3 to 5 years
Fixtures & fittings	4 years

The cost of property, computer equipment and fixtures & fittings at 30 June 2017 is £9.0m (2016: £8.6m), with a net book value of £1.0m (2016: £1.0m). The cost of computer software at 30 June 2017 is £0.7m (2016: £0.7m), with a net book value of £0.1m (2016: £0.1m). Accumulated depreciation at 30 June 2017 is £8.0m (2016: £7.6m).

14 Deferred origination costs

Amortisation of deferred origination costs is charged within the origination costs line in the consolidated statement of comprehensive income.

Formal reviews to assess the recoverability of deferred origination costs on investment contracts are carried out at each balance sheet date to determine whether there is any indication of impairment. If there is any indication of irrecoverability or impairment, the asset's recoverable amount is estimated. Impairment losses are reversed through the statement of comprehensive income if there is a change in the estimates used to determine the recoverable amount. Such losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation where applicable, if no impairment loss had been recognised.

The movement in value over the financial year is summarised below.

	2017 £m	2016 £m
Carrying value		
At beginning of financial year	110.9	113.5
Origination costs incurred during the year	16.8	15.1
Origination costs amortised during the year	(16.1)	(17.7)
	111.6	110.9

	2017 £m	2016 £m
Carrying value		
Current	11.0	9.5
Non-current	100.6	101.4
	111.6	110.9

15 Other receivables

Other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

	2017 £m	2016 £m
Contract fees receivable	0.1	0.3
Commission receivable	2.4	1.2
Other debtors	2.7	2.9
	5.2	4.4
Expected to be settled within 12 months	5.1	4.3
Expected to be settled after 12 months	0.1	0.1
	5.2	4.4

At the balance sheet date there are receivables impaired of £1.1m (2016: £nil) relating to a £1.4m commission balance due from a broker. There are no receivables overdue but not impaired (2016: £nil). Due to the short-term nature of these assets the carrying value is considered to reflect fair value.

16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, net of short-term overdraft positions where a right of set-off exists.

	2017 £m	2016 £m
Money market funds	49.2	53.6
Short-term deposits with credit institutions	8.0	7.3
	57.2	60.9

17 Financial liabilities under investment contracts

17.1 Investment contract liabilities, premiums and benefits paid

17.1.1 Investment contract liabilities

Investment contracts consist of unit-linked contracts written through subsidiary companies in the Group. Unit-linked liabilities are measured at fair value by reference to the value of the underlying net asset value of the Group's unitised investment funds, determined on a bid basis, at the balance sheet date.

The decision by the Group to designate its unit-linked liabilities at fair value through profit or loss reflects the fact that the liabilities are calculated with reference to the value of the underlying assets.

17.1.2 Investment contract premiums

Investment contract premiums are not included in the statement of comprehensive income but are reported as deposits to investment contracts and are included in financial liabilities in the balance sheet. On existing business, a liability is recognised at the point the premium falls due. The liability for premiums received on new business is deemed to commence at the acceptance of risk.

17.1.3 Benefits paid

Withdrawals from policy contracts and other benefits paid are not included in the statement of comprehensive income but are deducted from financial liabilities under investment contracts in the balance sheet. Benefits are deducted from financial liabilities and transferred to amounts due to investment contract holders on the basis of notifications received, when the benefit falls due for payment or, on the earlier of the date when paid or when the contract ceases to be included within those liabilities.

17.2 Movement in financial liabilities under investment contracts

The following table summarises the movement in liabilities under investment contracts during the year:

	2017 £m	2016 £m
Deposits to investment contracts	150.9	123.9
Withdrawals from contracts and charges	(159.2)	(168.3)
Change in provisions for investment contract liabilities	134.5	60.8
Movement in year	126.2	16.4
At beginning of year	923.5	907.1
	1,049.7	923.5

	£m	£m
Contractually due to be settled within 12 months	28.5	25.0
Contractually due to be settled after 12 months	1,021.2	898.5
	1,049.7	923.5

The change in provisions for investment contract liabilities includes dividend and interest income and net realised and unrealised gains and losses on financial investments held to cover financial liabilities.

17.3 Investments held to cover liabilities under investment contracts

The Group classifies its financial assets into the following categories: financial investments and loans and receivables. Financial investments consist of units in collective investment schemes, equity securities, fixed income securities and deposits with credit institutions. All financial investments are designated at fair value through profit or loss.

The decision by the Group to designate its financial investments at fair value through profit or loss reflects the fact that the investment portfolio is managed, and its performance evaluated, on a fair value basis.

The Group recognises purchases and sales of investments on trade date. Investment transaction costs are written off in administration expenses as incurred.

All gains and losses derived from financial investments, realised or unrealised, are recognised within investment income in the statement of comprehensive income in the period in which they arise.

The value of financial assets at fair value through profit or loss that are traded in active markets (such as trading securities) is based on quoted market prices at the balance sheet date. The quoted market price for financial assets held by the Group is the current bid price. Investments in funds are valued at the latest available net asset valuation provided by the administrators or managers of the funds and companies, unless the directors are aware of good reasons why such valuations would not be the most appropriate or indicative of fair value. Where necessary, the Group uses other valuation methods to arrive at the stated fair value of its financial assets, such as recent arms' length transactions or reference to similar listed investments.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables consist, primarily, of contract fees receivable, long-term cash deposits (i.e. with an original maturity duration in excess of three months) and cash and cash equivalents.

The following investments, cash and cash equivalents, other assets and liabilities are held to cover financial liabilities under investment contracts. They are included within the relevant headings on the consolidated balance sheet.

	2017 £m	2016 £m
Equity securities	20.5	13.0
Investments in collective investment schemes	920.4	784.0
Fixed income securities	22.0	22.6
Deposits and money market funds	88.8	104.8
Total assets	1,051.7	924.4
Other payables	(2.0)	(0.9)
Net financial assets held to cover financial liabilities	1,049.7	923.5

18 Deferred income

Fees charged for services related to the management of investment contracts are recognised as revenue as the services are provided. Initial fees which exceed the level of recurring fees and relate to the future provision of services are deferred. These are amortised over the anticipated period in which services will be provided.

The movement in value of deferred income over the financial year is summarised below.

	2017 £m	2016 £m
Carrying value		
At beginning of financial year	130.5	137.6
Income received and deferred during the year	16.8	11.4
Income recognised in contract fees during the year	(18.1)	(18.5)
	129.2	130.5

	2017 £m	2016 £m
Carrying value		
Current	13.0	12.8
Non-current	116.2	117.7
	129.2	130.5

19 Other payables

Other payables are initially recognised at fair value and subsequently measured at amortised cost. They are recognised at the point where service is received but payment is due after the balance sheet date.

	2017 £m	2016 £m
Commission payable	1.4	1.6
Other creditors and accruals	6.7	5.0
	8.1	6.6

All payable balances, including amounts due to contract holders, are deemed to be current. Due to the short-term nature of these payables the carrying value is considered to reflect fair value.

20 Capital management

It is the Group's policy to maintain a strong capital base in order to:

- satisfy the requirements of its contract holders, creditors and regulators;
- maintain financial strength to support new business growth and create shareholder value;
- match the profile of its assets and liabilities, taking account of the risks inherent in the business and;
- generate operating cash flows to meet dividend requirements.

Within the Group each subsidiary company manages its own capital. Capital generated in excess of planned requirements is returned to the Company by way of dividends. Group capital requirements are monitored by the Board.

The Group's policy is for each company to hold the higher of:

- the company's internal assessment of the capital required; and
- the capital requirement of the relevant supervisory body plus a specified margin over this to absorb changes.

There has been no material change in the Group's management of capital during the period and all regulated entities exceed significantly the minimum solvency requirements at the balance sheet date.

The capital held within Hansard Europe is considered not to be available for dividend to Hansard Global plc until such time as the legal cases referred to in note 26 are resolved.

21 Called up share capital

	2017 £m	2016 £m
Authorised:		
200,000,000 ordinary shares of 50p	100.0	100.0
Issued and fully paid:		
137,444,792 (2016: 137,440,456) ordinary shares of 50p	68.7	68.7

4,336 shares were issued in the year.

22 Other reserves

Other reserves comprise the merger reserve arising on the acquisition by the Company of its subsidiary companies on 1 July 2005, the share premium account and the share save reserve. The merger reserve represents the difference between the par value of shares issued by the Company for the acquisition of those companies, compared to the par value of the share capital and the share premium of those companies at the date of acquisition.

	2017 £m	2016 £m
Merger reserve	(48.5)	(48.5)
Share premium	0.1	0.1
Share save reserve	0.1	0.1
	(48.3)	(48.3)

23 Equity settled share-based payments

The Company has established a number of equity-based payment programmes for eligible employees. The fair value of expected equity-settled share-based payments under these programmes is calculated at date of grant using a standard option-pricing model and is amortised over the vesting period on a straight-line basis through the statement of comprehensive income. A corresponding amount is credited to equity over the same period.

At each balance sheet date, the Group reviews its estimate of the number of options expected to be exercised. The impact of any revision in the number of such options is recognised in the consolidated statement of comprehensive income so that the charge to the statement of comprehensive income is based on the number of options that actually vest. A corresponding adjustment is made to equity.

The estimated fair value of the schemes and the imputed cost for the period under review is not material to these financial statements.

23.1 SAYE programme

This is a standard scheme approved by the Revenue authorities in the Isle of Man that is available to all employees where individuals may make monthly contributions over three or five years to purchase shares at a price not less than 80% of the market price at the date of the invitation to participate.

At the date of this report, the following options remain outstanding under each tranche:

Scheme year	2017 No. of options	2016 No. of options
2013	-	4,044
2014	70,550	82,114
2015	666,158	783,332
2016	117,846	182,629
2017	271,639	-
	1,126,193	1,052,119

A summary of the transactions in the existing SAYE programmes during the year is as follows:

	2017		2016	
	No. of options	Weighted average exercise price (p)	No. of options	Weighted average exercise price (p)
Outstanding at the start of year	1,052,119	79	1,630,199	78
Granted	271,639	72	182,629	84
Exercised	(4,336)	79	(51,787)	78
Forfeited	(193,229)	79	(708,922)	78
Outstanding at end of year*	1,126,193*	78	1,052,119	79

*41,636 of these options are exercisable as at 30 June 2017.

Financial assumptions underlying the calculation of fair value

The fair value expense has been based on the fair value of the options granted, as calculated using the Black Scholes pricing model. Expected volatility is based on an analysis of the Group's share price volatility on the London Stock Exchange.

The fair value of the share options granted during the year has been calculated using the following assumptions:

2017 award assumptions	3-year	5-year
Date of grant	1 May 2017	1 May 2017
Fair value (pence)	12	14
Exercise price (pence)	72.4	72.4
Share price (pence)	91	91
Expected volatility	26 %	26 %
Expected dividend yield	5.35%	5.35%
Risk-free rate	0.64%	0.84%

2017 award details

Date of grant	12 April 2017
No. of shares awarded	271,639
Vesting conditions	3- or 5-year savings term
Exercise period - 3-year	12 April 2017 - 31 October 2020
Exercise period - 5-year	12 April 2017 - 31 October 2022

24 Financial commitments

Operating leases are defined as leases in which the lessor retains a significant proportion of the risks and rewards. Costs in respect of operating leases, less any incentives received from the lessor, are charged to the statement of comprehensive income on a straight-line basis over the lease term.

The total of future minimum lease payments under non-cancellable operating leases for property rental is as follows:

	2017 £m	2016 £m
Amounts due:		
Within one year	0.6	0.6
Between two and five years	1.4	1.3
After five years	-	0.2
	2.0	2.1

25 Related party transactions

25.1 Intra-group transactions

Various subsidiary companies within the Group perform services for other Group companies in the normal course of business. The financial results of these activities are eliminated in the consolidated financial statements.

25.2 Key management personnel compensation

Key management consists of 10 individuals (2016: 9), being members of the Group's Executive Committee and executive Directors of direct subsidiaries of the Company.

The aggregate remuneration paid to key management as at 30 June 2017 is as follows:

	2017 £m	2016 £m
Salaries, wages and bonuses	2.0	1.8

The total value of investment contracts issued by the Group and held by key management is zero (2016: zero).

25.3 Transactions with controlling shareholder

Dr L S Polonsky is regarded as the controlling shareholder of the Group, as defined by the Listing Rules of the Financial Conduct Authority. Except as reported below, there were no significant transactions between the Group and Dr Polonsky during the year under review.

- As reported in the Report of the Remuneration Committee on page 50, Dr Polonsky received fees of £50,000 (2016: £50,000) for services provided to the Group under the terms of his service agreement dated 22 September 2016. This fee represents the standard arm's length fee paid to each of the Group's non-executive directors.
- Dr Polonsky has an investment contract issued by the Group on terms available to employees in general. At 30 June 2017 this contract had a fair value of £15.7m (2016: £17.5m). A withdrawal of £10.8m was made during July 2017.

25.4 Employee Benefit Trust

An Employee Benefit Trust was established in November 2011 with the transfer to it of 400,000 ordinary shares in Hansard Global plc by Dr Polonsky. The purpose of the Trust is to use the income derived from dividends to reward longer serving staff, where sales targets are met. At the date of this Report and Accounts, the Trust holds 803,949 shares (2016: 760,521 shares), following the purchase of 43,428 shares in the year. There were no awards paid by the Trust during the year as the performance targets were not met (2016: £nil).

25.5 Other related party transactions

The Company entered into a contract in July 2011 with Mr. Gordon Marr, the Group Chief Executive Officer, to purchase a residential property for the sum of £481,000, exercisable at his discretion. Mr. Marr purchased the property in July 2011 for £501,000. The contract has not been exercised at the date of this Report and Accounts.

26 Contingent liabilities

The Group does not give any investment advice. Investment decisions are taken either by the contract holder directly or through a professional intermediary appointed by the contract holder. Contract holders bear the financial risk relating to the investments underpinning their contracts, as the policy benefits are linked to the value of the assets. Notwithstanding the above, financial services institutions are frequently drawn into disputes in cases where the value and performance of assets selected by or on behalf of contract holders fails to meet their expectations. At the balance sheet date a number of fund structures remain affected by liquidity or other issues that hinder their sales or redemptions on normal terms with a consequent adverse impact on transactions.

As reported previously, the Group has been subject to a number of complaints in relation to the selection and performance of assets linked to contracts. Hansard Europe has been served with a number of writs arising from such complaints and other asset-related issues.

As at 30 June 2017, there were outstanding writs served upon Hansard Europe totalling €16.9m, or £14.8m in sterling terms (30 June 2016: €15.7m, or £13.1m).

During the year, the Group successfully defended net claims of approximately £0.3m which affirms confidence in the Group's legal arguments. Two cases have subsequently been appealed.

While it is not possible to forecast or determine the final results of pending or threatened legal proceedings, based on the pleadings and advice received from the Group's legal representatives, the Directors believe that the Group has strong defences to such claims. Notwithstanding this, there may be circumstances where in order to avoid the expense and distraction of protracted litigation the Group may consider it in the best interests of the Group and its shareholders to reach a commercial resolution with regard to certain of these claims. There were no such settlements made or provided for during the year (2016: nil). It is not possible at this time to make any further estimates of liability.

27 Foreign exchange rates

The Group's presentational and functional currency is pounds sterling, being the currency of the primary economic environment in which the Group operates.

Foreign currency transactions are translated into sterling using the applicable exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date, and the gains or losses on translation are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are held at historical cost are translated using exchange rates prevailing at the date of transaction; those held at fair value are translated using exchange rates ruling at the date on which the fair value was determined.

The closing exchange rates used by the Group for the conversion of significant balance sheet items to sterling were as follows:

	2017	2016
US Dollar	1.30	1.33
Japanese Yen	146.5	137.4
Euro	1.14	1.20

Independent auditor's report to the members of Hansard Global plc

Report on the audit of the parent company financial statements

Opinion

In our opinion, Hansard Global plc's parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 30 June 2017 and of its cash flows for the year then ended in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in accordance with the provision of the Isle of Man Companies Act 1982; and
- have been properly prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004.

What we have audited

Hansard Global plc's parent company financial statements (the "financial statements") comprise:

- the parent company balance sheet as at 30 June 2017;
- the parent company statement of changes in equity for the year then ended;
- the parent company cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements of the United Kingdom's Financial Reporting Council's Revised Ethical Standard 2016 that are relevant to our audit of the financial statements in the Isle of Man. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the United Kingdom's Financial Reporting Council's Revised Ethical Standard 2016.

Other information

The directors are responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, 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 the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Isle of Man law, 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the parent company's financial reporting process.

Independent auditor's report to the members of Hansard Global plc *continued*

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

This report, including the opinion, has been prepared for and only for the parent company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Adequacy of accounting records and information and explanations received

Under the Isle of Man Companies Acts 1931 to 2004 we are required to report to you by exception if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the consolidated financial statements of Hansard Global plc for the year ended 30 June 2017.

Nicholas Mark Halsall, Responsible Individual
for and on behalf of
PricewaterhouseCoopers LLC
Chartered Accountants, Isle of Man
27 September 2017

Hansard Global plc

Parent Company Statement of Changes in Equity

for the year ended 30 June 2017

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2015	68.7	0.2	20.2	89.1
Profit and total comprehensive income for the year after taxation	-	-	6.3	6.3
Transactions with owners				
Dividends paid	-	-	(12.2)	(12.2)
At 30 June 2016	68.7	0.2	14.3	83.2

	Share capital £m	Other reserves £m	Retained earnings £m	Total £m
At 1 July 2016	68.7	0.2	14.3	83.2
Profit and total comprehensive income for the year after taxation	-	-	6.6	6.6
Transactions with owners				
Dividends paid	-	-	(12.2)	(12.2)
At 30 June 2017	68.7	0.2	8.7	77.6

The notes on pages 89 to 93 form an integral part of these financial statements.

Hansard Global plc

Parent Company Balance Sheet

as at 30 June 2017

	Notes	30 June 2017 £m	30 June 2016 £m
Assets			
Fixed assets			
Tangible assets	6	0.5	0.5
Investment in subsidiary companies	4	71.8	71.8
Current assets			
Cash and cash equivalents		2.5	4.2
Amounts due from subsidiary companies	5	3.4	7.2
Other receivables		0.3	0.4
Total assets		78.5	84.1
Liabilities			
Other payables		0.9	0.9
Total liabilities		0.9	0.9
Net assets		77.6	83.2
Shareholders' equity			
Called up share capital	7	68.7	68.7
Share premium		0.1	0.1
Retained earnings		8.7	14.3
Share save reserve		0.1	0.1
Total shareholders' equity		77.6	83.2

The notes on pages 89 to 93 form an integral part of these financial statements.

The parent company financial statements on pages 86 to 93 were approved by the Board on 27 September 2017 and signed on its behalf by:



G S Marr
Director



T N Davies
Director

Hansard Global plc

Parent Company Cash Flow Statement

for the year ended 30 June 2017

	2017 £m	2016 £m
Cash flow from operating activities		
Profit before tax for the year	6.6	6.3
Adjustments for:		
Depreciation	-	-
Dividends received	(10.0)	(11.0)
Interest receivable	-	-
Changes in operating assets and liabilities		
Interest received	-	-
Decrease/(increase) in amounts due from subsidiaries	3.8	1.0
Decrease in creditors	0.1	-
Cash flow from operations	0.5	(3.7)
Cash flows from investing activities		
Dividends received	10.0	11.0
Cash flows from investing activities	10.0	11.0
Cash flows from financing activities		
Dividends paid	(12.2)	(12.2)
Cash flows from financing activities	(12.2)	(12.2)
Net decrease in cash and cash equivalents	(1.7)	(4.9)
Cash and cash equivalents at beginning of year	4.2	9.1
Cash and cash equivalents at year end	2.5	4.2

The notes on pages 89 to 93 form an integral part of these financial statements.

1. General information

Hansard Global plc ("the Company") is a limited liability company, and is incorporated and domiciled in the Isle of Man. The registered office of the company is Harbour Court, Lord Street, Box 192, Douglas, Isle of Man, IM99 1QL. The Company is listed on the London Stock Exchange.

The principal activity of the Company is to act as the holding company of the Hansard group of companies ("the Group").

2. Significant accounting policies

2.1 Basis of preparation

The individual financial statements of the Company have been prepared on a going concern basis in compliance with United Kingdom Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Isle of Man Companies Acts 1931 to 2004. They are prepared under the historical cost convention. In accordance with the provisions of the Isle of Man Companies Act 1982 the Company has not presented its own profit and loss account. The Company's profit for the year ended 30 June 2017, including dividends received from subsidiaries, is £6.6m (2016: £6.3m).

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Investment income

Investment income includes interest and dividends. Interest is accounted for on an accruals basis. Dividends are accrued on an ex-dividend basis.

2.3 Dividends payable

Dividends payable to shareholders are recognised in the year in which the dividends are approved. These amounts are recognised in the statement of changes in equity.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The Company recognises revenue when the services are rendered, the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the company.

2.5 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Notes to the parent company financial statements

continued

2.6 Investments in subsidiaries

Investments in subsidiary companies are held at fair value, which equates to net asset value with any changes recognised in Other Comprehensive Income. Any increases in valuation above original cost are taken to a revaluation reserve, which is not distributable.

2.7 Foreign currencies

The Company's presentational and functional currency is pounds sterling, being the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are translated into sterling using the approximate exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date and the gains or losses on translation are recognised in the profit and loss account.

2.8 Tangible assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation.

The cost of tangible assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal rates used for this purpose are:

Freehold property	50 years
Computer equipment	3 years
Fixtures and fittings	4 years

2.9 Cash and cash equivalents

Cash at bank and in hand comprise of cash at bank, deposits held at banks and highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

2.10 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, (i.e. debtors and amounts due from group undertakings) and cash at bank, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

(ii) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

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

(iii) Financial liabilities

Basic financial liabilities, including accruals and other creditors, and amounts due to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

2.11 Operating lease assets

Leases that do not transfer all of the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

2.12 Share capital

Ordinary shares are classified as equity.

2.13 Related parties

The Company discloses transactions with related parties which are not wholly owned by the same group. It does not disclose transactions with members of the same group that are wholly owned.

3 Critical accounting estimates and judgements in applying accounting policies

Estimates, assumptions and judgements are used in the application of accounting policies in these financial statements. Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. Estimates, assumptions and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from assumptions and estimates made by management.

3.1 Accounting estimates and assumptions

The principal areas in which the Company applies accounting estimates and assumptions include:

(a) Investment in subsidiary companies

Management assesses the net asset value of the underlying investments and considering they are part of the Group it is considered its best estimate.

Notes to the parent company financial statements

continued

4 Investments in subsidiary companies

The following schedule reflects the Company's subsidiary companies at the balance sheet date and at the date of this report. All companies are wholly owned and incorporated in the Isle of Man, except where indicated.

Subsidiary company

Hansard International Limited

Hansard Europe Designated Activity Company (formerly Hansard Europe Limited) (incorporated in the Republic of Ireland)

Hansard Development Services Limited

Hansard Administration Services Limited

5 Amounts due from subsidiary companies

The Company and various subsidiary companies within the Group perform services for other Group companies in the normal course of business. All balances are unsecured, interest free and repayable on demand.

6 Tangible assets

The Company purchased a freehold property in July 2014 for £0.4m and spent a further £0.1m to bring the property to a useable condition. Depreciation is included in the profit and loss account and calculated in line with the accounting policy published above.

7 Share capital

	2017 £m	2016 £m
Authorised:		
200,000,000 ordinary shares of 50p	100.0	100.0
Issued and fully paid:		
137,444,792 (2016:137,440,456) ordinary shares of 50p	68.7	68.7

During the year 4,336 shares were issued (2016: 51,787) under the terms of the Save as You Earn (SAYE) share save programme approved by the shareholders.

The Company has received clearance from the London Stock Exchange to list a maximum of 500,000 shares necessary to meet its obligations to employees under the terms of the scheme.

8 Related party transactions

During the year fees totalling £0.2m (2016: £0.2m) were paid to non-Executive Directors.

The aggregate remuneration paid to key management of the Company as at 30 June 2017 was as follows:

	2017 £m	2016 £m
Salaries, wages and bonuses	1.3	1.3

9 Equity settled share-based payments

Shareholders have approved a Save as You Earn (SAYE) share save programme for employees. The scheme is a standard SAYE plan, approved by the Revenue Authorities in the Isle of Man and is available to eligible employees. Under the terms of the scheme, individuals can invest up to £500 per month for a three or five-year period to purchase shares at a price not less than 80% of the market price on the date of the invitation to participate.

The scheme is operated annually, with the option price and awards criteria normally being established in February. The estimated fair value of the schemes and the imputed cost for the period under review is not material to these financial statements.

At the balance sheet date, all remaining options (including all options granted in the year ending 30 June 2017) relate to Isle of Man based staff. Details are available in Note 23 to the consolidated financial statements.

European Embedded Value Information

1 Introduction

The European Embedded Value (“EEV”) measure is an estimate of the value of the shareholders’ interest in the Group. The EEV covers the entire business of the Group, including its life assurance companies and subsidiaries providing administration, distribution and other services.

The EEV comprises Net Worth and the Value of Future Profits (“VFP”) i.e. future profits from business in-force at the valuation date, 30 June 2017. It excludes the value of any future new business that the Group may write after the valuation date. All results are calculated net of corporation tax.

The Group’s EEV methodology complies fully with the set of EEV Principles published by the CFO Forum in May 2004 and most recently extended in April 2016. It has been calculated using market-consistent economic assumptions and best estimate operating assumptions having regard for the Group’s experience and its assessment of future experience. A description of the EEV methodology is set out in the Notes to the EEV Information. There have been no significant changes in the EEV methodology from that used in the previous financial year.

2 EEV Profit performance for the year

2.1 EEV Profit / (Loss)

EEV profit /(loss) is a measure of the performance over the year. It is derived as follows:

	2017 £m	2016 £m
New Business Contribution	1.3	0.2
Experience variances	(4.7)	(3.8)
Operating assumption changes	(5.9)	(0.1)
Model changes	0.3	1.1
Expected return on new and existing business	0.6	1.0
Expected Return on Net Worth	0.2	0.5
EEV operating loss after tax	(8.2)	(1.1)
Investment return variances	16.8	18.8
Economic assumption changes	3.1	(4.6)
EEV profit after tax	11.7	13.1

2.1.1 New Business Contribution

New Business Contribution (“NBC”) was £1.3m for the year (2016: £0.2m). The positive NBC reflects the increase in new business volumes during 2017 and the existence of a greater number of insurance contracts to spread initial expenses over.

2.1.2 Experience Variances

Experience variances arise where actual experience differs from that assumed in the prior year’s EEV. Major contributors to the experience variances this year include worse than assumed encashment and premium persistency (both of which were substantially affected by issues experienced with a problematic broker during the year), lower than assumed charge inflation and changes to the expense base.

	2017 £m	2016 £m
Full encashments	(2.0)	(1.2)
Premium reductions and underpayments	(1.7)	0.8
Charges	(0.7)	(0.6)
One-off expenses	(0.5)	(0.3)
Policies made paid up	(0.4)	(0.1)
Ongoing expenses	(0.2)	(1.3)
Other	0.8	0.5
	(4.7)	(3.8)

2.1.3 Operating Assumption Changes

The operating assumption changes reflect changes in management's view of the behaviour of the existing business. These changes decreased the EEV by £5.9m, (2016: decrease of £0.1m), as shown below.

Operating assumptions are generally management's best estimate, having regard to recent experience. Management has strengthened the partial encashment and contract holder activity margin assumptions, while weakening the expense, premium persistency and full encashment assumptions.

The adverse expense assumption reflects increased expenses assumed to be borne by each in-force contract. This reflects a lengthier period being taken by the Group to achieve the scale assumed in its long-term assumptions, impacted also by the closure to new business of Hansard Europe in 2013.

The premium persistency assumption change is primarily driven by issues experienced with a problematic broker during the year.

	2017 £m	2016 £m
Ongoing expenses	(5.3)	1.0
Premium persistency	(2.1)	0.9
Full encashment	(0.6)	0.6
Partial encashment	0.7	(2.5)
Contract holder activity margins	1.4	-
Other	-	(0.1)
	(5.9)	(0.1)

2.1.4 Model Changes

The Group continues to develop its modelling functionality. In particular, this year, a revised approach to calculating Hansard Europe's cost of capital and a revised approach to projecting future partial encashments. As a result of these model changes, the EEV increased by £0.3m (2016: £1.1m).

2.1.5 Expected Return on new and existing business

Under EEV methodology, it is a convention to assume that the value of the business grows at 'start of period' assumptions. The expected return is therefore based on assumptions determined at 30 June 2016. These assumptions are applied to give the expected conversion from VFP to Net Worth in the year, and the time value of both existing business and non-market risk.

No assumptions are made about the level of future new business. New Business Strain is the initial capital needed to fund new sales. This is calculated using end of period operating assumptions (i.e. assumptions determined at 30 June 2017).

	EEV	2017 Net Worth	VIF*	EEV	2016 Net Worth	VIF
	£m	£m	£m	£m	£m	£m
Cash generated from VFP	-	27.9	(27.9)	-	24.0	(24.0)
New Business Strain	-	(20.8)	20.8	-	(18.6)	18.6
Time value of existing business	0.6	0.1	0.5	1.3	0.5	0.5
Time value of new business	-	-	-	-	(0.1)	0.1
	0.6	7.2	(6.6)	1.0	5.8	(4.8)

*Value of In-Force.

The expected value of cash generated was £27.9m (2016: £24.0m) and New Business Strain was £20.8m (2016: £18.6m). These reflect higher levels of new business during the year. The time value figures use economic assumptions at 30 June 2016.

2.1.6 Expected Return on Net Worth

The expected return on Net Worth of £0.2m (2016: £0.5m) reflects the anticipated increase in shareholder assets over the period due to the time value of money. In line with the EEV, its calculation is based on the 30 June 2016 year one risk discount rate for sterling which was 0.4% (2016: 0.7%).

2.1.7 Investment return variance

Investment performance principally reflects the investment choices, by nature and currency, made by contract holders. It is therefore largely outside the Group's control.

	2017 £m	2016 £m
Investment performance of contract holder funds	14.9	(7.6)
Exchange rate movements	1.1	26.1
Other	0.8	0.3
	16.8	18.8

2.1.8 Economic Assumption Changes

There was a positive variance of £3.1m (2016: negative variance of £4.6m) from economic assumption changes: this variance follows the application of the EEV Principles and reflects changes to swap yields for the currencies to which the Group is exposed.

	2017 £m	2016 £m
Contract holder activity margins	3.8	(4.7)
Risk discount rates and unit growth	(0.7)	0.1
	3.1	(4.6)

2.2 Analysis of EEV profit / (loss) by EEV component

The table below shows a detailed analysis of EEV profit after tax for the year ended 30 June 2017.

	2017 Movement in			2016 Movement in		
	EEV	Net Worth	VIF	EEV	Net Worth	VIF
	£m	£m	£m	£m	£m	£m
New Business Contribution	1.3	-	1.3	0.2	-	0.2
Experience variances	(4.7)	(3.5)	(1.2)	(3.8)	(3.0)	(0.8)
Operating assumption changes	(5.9)	-	(5.9)	(0.1)	-	(0.1)
Model changes	0.3	-	0.3	1.1	-	1.1
Expected return on new and existing business	0.6	7.2	(6.6)	1.0	5.8	(4.8)
Expected return on Net Worth	0.2	0.2	-	0.5	0.5	-
EEV operating profit/(loss) after tax	(8.2)	3.9	(12.1)	(1.1)	3.3	(4.4)
Investment return variances	16.8	2.0	14.8	18.8	0.8	18.0
Economic assumption changes	3.1	-	3.1	(4.6)	-	(4.6)
EEV profit after tax	11.7	5.9	5.8	13.1	4.1	9.0

3 Embedded Value at 30 June 2017

Following the payment of dividends of £12.2m (2016: £12.2m), the Group's EEV has remained at a level similar to last year of £195.5m (2016: £195.9m). The EEV balance sheet is presented below.

	2017 £m	2016 £m
Free surplus	21.4	27.9
Required Capital	27.8	27.6
Net Worth	49.2	55.5
VIF	152.6	147.8
Frictional costs	(0.1)	(1.2)
Reduction for non-market risk	(6.2)	(6.2)
Value of Future Profits ("VFP")	146.3	140.4
EEV	195.5	195.9

At the balance sheet date, the Net Worth of the Group is represented by liquid cash and money market balances. Given the uncertainties inherent in the ultimate outcome of the litigation against Hansard Europe, we believe the extraction of any capital by the parent company will be constrained for up to three years.

The VFP is based on the value of contract holder funds under administration at 30 June 2017.

4 New business profitability

The Group has written business on a profitable basis. The following metrics illustrate the profitability of the Group's new business.

4.1 New business margin

	2017	2016
New business sales (PVNBP)	£148.5m	£119.5m
New business contribution ("NBC")	£1.3m	£0.2m
New business margin ("NBM")	0.9%	0.2%

The New Business Margin for the year is 0.9% (2016: 0.2%). The change is primarily due to the increase in new business volumes over the period and the existence of a greater number of insurance contracts to spread initial expenses over. New Business Margin is also impacted by the mix of business written, with regular premium business having a larger margin than single premium business. During 2017, a higher proportion of single premium business was written than in 2016.

5 EEV sensitivity analysis

Sensitivities provide an indication of the impact of changes in particular assumptions on the EEV at 30 June 2017 and the NBC for the year then ended.

The sensitivities will be affected by the change in the Group's business mix: different product types are sensitive to different assumptions in particular. Unless otherwise indicated, the sensitivities are broadly symmetrical.

The sensitivity analysis indicates that the Group's exposure to operating factors is limited, largely as a result of product design. A change in the level of expenses is the main operating exposure of the Group, although the VIF has become proportionately less sensitive to the changes in expense assumptions as a result of Hansard Europe being closed to new business. The largest sensitivities for the Group are related to economic factors. In particular, as a result of the diversified portfolio of assets under administration, it is exposed to movements in exchange rates and asset values through the impact on the level of future fund-based management income.

Impact on:	2017	
	EEV £m	NBC £m
Central assumptions	195.5	1.3
Operating sensitivities		
10% decrease in expenses	9.2	1.7
1% increase in expense inflation	(6.0)	(0.8)
1% increase in charge inflation	3.7	0.2
1% increase in expense & charge inflation	(2.1)	(0.6)
10% decrease in full encashment rates	1.8	0.3
5% decrease in mortality	0.1	-
Economic sensitivities		
1% increase in risk discount rate	(7.0)	(0.7)
1% decrease in investment return rate	(7.0)	(0.5)
1% increase in risk discount rate & investment return rate	-	(0.2)
1% decrease in risk discount rate & investment return rate	-	0.2
10% decrease in the value of equities and property	(11.1)	-
10% strengthening of sterling	(16.5)	(1.2)

In each sensitivity calculation, all other assumptions remain unchanged, except those being tested. There is a natural correlation between many of the sensitivity scenarios tested, so the impact of two occurring together is likely to be different from the sum of the individual sensitivities.

No changes to statutory valuation bases, pricing bases and Required Capital have been allowed for. No future management action has been modelled in reaction to the changing assumptions. For new business, the sensitivities reflect the impact of a change from inception of the contract.

Notes to the European Embedded Value Information

1 BASIS OF PREPARATION OF EEV

1.1 EEV Principles

The Group's EEV methodology complies fully with the set of EEV Principles published by the CFO Forum in May 2004 and most recently extended in April 2016. It has been calculated using market-consistent economic assumptions and best estimate operating assumptions having regard for the Group's own past, current and expected future experience.

1.2 Covered business

EEV covers the entire business of the Group.

1.3 New business premiums

The following premiums are included in the calculation of the NBC and PVNBP:

- Premiums arising from the sale of new policies during the period, including:
 - Contractual premiums;
 - Non-contractual recurrent single premiums where the level of premium and period of payment is pre-defined and reasonably predictable.
- Non-contractual top-up premiums received during the period on existing policies.

1.4 Timing of cash flows

The EEV has been calculated using economic and operating assumptions as at the end of the financial year (i.e. the valuation date). The NBC and PVNBP where applicable have been calculated using economic assumptions as at the start of the year and operating assumptions as at the end of the year.

1.5 Real world returns

No credit is taken in the calculation of EEV, NBC or PVNBP where applicable for returns in excess of risk-free returns. This approach may differ from that used by some of our competitors who include an asset risk premium.

2 METHODOLOGY

2.1 Overview

The methodology used to derive the EEV results at the valuation date is consistent with the IFRS methodology used in relation to the consolidated financial statements for the year ended 30 June 2017. Under EEV methodology, profit is recognised as margins are released from contract related balances over the lifetime of each contract within the Group's in-force business. The total projected profit recognised over the lifetime of a contract under EEV methodology is the same as reported under IFRS, but the timing of recognition is different.

2.2 European Embedded Value

The Group's European Embedded Value is calculated on its covered business and is shown net of corporation tax. The Group does not have any debt or financial reinsurance arrangements in place at the valuation date. The EEV comprises the Net Worth and the Value of Future Profits, which can be further categorised as shown in the table below:

Components of the EEV

Component	Sub-component
Net Worth	Required Capital
	Free Surplus
Value Of Future Profits	Value of In-Force
	Reduction for Non-market Risk
	Frictional Cost of Required Capital
	Cost of Financial Options & Guarantees

Each component is determined separately, as follows:

2.2.1 Required Capital

Required Capital is determined by the Board, bearing in mind the requirements of regulators of the Group's life insurance subsidiaries and the working capital required by the Boards of the Group's subsidiaries.

Given the uncertainties inherent in the ultimate outcome of the litigation against Hansard Europe, we believe the extraction of any capital by the parent company will be constrained for up to three years.

2.2.2 Free surplus

The Free Surplus is the difference between the Net Worth and the Required Capital.

2.2.3 Value of In-Force covered business ("VIF")

The VIF is determined by projecting, on a best estimate basis, the stream of future shareholder cash flows expected to arise from assets backing the liabilities of the covered business and then calculating the present value of the cash flows using an appropriate risk discount rate.

Future shareholder cash flows are deemed to arise when they are released from contract holder funds, following an actuarial valuation by the Appointed Actuary / Head of Actuarial Function.

VIF is calculated on a 'look through' basis whereby it includes all net cash flows arising from the products supported by the subsidiary companies providing administration, distribution and other services. The projections are performed using a proprietary actuarial modelling tool called Prophet.

2.2.4 Reduction for non-market Risk

The Directors make an annual assessment of the cost of non-market risks that are not covered in the VIF projections and determine an allowance to be deducted from VFP to meet these risks.

This year, the Directors have established an allowance of £6.2m (2016: £6.2m). This is equivalent to an increase of 0.9% in the risk discount rate assumption at the valuation date. The allowance has been assessed after considering past experience, the operational characteristics of the business and market information.

2.2.5 Frictional Cost of Required Capital

The cost of holding the Required Capital is, for the Group, the cost of tax on interest on the capital retained in Hansard Europe. The expected interest is projected, the tax calculated and then discounted to the valuation date.

2.2.6 Cost of financial options and guarantees

The Group's business does not include any policies with material options and/or guarantees regarding investment performance and, hence, unlike the situation faced by many other life assurers, the Group's cost of financial options and guarantees is zero.

3 OPERATING ASSUMPTIONS

The EEV is calculated using best estimate operating assumptions having regard for the Group's recent experience and management's best estimate of future behaviour, together with other relevant data.

The covered business is unit-linked: it comprises mainly investment-type products with minimal life cover and no financial options or guarantees. The three main product groups are regular premium, personal portfolio and recurrent single premium. Variations in experience between the product groups have been considered and, where appropriate, separate assumptions have been used.

The EEV assumptions are based on an assessment of the business as a going concern.

3.1 Expense assumptions

The allocation of expenses between acquisition and maintenance and the assumption setting process are generally consistent with prior years.

Development costs to enable future new business have been allocated to new business and are fully reflected in the calculation of the NBC. Other non-recurring development costs are generally charged as incurred, and hence will be reflected as a profit or loss in the year.

The number of contracts in-force has been falling over the last few years, partially as a result of the closure to new business of Hansard Europe in 2013. This trend is expected to continue for a period before the number of contracts in-force is assumed to return to the current level. We have made an allowance for this feature in the EEV calculation. In quantifying the impact we have assumed the continuation of significant growth in new business levels into the future.

Exceptional items are generally charged as incurred and hence are reflected as a variance in the year. Their value in 2017 was a charge of £0.5m (2016: £0.3m).

Notes to the European Embedded Value Information *continued*

3.2 Demographic & contract holder experience assumptions

The assumption setting process is consistent with prior years.

3.3 Taxation

Current and expected future tax legislation, regulation and the Group's own tax position were considered in setting the assumptions. The tax rate assumptions for this year have remained unaltered as follows:

Corporation tax rates	2017	2016
Isle of Man	0%	0%
Republic of Ireland	12.5%	12.5%

3.4 Other operating assumptions

The process for setting assumptions for the impact of contract holder activity, such as fund switching, is generally consistent with prior years..

4 ECONOMIC ASSUMPTIONS

Under EEV principles, the economic assumptions used in the EEV calculations are actively reviewed at each valuation date and are internally consistent. The assumption setting process is generally consistent with prior years.

4.1 Risk discount rate

The risk discount rates are set equal to the risk-free rates based on the bid-swap yield curve for the applicable currency and term, sourced from the European Insurance and Occupational Pensions Authority (EIOPA). The EEV calculation uses the risk-free rates at the end of the year (i.e. at the valuation date), while the calculation of NBC and PVNBP uses the risk-free rate at the start of the year (i.e. at the previous year-end date).

4.2 Investment returns

All investments are assumed to provide a return equal to the risk-free rate less external fund manager investment charges and any other investment expenses charged directly against contract holder funds.

4.3 Risk premium

No credit is taken in the calculation of EEV, NBC or PVNBP for returns in excess of risk-free returns i.e. a cautious approach is adopted by assuming an asset risk premium of zero.

4.4 Inflation rates

In setting the expense inflation assumption, consideration is given to price and salary inflation rates in both the Isle of Man and the Republic of Ireland, and to the Group's own expense experience and expectations. Future price inflation is derived from the yields of UK inflation linked bonds, appropriate for the duration and nature of the cash flows. For service companies, expense inflation relates to the underlying expenses rather than the fees charged to the life assurance companies.

By design, contractual monetary-charge inflation is broadly matched to expense inflation: in Hansard Europe, the charge inflation is subject to a minimum increase of 5% per annum. The correlation between expense inflation and charge inflation dampens the impact of inflation on

the embedded value results.

Inflation assumptions are as follows:

Inflation rates	30 June 2017	30 June 2016
Expense inflation per annum	2.9%	2.6%
Charge inflation per annum – Hansard Europe	5.0%	5.0%
Charge inflation per annum – Hansard International – Year 1	2.4%	1.9%
Charge inflation per annum – Hansard International – Year 2	2.6%	2.4%
Charge inflation per annum – Hansard International – Year 3+	2.9%	2.6%

The 5% charge inflation rate for Hansard Europe reflects the terms of the products. The three-year stepped approach to charge inflation for Hansard International reflects the terms of the products, trending towards a long-term inflation rate of 2.9% per annum.

Report of the Reviewing Actuaries to the Directors of Hansard Global plc

Review of the European Embedded Value (“EEV”) of Hansard Global plc for the year ended 30 June 2017

Our role

Deloitte MCS Limited has been engaged by Hansard Global plc to act as Reviewing Actuaries in connection with results on an EEV basis published in sections within Hansard Global plc’s Results for the year ended 30 June 2017.

Responsibilities

The EEV Information and the methodology and assumptions underlying it is the sole responsibility of the directors of Hansard Global plc. It has been prepared by the directors of Hansard Global plc, and the calculations underlying the EEV Information have been performed by Hansard Global plc.

Our review was conducted in accordance with generally accepted actuarial practices and processes. It comprised a combination of such reasonableness checks, analytical reviews and checks of clerical accuracy as we considered necessary to provide reasonable assurance that the EEV Information has been compiled free of material error.

The EEV Information necessarily makes numerous assumptions with respect to economic conditions, operating conditions, taxes, and other matters, many of which are beyond the Group’s control.

Although the assumptions used represent estimates which the directors believe are together reasonable, actual experience in future may vary from that assumed in the preparation of the EEV Information, and any such variations may be material. Deviations from assumed experience are normal and are to be expected.

The EEV does not purport to be a market valuation of the Group and should not be interpreted in that manner since it does not encompass all of the many factors that may bear upon a market value. For example, it makes no allowance for the value of future new business.

Opinion

In our opinion, on the basis of our review:

- the methodology and assumptions used to prepare the EEV Information comply in all material respects with the European Embedded Values Principles set out by the CFO Forum in May 2004, and most recently extended in April 2016 (the “CFO Forum Principles”);
- the EEV Information has been compiled on the basis of the methodology and assumptions and;
- the EEV Information complies in all material respects with the CFO Forum Principles.

Reliances and limitations

We have relied on data and information, including the value of net assets, management accounting data and solvency information supplied to us by the Group. Further, we have relied on the terms of the contracts, as they have been reported to us, being enforceable.

We have relied on the reported mathematical reserves, the adequacy of those reserves, and of the methods and assumptions used to determine them. We have assumed that all provisions made in the audited financial statements for any other liabilities (whether actual, contingent or potential) of whatever nature, are appropriate.

We have also relied on information relating to the current and historical operating experience of the Group’s life insurance business, including the results of experience investigations relating to policy persistency, and expense analysis. In forming our opinion, we have considered the assumptions used in the EEV Information in the context of the reported results of those investigations although we have not attempted to predict the impact of potential future changes in competitive forces on the assumptions.

Deloitte MCS Limited

27 September 2017

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Account Executives

Individuals employed by the Group to develop markets and support Independent Financial Advisors (IFAs).

Annualised premium equivalent ("APE")

An industry measure of insurance new business sales. It is calculated as the sum of regular premiums and 10% of single premiums written in the year.

Assets under administration ("AUA")

A measure of the total assets that the Group administers on behalf of contract holders, who have selected an external third party investment manager.

Compensation Credit ("CC")

The Group's prime indicator of calculating new business production. This indicates the relative value of each piece of new business and is used, therefore, in the calculation of commission payable.

Corporate Governance Code ("the Code")

The UK Corporate Governance Code sets out guidance in the form of principles and provisions on how companies should be directed and controlled to follow good governance practice. The Financial Reporting Council requires companies listed in the UK to disclose how they have applied principles of the Code and whether they have complied with its provisions throughout the accounting year. Where the provisions have not been complied with, companies must provide an explanation for this.

Covered business

The business covered by the EEV methodology. For the Company, this covers the entire in-force business of the Group, including all contracts issued by the Group's life insurance subsidiaries and subsidiaries providing administration, distribution and other services, as at the valuation date. It excludes the value of any future new business that the Group may write after the valuation date.

Deferred origination costs ("DOC")

The method of accounting whereby origination costs of long-term business are deferred in the balance sheet as an asset and amortised over the life of those contracts. This leads to a smoothed recognition of up front expenses instead of the full cost in the year of sale.

Deferred income ("DIR")

The method of accounting whereby front end fees that relate to services to be provided in future periods are deferred in the balance sheet as a liability and amortised over the life of those contracts. This leads to a smoothed recognition of up front income instead of the full income in the year of sale.

Discounting

The reduction to present value at a given date of a future cash transaction at an assumed rate, using a discount factor reflecting the time value of money.

Earnings per share ("EPS")

EPS is a commonly used financial metric which can be used to measure the profitability and strength of a company over time. EPS is calculated by dividing profit by the number of ordinary shares. Basic EPS uses the weighted average number of ordinary shares outstanding during the year. Diluted EPS adjusts the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, for example share awards and share options awarded to employees.

Economic assumptions

Assumptions in relation to future interest rates, investment returns, inflation and tax. These assumptions, and variances in relation to these assumptions, are treated as non-operating profits / (losses) under EEV.

Enterprise risk management ("ERM") programme.

The programme implemented by the Group to promote identification, monitoring and management of risks.

Embedded Value

A measure of the value of the shareholders' interest in a life and/or related businesses, represented by the total of the Net Worth and the Value of Future Profits from the covered business as at the relevant valuation date. It ignores the value of any future new business.

European Embedded Value ("EEV")

An embedded value prepared in accordance with the EEV Principles.

EEV Information

EEV Information is the material set out in sections "European Embedded Value Information" pages 94 to 99 and "Notes to the European Embedded Value Information" pages 100 to 103 of the Report and Accounts.

EEV operating profit

An assessment of the value generated by the Group during the year. It represents profit generated from new business sales and the in-force book of business, based on closing non-economic and opening economic assumptions.

EEV Principles

A set of principles published by the CFO Forum which provide a consistent basis for European insurers to prepare their Embedded Value reports. Along with additional guidance published by the CFO Forum, the principles describe how companies should prepare their supplementary embedded value reporting on the performance of their life insurance operations.

Experience variances

Current period differences between the actual experience incurred over the period and the assumptions used in the calculation of the embedded value, excluding new business non-economic experience variances which are captured in new business contribution.

Free surplus

The market value of assets allocated to, but not required to support, the in-force covered business at the valuation date. In effect, it is the excess of Net Worth over Required Capital.

Frictional costs

The additional taxation and investment costs incurred by shareholders through investing the Required Capital in the Company rather than directly. EEV calculations assume that any surplus projected capital in excess of the Group's requirements is transferred to shareholders. However, some surplus is not immediately transferable as it is needed to satisfy regulatory capital requirements and provide working capital. An allowance is made for the frictional cost of retaining this capital in the business (to reflect the cost to shareholders of delaying its distribution, for example, via taxation on any interest that it might earn). This cost is explicitly deducted from the VIF.

Group

Hansard Global plc and its subsidiaries.

Growth investment spend

Costs we incur investing in the future of our business, including technology to support our growth.

Independent Financial Advisors ("IFAs")

A person or organisation authorised to give advice on financial matters and to sell the products of financial service providers. Outside the UK IFAs may be referred to by other names.

In-force

Long-term business which has been written before the period end and which has not terminated before the period end.

International Financial Reporting Standards ("IFRS")

International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board ("IASB"). The Group's consolidated financial statements are required to be prepared in accordance with IFRS as adopted by the European Union to allow comparable reporting between companies.

IFRS equity per share

Total IFRS equity divided by the diluted number of issued shares at the end of the period.

Key performance indicators ("KPI")

This is one of a number of measures by reference to which the development, performance or position of the business can be measured effectively.

Maintenance expenses

Expenses related to the servicing of the in-force book of business (including investment and termination expenses and a share of overheads).

Net Worth

The market value of the shareholders' funds, determined on an IFRS basis, adjusted to exclude certain assets such as the deferred origination costs and liabilities such as deferred income and to add back any non-admissible assets. The Net Worth consists of Required Capital and Free surplus.

New business contribution ("NBC")

The expected present value of all future cash flows attributable to shareholders from new business, as included within EEV operating profit. NBC is calculated after the effect of any frictional costs. Unless otherwise stated, it is also quoted net of tax. It is calculated at point of sale. NBC is shown after allowing for the cost of required capital, calculated on the same basis as for in-force business.

New business margin ("NBM")

NBC expressed as a percentage of PVNBP. This measures whether new business written is adding value or eroding value. It is a measure of profitability (not profit), comparing the expected profit (or losses) with the value of expected premiums.

New business strain ("NBS")

Costs involved in acquiring new business (such as commission payments to intermediaries, expenses and reserves) affecting the insurance company's financial position at that point and where all of the income from that new business (including premiums and investment income) has not yet been received and will not be received until a point in the future. To begin with, therefore, a strain may be created where cash outflows exceed inflows.

Non-economic assumptions

Assumptions in relation to future levels of mortality, morbidity, persistency and expenses. These assumptions, and variances in relation to these assumptions, are included as operating profits / (losses) under EEV.



Non-market Risk

Allowance in the EEV for the cost of risks not already covered by the VIF. The main risks covered are mortality, persistency, expense and other operating risks. In choosing best estimate assumptions, directors have already made some allowance for risk. However, best estimate assumptions may fail to represent the full impact on shareholder value where adverse experience has a higher impact on shareholder value than favourable experience.

Origination costs

Expenses related to the procurement and processing of new business written including a share of overheads. Sometimes known as acquisition costs.

Present value of new business premiums ("PVNBP")

The industry measure of insurance new business sales under the EEV methodology. It is calculated as 100% of single premiums plus the expected present value of new regular premiums

Regular premium

A regular premium contract (as opposed to a single premium contract), is one where the policyholder agrees at inception to make regular payments throughout the term of the contract.

Required capital

The amount of assets, over and above the value placed on liabilities in respect of covered business, whose distribution to shareholders is restricted.

Risk discount rate

The present value of a future cash amount depends on its currency and the time until it will become available. The present value is determined using a discount rate that reflects currency and timing. Discount rates are set based on swap rates for the relevant currency determined at year-long intervals for amounts in GBP, EUR, USD and JPY up to year 30, and the year 30 rate thereafter. This covers over 95% of the future expected cash amounts by funds under management: other currencies are assumed to be subject to the GBP rate. Year 1 rates are used to unwind the existing business and are shown separately in the disclosures.

Single premium

A single premium contract (as opposed to a regular premium contract (see above)), involves the payment of one premium at inception with no obligation for the policyholder to make subsequent additional payments.

Solvency II

The EU-wide regulatory regime which aims to more closely align solvency capital to an insurer's risk profile. It came into force on 1 January 2016.

Unit-linked policy

A policy where the benefits are determined by reference to the investment performance of a specified pool of assets referred to as the unit-linked fund.

Value of In-Force covered business ("VIF")

The present value of expected future shareholder profits less the present value cost of holding capital required to support the in-force business.

Financial Calendar

Financial Calendar for the financial year ending 30 June 2018

Annual General Meeting	8 November 2017
Publication of first Interim Management Statement	9 November 2017
Payment date for final dividend	16 November 2017
Announcement of 2nd quarter new business results	25 January 2018
Publication of half-yearly results	22 February 2018
Declaration of interim dividend	22 February 2018
Ex-dividend date for interim dividend	1 March 2018
Record date for interim dividend	2 March 2018
Payment of interim dividend	10 April 2018
Publication of second Interim Management Statement	10 May 2018
Announcement of 4th quarter new business results	26 July 2018
Announcement of results for the year ended 30 June 2017	27 September 2018
Declaration of final dividend	27 September 2018
Ex-dividend date for final dividend	4 October 2018
Record date for final dividend	5 October 2018
Annual General Meeting	7 November 2018
Payment date for final dividend	15 November 2018



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