Royal London Management Services Limited

Annual report and financial statements

for the year ended 31 December 2018

Registered Number 2867478

Royal London Management Services Limited

Annual report and financial statements

for the year ended 31 December 2018

Contents

Royal London Management Services Limited

Directors and independent auditors for the year ended 31 December 2018

Directors
Matt Blake
John Davies
Kenny Fenna
Michelle Hill
Martin Lewis
Gurdeep Rai
Fergus Speight

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Registered Office
55 Gracechurch Street
London
EC3V 0RL

Registered in England & Wales Private Limited Company – limited by shares

Registered Number
2867478

Royal London Management Services Limited

Strategic report for the year ended 31 December 2018

Review of the business
The company provides management services to the company's ultimate parent undertaking, The Royal London Mutual Insurance Society Limited (RLMISL), and its subsidiaries. The agreement in respect of RLMISL allows for charges to be made by the company, which reflect the operational costs of the company during the year.

The loss for the financial year was £2,406,000 (2017: £904,000). No dividend has been paid during the year (2017: £nil).

The company has net liabilities at 31 December 2018 but the company's ultimate parent undertaking has indicated that it will continue to provide financial support to the company for at least one year from the date of the directors' report.

Principal risks and uncertainties
The principal risks and uncertainties facing the company are integrated with those facing the Group and are not managed separately. The company operates within the risk management policies and procedures maintained by its ultimate parent company, The Royal London Mutual Insurance Society Limited, which are discussed within the risk management note in the Group's annual report and financial statements.

Key performance indicators (KPIs)
The directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance and position of the business.

By order of the Board

John Davies
Company Director
27th March 2019

Royal London Management Services Limited

Directors' report for the year ended 31 December 2018

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

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

Matt Blake
John Davies
Kenny Fenna
Michelle Hill
Martin Lewis
Gurdeep Rai
Fergus Speight

Directors' indemnities
The directors have the benefit of a qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006). This provision was in force throughout the financial year and as at the date of approval of the financial statements. The company's ultimate parent undertaking, The Royal London Mutual Insurance Society Limited, also maintains Directors' and Officers' liability insurance in respect of the company and its directors.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dividend
The directors do not recommend the payment of a dividend (2017: £nil).

Future Outlook
The company's business is expected to continue at a similar level during 2019.

Continued financial support
The company has net liabilities at 31 December 2018. The company's ultimate parent undertaking has indicated that it will continue to provide financial support to the company for at least one year from the date of this directors' report. For this reason, the directors have continued to adopt the going concern basis in preparing the financial statements.

Independent Auditors
PricewaterhouseCoopers LLP are deemed to be re-appointed as auditors under section 487(2) of the Companies Act 2006.

Disclosure of information to auditors
The directors who held office as at the date of approval of this directors' report confirm that so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and that each director has taken all steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board

John Davies
Company Director
27th March 2019

Royal London Management Services Limited

Independent auditors' report to the members of Royal London Management Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Royal London Management Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, are not clear, and in common with other companies, it is difficult to evaluate all of the potential implications on the company's business, clients, suppliers and the wider economy, in general terms.

Reporting on other information

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

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

Independent auditors' report to the members of Royal London Management Services Limited (continued)

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Reporting on other information (continued)
Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Thomas Robb

Thomas Robb (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 March 2019

Royal London Management Services Limited

Statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover		**555,406**	519,502
Cost of sales		**(556,427)**	(521,627)
Operating loss	2	**(1,021)**	(2,125)
Other interest receivable and similar income		**133**	376
Interest payable and similar expenses		**(1,092)**	(534)
Loss before taxation		**(1,980)**	(2,283)
Tax (charge)/credit on loss	3	**(426)**	1,379
Loss for the financial year		**(2,406)**	(904)
Other comprehensive income, net of tax		-	-
Total comprehensive expense for the financial year		**(2,406)**	(904)

The accounting policies and notes on pages 10 to 18 form an integral part of these financial statements.

Royal London Management Services Limited

Balance sheet as at 31 December 2018

	Note	**2018** **£000**	2017 £000
Fixed assets			
Intangible assets	4	**1,497**	1,683
Tangible assets	5	**17,736**	15,537
		19,233	17,220
Current assets			
Deferred tax asset	6	**5,987**	5,758
Debtors	7	**96,930**	87,467
Cash at bank and in hand		**1,372**	5,056
		104,289	98,281
Prepayments and accrued income		**18,057**	20,004
Creditors: amounts falling due within one year	8	**(185,853)**	(177,373)
Net current liabilities		**(63,507)**	(59,088)
Total assets less current liabilities		**(44,274)**	(41,868)
Provisions for liabilities	9	**(4)**	(4)
Net liabilities		**(44,278)**	(41,872)
Capital and reserves			
Called up share capital	10	**120,000**	120,000
Other reserves		**10,107**	10,107
Profit and loss account		**(174,385)**	(171,979)
Total shareholders' deficit		**(44,278)**	(41,872)

The financial statements on pages 7 to 18 were approved by the board of directors on 27 March 2019 and signed on its behalf by:

John Davies
Director
Royal London Management Services Limited
Registered Number: 2867478

The accounting policies and notes on pages 10 to 18 form an integral part of these financial statements.

Royal London Management Services Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up Share capital £000	Other reserves £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 January 2017	120,000	10,107	(171,075)	(40,968)
Loss for the financial year	-	-	(904)	(904)
Other comprehensive income , net of tax	-	-	-	-
At 31 December 2017	**120,000**	**10,107**	**(171,979)**	**(41,872)**
Loss for the financial year	-	-	(2,406)	(2,406)
Other comprehensive income , net of tax	-	-	-	-
At 31 December 2018	**120,000**	**10,107**	**(174,385)**	**(44,278)**

Royal London Management Services (RLMS) previously carried a provision of £10m in respect of an unfunded pension provision for certain executives. This was transferred to the parent company in 2015.

Notes to the financial statements for the year ended 31 December 2018

1 Accounting policies

(i) Basis of preparation
These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and Financial Reporting Standard (FRS) 101, 'Reduced Disclosure Framework'.

FRS 101 permits the use of International Financial Reporting Standards (IFRS) as adopted for use in the European Union, but with certain exemptions, as described below.

In accordance with FRS 101, the company has taken the exemption not to present the following items required by EU adopted IFRS:

- Financial instruments disclosures and disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities. Disclosures in accordance with these requirements are included in the consolidated financial statements of the company's ultimate parent, The Royal London Mutual Insurance Society Limited.
- Capital management disclosures.
- Comparative information for the reconciliations of: the number of shares outstanding at the beginning and end of the period and the tangible and intangible assets balances.
- A cash flow statement and related disclosures.
- Information on new IFRSs that have been issued but which are not yet effective.
- Key management compensation.
- Related party transactions between members of the group provided that any subsidiary that is party to the transaction is wholly owned by the group.

The company has taken advantage of the exemptions within IFRS 8 (Operating Segments) not to provide segmental information as it does not have and is not in the process of issuing debt or equity instruments that are traded in a public market.

The company has net liabilities at 31 December 2018. The company's ultimate parent undertaking, The Royal London Mutual Insurance Society Limited, has indicated that it will continue to provide financial support to the company to allow it to meet it's obligations as they fall due for at least one year from the date of approval of these financial statements. For this reason, the directors have continued to adopt the going concern basis in preparing the financial statements.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

(ii) Turnover
Turnover consists of amounts receivable in respect of management fees from the life funds within The Royal London Mutual Insurance Society Limited and fellow subsidiaries of the Royal London Group and arises solely within the United Kingdom. Turnover is recognised as the related services are provided.

(iii) Cost of sales
Cost of sales comprise operational costs, including staff costs, trade expenses, depreciation and amortisation, most of which are subsequently recharged to the parent company and its subsidiaries.

(iv) Other interest receivable and similar income
Interest income is recognised on an effective interest rate basis.

1 Accounting policies (continued)

(v) Intangible assets

Intangible assets that are acquired by the company are carried at cost less accumulated amortisation and impairment losses. The initial cost is determined as the fair value of the consideration paid, including directly related acquisition expenses. The assets are amortised on a straight-line basis over their estimated useful lives, with amortisation being charged to the profit and loss account. The estimated useful economic lives are as follows:

Acquired servicing rights	6 years
Computer software	3 years

(vi) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase cost, together with any directly attributable costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over their expected useful economic lives, which range from three to five years.

(vii) Operating leases

Payments in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

(viii) Taxation

Income tax on the profit for the financial year comprises current and deferred tax and is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable profit for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided, with no discounting, using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

(ix) Cash at bank and in hand

Cash at bank and in hand comprises cash balances and deposits with a maturity date of three months or less from the acquisition date, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(x) Debtors / creditors

Debtors and creditors are recognised initially at fair value and subsequently measured at amortised cost. The company has no financial assets or financial liabilities measured at fair value as they are all held in order to collect contractual cash flows and are solely payments of principal and interest on the principal amount outstanding.

(xi) Impairment of intangible assets

The carrying amounts of intangible assets are reviewed at each balance sheet date for any indication of impairment or whenever events or circumstances indicate that their carrying amount may not be recoverable.

Notes to the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

(xii) Provisions

A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. No provision is established where a reliable estimate of the obligation cannot be made.

(xiii) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported assets, liabilities, income and expenses. Actual results may differ from these estimates. This is particularly relevant to deferred tax balances, provisions and impairment on intangible assets.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information on significant areas of critical judgement in applying accounting policies is described within the significant accounting policies above.

2 Operating loss

Operating loss is stated after charging:

(i) Staff costs

All staff engaged in the company's business (including the executive directors) are employed by the ultimate parent undertaking, The Royal London Mutual Insurance Society Limited (RLMISL). They are seconded to the company and the company bears their employment expenses. The aggregate amount payable in respect of these employment expenses in the year was £292,138,000 (2017: £269,499,000).

Full details of staff costs for these employees, including relevant pension scheme details are given in the published financial statements of RLMISL.

(ii) Directors' remuneration

The directors received no incremental remuneration in respect of their services to the company (2017: £nil).

(iii) Auditors' remuneration

The remuneration of the auditors, PricewaterhouseCoopers LLP, for the year was £17,687 (2017: £17,172), in respect of the audit of the company's annual financial statements.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Operating loss (continued)

(iv) Depreciation and amortisation

Depreciation of tangible fixed assets of £6,945,000 has been charged in the year (2017: £6,252,000). Amortisation of intangible assets of £186,000 has been charged in the year (2017: £171,000).

(v) Operating lease rentals

Operating lease payments in the year in respect of land and buildings including notional rents were £8,040,000 (2017: £5,234,000). Operating lease payments in the year in respect of motor vehicles and office equipment were £286,000 (2017: £244,000).

3 Tax on loss

(i) Tax charge/(credit) to the profit and loss account

	2018 **£000**	2017 £000
UK corporation tax charge/(credit) at 19% (2017: 19.25 %) on the loss for the year	**193**	(348)
Adjustments in respect of previous periods	**462**	(539)
Tax credit before deferred taxation	**655**	(887)
Deferred tax charge (note 6)	**(484)**	(645)
Adjustments in respect of previous periods (note 6)	**255**	153
Tax charge/(credit) on loss	**426**	(1,379)

(ii) Factors affecting the tax credit

The tax assessed for the year is the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 **£000**	2017 £000
Loss before taxation	**(1,980)**	(2,283)
Loss multiplied by the standard rate of UK corporation tax of 19% (2017: 19.25%)	**(376)**	(440)
Effects of:		
Interest imputed for tax purposes and other pricing adjustments	**-**	10
Expenses not deductible for tax purposes	**71**	49
Recognition of deferred tax asset in respect of bonuses not yet paid	**-**	(697)
Transfer of deferred tax asset in respect of bonuses not yet paid	**-**	(146)
Change in tax rate	**14**	231
Adjustments in respect of previous periods	**717**	(386)
Total tax charge/(credit) for the year	**426**	(1,379)

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Tax on loss (continued)

(ii) Factors affecting the tax credit (continued)

A further reduction to the UK corporation tax rate has been announced. The tax rate will reduce to 17% from 1 April 2020; this change was substantively enacted on 15 September 2016 and, therefore is recognized in these financial statements for the purposed of calculating deferred tax. In 2018 a prior year adjustment was made in relation to 2017 deferred bonus computation.

4 Intangible assets

	Computer software £000	Total £000
Cost		
At 1 January 2018 and 31 December 2018	**6,448**	**6,448**
Accumulated amortisation		
At 1 January 2018	4,765	4,765
Charge for the year	186	186
At 31 December 2018	**4,951**	**4,951**
Net book amount		
At 31 December 2018	**1,497**	**1,497**
Net book amount		
At 31 December 2017	1,683	1,683

5 Tangible assets

	Computer Equipment £000	Fixtures, fittings and office equipment £000	Total £000
Cost			
At 1 January 2018 restated	23,366	13,892	37,258
Additions	1,462	7,682	9,144
At 31 December 2018	**24,828**	**21,574**	**46,402**
Accumulated Depreciation			
At 1 January 2018 restated	14,708	7,013	21,721
Charge for the year	1,549	5,396	6,945
At 31 December 2018	**16,257**	**12,409**	**28,666**
Net book amount			
At 31 December 2018	**8,571**	**9,165**	**17,736**
Net book amount			
At 31 December 2017 restated	8,658	6,879	15,537

The opening balances have been restated to reflect a clean-up exercise to the Fixed asset register.

6 Deferred tax asset

	Recognised		Unrecognised	
	2018 £000	2017 £000	**2018 £000**	2017 £000
Accelerated capital allowances	**3,483**	3,651	-	-
Other short-term timing differences	**2,504**	2,107	-	-
Deferred tax asset	**5,987**	5,758	-	-

The movement in the deferred tax asset in the year is shown overleaf.

Notes to the financial statements for the year ended 31 December 2018 (continued)

6 Deferred tax asset (continued)

	2018 £000	2017 £000
At 1 January	**5,758**	4,163
Deferred tax charge in the profit and loss account (note 3)	**484**	645
Adjustments in respect of previous periods (note 3)	**(255)**	(153)
Deferred tax asset transfer in	**-**	1,103
At 31 December	**5,987**	5,758

The directors consider that there is sufficient certainty there will be taxable profits in the future to utilise the deferred tax asset of £5,987,000 (2017: £5,758,000) shown above, and therefore the asset has been recognised in these financial statements.

7 Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	**92,262**	77,658
Other debtors including taxation	**4,668**	9,809
	96,930	87,467

8 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Accruals and deferred income	**115,078**	103,533
Amounts owed to Group undertakings	**606**	293
Loan from parent undertaking	**57,000**	57,000
Other creditors	**6,072**	6,742
Bank overdraft	**1,177**	5,008
Current taxation payable	**5,920**	4,797
	185,853	177,373

The amounts owed to Group undertakings were repayable on demand and unsecured. The loan from the parent undertaking is unsecured, repayable on demand and bears interest at the Bank of England base rate plus 1%.

9 Provisions for liabilities

	Guaranteed mortgage subsidies £000	Total £000
At 1 January 2018 and 31 December 2018	4	4
Utilised in the year	-	-
At 31 December 2018	**4**	**4**

The guaranteed mortgage subsidies relate to commitments given to former employees of the United Assurance Group, which are to be paid as part of the ongoing service costs of the company.

10 Called up share capital

	2018 £000	2017 £000
Issued and fully paid		
120,000,000 (2017: 120,000,000) ordinary shares of £1 each	**120,000**	120,000

11 Obligations under operating leases

The company had the following future minimum lease payment under non-cancellable operating leases:

	2018 £000	2017 £000
Total future minimum lease payments in respect of land and buildings		
Not later than one year	**682**	718
Later than one year and not later than five years	**648**	1,331
	1,330	2,049
Total future minimum lease payments in respect of motor vehicles		
Not later than one year	**118**	215
Later than one year and not later than five years	**125**	282
	243	497

Notes to the financial statements for the year ended 31 December 2018 (continued)

12 Ultimate parent undertaking and controlling party

The Royal London Mutual Insurance Society Limited, which is registered in England and Wales, is the immediate and ultimate parent undertaking and controlling party.

The Royal London Mutual Insurance Society Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statements of The Royal London Mutual Insurance Society Limited are available from the company's registered office.