

Governance

Introducing our Board

An effective Board of Directors made up of experienced members.

Our Committees and Committee Chairmen

The Board has delegated certain responsibilities to the four Committees below, each of which has written terms of reference covering the authority delegated to it by the Board. Each of these Committees has a role in ensuring the effectiveness of the Company.

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of control, risk management, the internal capital adequacy process, and internal and external audit. Its remit also includes matters relating to compliance with applicable regulations and legislation, including the Dormant Bank and Building Society Accounts Act 2008.

The Investment Committee supports the Board and the Chief Executive in the development and implementation of the RFL Investment Strategy. It also provides assurance to the Board with regard to the ongoing performance and compliance of the nominated Investment Manager and Custodian, with the Board agreed investment mandates and requirements.

The Nomination Committee leads the process for Board appointments, ensuring a rigorous search and selection process based on its evaluation of the balance of skills, knowledge and experience required on the Board.

The Remuneration Committee considers and approves the remuneration arrangements for the Chairman, the Executive Directors and Senior Management.

 Find out more on page 20

Governance framework Board of Directors

Audit and Risk Committee

The Audit and Risk Committee is chaired by Glyn Smith.

Investment Committee

The Investment Committee is chaired by James Hardie.

Nomination Committee

The Nomination Committee is chaired by Jane Hanson.

Remuneration Committee

The Remuneration Committee is chaired by Adrian Coles.

The Board



Jane Hanson
JP, BA (Hons), FCA
Chairman

Appointed: 7 October 2011
Experience: Jane joined the Board in 2011 and served as Chairman of the Audit and Risk Committee prior to being appointed as Board Chairman on 18 August 2014. A Fellow of the Institute of Chartered Accountants with over 25 years' experience in financial services. Jane is also a Non-Executive Director and Chairman of the Board Risk Committee at Direct Line Insurance Group plc and Independent Member of the Fairness Committee at ReAssure UK. Her previous executive roles include Risk and Governance Director at Aviva's Life Business. Jane is also a Magistrate.

Committee: **N** **R**



Adrian Smith
DipMS
Chief Executive

Appointed: 16 November 2010
Experience: Adrian joined the Board in 2010. He was previously a senior leader at Britannia Building Society, Bank of Ireland and Bristol & West Building Society and a former Non-Executive Director of Mutual Plus Ltd. Adrian was responsible for leading the project to establish Reclaim Fund Ltd during 2009/10 and was subsequently appointed as Chief Executive.



Robert Newton
BSc, FIA
Non-Executive Director

Appointed: 13 December 2010
Experience: Robert joined the Board in 2010. He is an actuary with over 40 years' experience in the financial services industry. His executive career included periods as Chief Executive of the general insurance businesses of General Accident (now part of Aviva) and NFU Mutual. Robert is also a Non-Executive Director and Chairman of Silentair Group Ltd. He served as a Non-Executive Director and Chairman of CIS General Insurance Ltd during the year until 24 August 2017.

Committee: **A**



Glyn Smith
MA, FCA
Non-Executive Director

Appointed: 4 February 2015
Experience: Glyn joined the Board in February 2015 and is Chairman of the Audit and Risk Committee. A chartered accountant with over 40 years' experience in financial services, Glyn held a number of senior executive positions at Barclays Bank and was Group Finance Director of Portman Building Society. He is currently also a Non-Executive Director and Chairman of the Audit Committee of The Co-operative Bank plc. He was formerly a Non-Executive Director of Domestic & General Group, Coventry Building Society and Stroud & Swindon Building Society and a member of the ICAEW examinations team.

Committee: **A** **R** **I**

**Adrian Coles***OBE, BA, MA*

Senior Independent Director

Appointed: 28 March 2011

Experience: Adrian joined the Board in 2011 and was appointed Senior Independent Director in 2014. Adrian was Director General of the Building Societies Association between 1993 and 2013 and now holds a number of Chairmanships and Non-Executive Directorships. He is Chairman of the Housing Securities Ltd group, a member of the Financial Services Commission (Gibraltar), a Non-Executive Director of Progressive Building Society and a Non-Executive Director of BSA Pension Trustees Ltd. In August 2015, he was appointed as Chairman of the Fairer Finance Consumer Advisory Board. He has recently become a Non-Executive Director and Trustee of The Funding Network, the crowdfunding charity. Adrian was awarded an OBE in 2011 for services to financial services.

Committee: **R** **I** **N****Paul Chisnall***BA (Hons), Dip IoD*

Non-Executive Director

Appointed: 28 March 2011

Experience: Paul joined the Board in 2011. He is a Director of UK Finance and has led industry work on dormant accounts including the provision of the 'mylostaccount' central tracing service. Paul also heads up UK Finance's work on corporate governance and professional standards.

Committee: **A** **N****James Hardie***MA (Hons), MBA*

Non-Executive Director

Appointed: 2 July 2015

Experience: James joined the Board in July 2015 as an independent Non-Executive Director and is Chairman of the Investment Committee. James is Director of Investment Management and Treasury at Direct Line Insurance Group plc.

Committee: **I** **A****Mark Summerfield***BA (Hons)*

Non-Executive Director

Appointed: 24 April 2015

Experience: Mark joined the Board on 24 April 2015 as a Non-Executive Director nominated by Co-operative Banking Group Limited. Mark is Chief Executive of CIS General Insurance Ltd and previously carried out executive roles for Sesame, Prudential and Fleming before joining the Co-operative Group in 2004.

"We welcome the unique combination of experience that our Board brings to the business."

Jane Hanson
Chairman

Committee membership key

- Committee Chairman
- A** Audit and Risk Committee
- I** Investment Committee
- N** Nomination Committee
- R** Remuneration Committee

Corporate governance report

The Company voluntarily follows the spirit of the UK Corporate Governance Code ('the Code') as a way of providing assurance to stakeholders around our operations and control framework. Technically the Code only applies to premium listed companies but the Board firmly believes in the benefits of good governance practices.

We are aware that comprehensive changes to the Code are likely during 2018 as part of the Government's corporate governance reform. We will monitor and incorporate any such changes to our own corporate governance framework on a proportionate basis where relevant.

Roles and responsibilities of the Board

To ensure the successful delivery of the Company's strategy, the Board and its Committees have been established with an appropriate balance of relevant skills, sector knowledge, experience, independence and diversity to enable the Directors to exercise their duties and responsibilities effectively. The Board continues to work to develop further the diversity of the Board in the medium term.

The Directors are committed to leading and controlling the Company effectively. The Board is responsible for the success of the Company within a framework of controls, which enables risk to be assessed and managed. It is responsible for setting strategy, maintaining the policy and decision making framework in which this strategy is implemented, ensuring that the necessary financial and human resources are in place to meet strategic aims, monitoring performance against key financial and non-financial indicators, overseeing the system of risk management and setting values and standards in governance matters.

The Board is accountable for the careful direction of the Company's affairs, in particular the safe stewardship of funds held to meet future reclaims by dormant account holders and the optimisation of payments to Big Lottery Fund for good causes.

Under the Company's governance arrangements, certain key decisions can only be made by the Board and may not be delegated to management. The matters reserved to the Board are set out in a formal Schedule of Matters Reserved to the Board, detailing the specific responsibilities of the Board.

The Board manages these matters at its regular Board meetings. It met eight times during 2017 including one Board strategy review meeting. A sub-committee of the Board also met on two occasions to consider and approve the Annual Report and Accounts for 2016.

The assignment of responsibilities between the Chairman and the Chief Executive is documented to ensure a clear division between running the Board and executive responsibility for running the Company's business.

Adrian Coles has been the Senior Independent Director since December 2014. The Senior Independent Director is available to employees and stakeholders if they have concerns that are unresolved after contact through the normal channels or where such contact would not be appropriate.

The aggregate emoluments of the Directors of Reclaim Fund Ltd for the year were £475k (2016: £447k).

Board meetings

The agenda for each Board meeting is set by the Chairman in consultation with the Chief Executive and Company Secretary and is informed by a two-year rolling agenda. This sets the framework for Board meetings and seeks to ensure that each meeting covers an appropriate range of topics and that, over the year, the Board covers its whole remit.

Board and Committee papers are distributed at least one week in advance of meetings. This provides the opportunity for Directors to prepare fully for meetings. The minutes of all meetings are circulated to all Directors. Tablets have been provided to Directors to provide all Board papers, including additional supporting material, solely in electronic format. This is environmentally sounder than providing Board documentation in paper format.

There is regular communication between the Directors, the Chairman, the Chief Executive and the Company Secretary between meetings.

When a Director is unable to attend Board or Committee meetings, issues can be raised with the Chairman. Communication between Non-Executive Directors and management is encouraged between meetings.

Regular Board business

At every quarterly meeting the Board receives reports from the Chief Executive and the Chief Risk Officer, as well as key performance indicators and an update from the Company Secretary. The Chairmen of the four Board Committees (Audit and Risk, Investment, Nomination and Remuneration) also present a summary of issues raised, decisions made and recommendations proposed at recent Committee meetings. These are noted and discussed further by the Board as required.

Specific areas of focus

In addition to covering the regular business discussed above, Board meeting agendas develop in line with the Company's strategic priorities, regulatory trends and other external factors. A rolling agenda of items for Board consideration and approval is maintained and regularly updated. During 2017, the Board discussed, inter alia, the report of the Commission on Dormant Assets as referred to under the Chief Executive's and the Chairman's reviews, the Company's reclaim policy and modelling, its distribution policy, business continuity, cyber crime and information security, appropriate performance measures and corporate governance.

The Board strategy meeting in September was facilitated by an external provider and focused on items of key strategic importance for the Company, including the recommendations of the report of the Commission, investigating other options to collect and distribute funds from dormant balances, distribution modelling, outsourcing arrangements and a high level review of the Company's risk register. The Board also agreed to review the Company's purpose, vision, values and givens in 2018.

Board Committees

The Board has delegated certain responsibilities to the four Committees listed below, each of which has written terms of reference covering the authority delegated to it by the Board. Each of these Committees has a role in ensuring the effectiveness of the Company.

Audit and Risk Committee ('AARC')

The AARC receives reports from the Company's internal and external auditors, the Chief Risk Officer and the Risk and Compliance functions. Its remit includes matters relating to compliance with applicable regulations and legislation, including the Dormant Bank and Building Society Accounts Act 2008, the effectiveness of systems of control, risk management, the internal capital adequacy process, arrangements for compliance, internal and external audit, and the Annual Report and Accounts.

During the year the AARC comprised:

- Glyn Smith (Chairman)
- Paul Chisnall
- James Hardie
- Robert Newton

The AARC met five times during 2017.

Corporate governance report

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At each meeting, the AARC received reports from the Chief Risk Officer and the internal auditors, including reports on individual audits undertaken. These reports informed the Committee's views when considering the annual assessment of the adequacy of the Company's systems of internal control. As in previous years, the AARC reviewed the Annual Report and Accounts in detail, together with the external auditor's report thereon. The AARC paid particular attention to process and control issues and considered key areas of accounting judgement, with particular emphasis on the provision for reclaims of dormant account balances.

The Committee satisfied itself that the Annual Report and Accounts, taken as a whole, were fair, balanced and understandable and provided the information necessary for stakeholders to assess the performance, strategy and business model of the Company. The Committee also received reports on RFL's whistleblowing arrangements as part of its ongoing work.

The AARC also reviewed the annual plans of the external auditors, the internal auditors and the Risk function and has recently reviewed the effectiveness of both the internal and external auditors.

In addition to the regular reports referred to above, the AARC considered current and projected risk and capital positions and reports on key risk areas both from management and external experts. It also conducted an annual review of participant agency agreements.

The Board is satisfied that one member of the AARC, Glyn Smith, has recent and relevant financial experience with competence in accounting and auditing, and that the Committee as a whole has competence relevant to the sector in which it operates.

Attendance

The following table sets out the number of Board and Board Committee meetings each Director was eligible to attend (number in brackets) along with the actual meetings attended during 2017.

Directors	Full Board	AARC	Investment Committee	Nomination Committee	Remuneration Committee
Paul Chisnall	8 (8)	5 (5)	-	3 (3)	-
Adrian Coles	8 (8)	-	3 (3)	3 (3)	3 (3)
Jane Hanson	8 (8)	-	1 (1)	3 (3)	3 (3)
James Hardie	8 (8)	5 (5)	3 (3)	-	-
Robert Newton	7 (8)	4 (5)	-	-	-
Adrian Smith	8 (8)	-	-	-	-
Glyn Smith	8 (8)	5 (5)	2 (2)	-	3 (3)
Mark Summerfield	7 (8)	-	-	-	-

Investment Committee

The Investment Committee supports the Board and the Chief Executive in the development and implementation of the RFL Investment Strategy and provides assurance to the Board with regard to the ongoing performance and compliance of the nominated Investment Manager and Custodian with the Board agreed investment mandates and requirements.

During the year the Committee comprised:

- James Hardie (Chairman)
- Adrian Coles
- Jane Hanson (until 10 April 2017)
- Glyn Smith (from 10 April 2017)

The Committee met three times during 2017.

The Investment Committee's activities during 2017 included reviewing the Company's liquidity risk appetite, and regularly reviewing the performance and reporting of the Investment Manager and Custodian.

Nomination Committee

The Nomination Committee leads the process for Board appointments, ensuring a rigorous search and selection process based on its evaluation of the balance of skills, knowledge and experience required on the Board.

During the year, the Committee comprised:

- Jane Hanson (Chairman)
- Paul Chisnall
- Adrian Coles

The Committee met three times during 2017.

During the year the Committee also considered Non-Executive Directors' terms of office, key person dependency and succession planning.

Remuneration Committee

The Remuneration Committee considers and approves the remuneration arrangements for the Chairman, the Executive Directors and Senior Management.

During the year the Committee comprised:

- Adrian Coles (Chairman)
- Jane Hanson
- Glyn Smith

The Committee met three times during 2017.

During the year, the Remuneration Committee focused on the 2017 performance and bonus frameworks and the framework for remuneration arrangements for the Chief Executive, Senior Management and employees, as well as the remuneration arrangements for the Chairman.

Provision of advice to Directors

There is an agreed procedure by which Directors may take independent professional advice at the Company's expense in furtherance of their duties.

Training and professional development

The Chairman and the Board support the ongoing professional development of the Directors. During the year, the Directors attended a number of internal and external training sessions, both on an individual basis and in a meeting forum. Training sessions have been built into the Board and Committee agendas for 2018 based on the individual and collective requirements of the Board.

Board and Board Committee evaluation

The Board has agreed to undertake a review of its effectiveness and that of its Committees on a two-year cycle, with a high level review every two years and a completely independent review every four years.

Jordans Corporate Law Limited, who currently provide company secretarial services to the Company, were appointed to undertake this review, which was conducted towards the end of 2016. The key findings of the review were presented to the Board in January 2017 and each Committee received a specific report in relation to its performance. The overall view of the Board's performance was positive and the Board agreed that the evaluation demonstrated that the Board and its Committees were strong and effective and possess the knowledge and experience necessary for the sector in which RFL operates.

The Secretary to the Board

The Secretary is professionally qualified and is responsible for advising the Board through the Chairman on all governance matters. The Directors have access to the advice and services of the Secretary.

The Articles of Association and the schedule of Matters Reserved to the Board for decision provide that the appointment and removal of the Secretary is a matter for the full Board. Jordan Company Secretaries Ltd was Secretary throughout the year.

Ownership

RFL is ultimately owned by Co-operative Group Ltd via its financial services holding subsidiary Co-operative Banking Group Limited.

External audit

The performance of the external auditors is regularly monitored by the AARC to ensure it meets the needs of the Company. The AARC reviewed the performance of the external auditors in July 2017, which highlighted no material concerns with the external auditors and which led the AARC to confirm their effectiveness.

RFL has a non-audit work policy that establishes the principles by which it is able to appoint the external and internal auditors for non-audit services. The policy also establishes a framework governing the process by which non-audit services are approved. The AARC reviews this policy on an annual basis and approved it during 2017. No non-audit services were provided by the external auditors during 2017.

Internal audit

The internal audit function is an independent function, which reports to the AARC. Its primary role is to provide assurance over the adequacy and effectiveness of the internal control framework including risk management practices.

Internal audit seeks to discharge the responsibilities set down in its charter by completing a risk based internal audit plan, which reviews the processes and ensures that the key business risks are effectively managed by key controls.

Deloitte LLP provided internal audit services to the Company throughout the year.

The AARC carries out a formal review of the effectiveness of the outsourced internal audit function every two years. Members and attendees of the AARC participated in this review in November 2016, which concluded that the internal audit function remained effective. The next formal review of the internal audit function will be conducted in 2018.

Corporate governance report

continued

Internal audit also acts as a source of constructive advice and best practice, assisting senior management with its responsibility to improve the processes by which business risks are identified and managed.

Internal audit reports are submitted to, and significant issues arising are discussed at, the AARC.

The leadership team

It is the responsibility of the leadership team to implement the strategic objectives as agreed by the Board. The leadership team, led by the Chief Executive, is responsible for the day-to-day management of the Company.

Internal controls and risk management framework

The Board and Executive management have the primary responsibility for identifying the key business risks facing the organisation.

Internal controls are the activities undertaken by management, the Board and other parties to enhance risk management and increase the probability that established objectives and goals will be achieved. The Board has overall responsibility for the Company's system of internal controls which aims to ensure effective and efficient operations, quality of internal and external reporting, safeguarding of the Company's assets and compliance with laws and regulations. The Board recognises that any system can only be designed to manage rather than eliminate risks and can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management framework includes an ongoing process for identifying, evaluating and managing significant risks and has been in place for the whole of the year under review and up to the date of the approval of the Annual Report and Accounts.

A Conflicts of Interest Policy is in place to ensure the independence of Directors and the management of potential conflicts.

Going concern and viability statement

The Directors' confirmation that they have adopted the going concern basis in preparing the Annual Report and Accounts is set out on page 25.

In addition to performing a review of the going concern position, the Directors have also, in the spirit of the Corporate Governance Code, assessed the prospects of the Company over a significantly longer period than 12 months.

The Company was originally established as an authorised reclaim fund under the Financial Services Authority ('FSA', now FCA) Regulating Reclaim Funds Policy Statement (PS09/12) and is required regularly to produce liquidity and capital forecasts that are considered by the AARC and approved by the Board annually.

Liquidity and capital management forecasting are a key part of the risk management framework of the Company and incorporate stress and scenario tests designed to produce a comprehensive assessment of current and projected risk and capital positions. This is based on a three year time horizon to align with our capital adequacy assessment process. This assists the Company in evaluating, over a three year period, the key risks to which it is exposed and the levels of capital and other financial resources that should be maintained to safeguard the capital position of the business at all times, including during a stress scenario.

The Directors have no reason to believe the current RFL operating model will not be maintained over the next three years and, based on the results of this work, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

On behalf of the Board of Directors

Jane Hanson
Chairman

15 March 2018

Directors' report

To ensure the successful delivery of the Company's strategy, our Board consists of Directors with a wide range of relevant skills, knowledge and experience.

The composition of the Board during the year is set out in the Corporate governance report on pages 20 to 24.

Employees

The average number of employees during 2017 was eight (2016: eight).

Diversity

The Company is responsible for recruitment of its own staff. It welcomes diversity and actively promotes a policy and practice of equality in opportunity for all staff regardless of age, disability, ethnicity, gender, religion or belief, or sexual orientation.

Annual Report and Accounts

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all requisite steps to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A statement by the Directors as to their responsibilities for preparing the Annual Report and Accounts is included in the statement of Directors' responsibilities on page 26.

The Directors of the Company during the year were:

Non-Executive Directors

Jane Hanson (Chairman)
Paul Chisnall
Adrian Coles (Senior Independent Director)
James Hardie
Robert Newton
Glyn Smith
Mark Summerfield

Executive Director

Adrian Smith (Chief Executive)

Going concern

The Directors have considered the Company's business activities together with its financial position and the factors likely to affect its future development and performance.

Consequently, after making enquiries, the Directors are satisfied that the Company has sufficient resources to continue in business for the foreseeable future and have therefore adopted the going concern basis in preparing the Annual Report and Accounts.

Distributions

No dividend distributions were made to the parent Co-operative Banking Group Limited, as, under the Dormant Bank and Building Society Accounts Act 2008, no distributions can be made other than to Big Lottery Fund.

No distributions were paid to Big Lottery Fund during the year (2016: £104.7m).

Charitable and political donations

No charitable or political donations were made during the year (2016: £nil).

Matters covered in the Strategic report

All mandatory disclosures which the Directors consider to be of strategic importance are disclosed in the Strategic report.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the Board

Adrian Smith
Chief Executive

15 March 2018

Reclaim Fund Ltd, Registered number: 07344884

Statement of Directors' responsibilities

in respect of the Strategic report, the Directors' report and the Annual Report and Accounts

The Directors are responsible for preparing the Strategic report, the Directors' report and the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Annual Report and Accounts for each financial year. Under that law, the Directors have elected to prepare the Annual Report and Accounts in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and applicable law.

Under Company law, the Directors must not approve the Annual Report and Accounts 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 Annual Report and Accounts, 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the Annual Report and Accounts 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 Annual Report and Accounts comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of the Annual Report and Accounts may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Reclaim Fund Ltd

Opinion

We have audited the financial statements of Reclaim Fund Ltd for the year ended 31 December 2017 which comprise the Income statement, Statement of comprehensive income, Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Independent auditor's report

continued

Other information

The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 26, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Giles Watson (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP
Statutory Auditor
Leeds

15 March 2018

- 1 The maintenance and integrity of the Reclaim Fund Ltd website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
- 2 Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.