

Notes to the financial statements

For the year ended 31 December 2019

3. Risk management continued

The following table analyses the undiscounted cash flows of insurance and financial liabilities by expected maturity date.

	Within 1 year	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Total	Carrying value
At 31 December 2019	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance liabilities	473	1,161	1,255	3,950	95,794	102,633	28,457
Other creditors including taxation and social security	89	-	-	-	-	89	89
Total	562	1,161	1,255	3,950	95,794	102,722	28,546

	Within 1 year	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Total	Carrying value
At 31 December 2018	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Insurance liabilities	661	1,106	1,217	3,749	97,562	104,295	28,989
Other creditors including taxation and social security	417	-	-	-	-	417	417
Total	1,078	1,106	1,217	3,749	97,562	104,712	29,406

3.7 Capital adequacy (unaudited)

The Company manages capital in accordance with the Group's capital management minimum standard, the aims of which are to manage capital efficiently and generate long-term sustainable value for shareholders, while balancing operational, regulatory, rating agency and policyholder requirements.

- The Company's regulatory capital position is assessed against the Solvency II framework. The Company uses the standard formula to assess its SCR.

The Company's SCR has been calculated as £0.8 million (2018: £0.9 million) using the standard formula approach. However, the absolute floor of the MCR specified in the Solvency II Directive is €3.7 million (£3.2 million at 2019 exchange rates) (2018: €3.7 million (£3.3 million at 2018 exchange rates)). As a result of this, the Company's MCR is £2.4 million (2018: £2.4 million) higher than its SCR. The Company has a capital surplus of approximately £13.2 million (2018: £12.8 million) above its SCR and £10.8 million (2018: £10.4 million) above its MCR at 31 December 2019. The Group's capital requirements and solvency position are produced and presented to the Board on a regular basis.

4. Investment income

	2019 £'000	2018 £'000
Interest income	130	96

5. Profit on ordinary activities before taxation**Auditor's remuneration**

Fees for audit and non-audit services are borne by a fellow subsidiary company, DL Insurance Services Limited.

Fees paid to the Auditor in respect of the statutory audit of the Company amount to £32,319 (2018: £31,518).

6. Taxation

	2019 £'000	2018 £'000
Current taxation credit/(charge) for the year	4	(88)

The actual income tax charge in the current and prior year is the same as the expected income tax charge computed by applying the standard rate of UK corporation tax of 19% (2018: 19%).

Note:

1. In the Finance Act 2016 the UK Government enacted a reduction in the UK corporation tax rate from 19% to 17% effective from 1 April 2020. As a consequence the closing deferred tax assets and liabilities have been recognised at the tax rates expected to apply when the assets or liabilities are settled.