Minova Insurance Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

Registered No: 01494399

Minova Insurance Holdings Limited

Registered No: 01494399

Directors

N J E Cook
N J Moss
A P Stafford

Secretary

S K Bryant

Auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Registered Office

One America Square
London
EC3N 2LS

Strategic report

The Directors present their Strategic Report for the year ended 31 December 2021.

Business Review

The principal activity of the Minova Insurance Holdings Limited ("the Company") is, and will continue to be, a holding company.

The KPIs of the business are Profit before tax.

The loss before tax was £0.8m (2020: profit £0.8). The loss attributable to shareholders amounted to £0.7m (2020: profit £0.7m). No dividend was paid during the year (2020: £nil)

The Directors continue to adopt the going concern basis in preparing the annual report and accounts, which is discussed further in note 1.

The Directors expect the general level of activity to remain consistent with 2021 in the forthcoming year.

Principal Risks and Uncertainties

A review of the principal risks and uncertainties faced by the Company, and how it mitigates against them, is set out in the Directors' Report.

Approved by the Board of Directors on 27 September 2022 and signed on its behalf.

S K Bryant

Company Secretary

27 September 2022

One America Square
London
EC3N 2LS

Directors' report (continued)

The Directors present their Annual Report together with the financial statements and auditor's report for the year ended 31 December 2021.

Directors

The current Directors of the Company are set out on page 1. The Directors of the Company who served during the year and up to the date of this report were:

N J E Cook
N J Moss
A P Stafford
I Waterston (resigned 18th March 2021)

Directors' liabilities

The Company has granted an indemnity to all of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

Principal risks and uncertainties

The management of the Company's business is subject to a number of risks and uncertainties/

Financial Risks

The key financial risks affecting the Company are currency risk, credit risk, liquidity risk and pension risk.

The Company manages its financial risks through a framework of policies and procedures approved by the Board.

Currency risk

The Company is exposed to currency risk in respect of its intercompany balances denominated in currencies other than pounds sterling. The most significant currencies to which the Company is exposed are the US dollar and the Canadian dollar. The Company seeks to mitigate the risk through a programme of forward currency sales in the principal foreign currencies in which it earns its brokerage.

Liquidity and cash flow risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Board closely monitors cash flow and cash flow projections.

Pension risk

The Company is exposed to a risk of adverse movement in the value of its pension scheme assets and liabilities. The value of liabilities is driven by annual assumptions notably on mortality and the discount rate. The investment strategy is reviewed by the Board. The Board and the pension scheme trustee take appropriate advice from actuaries and investment advisers.

Covid-19

During 2021 the Covid-19 pandemic caused disruption to business and economic activity and created uncertainty and fluctuations in the UK and Global financial markets. We are pleased to say that this did not have a material impact on the trading of the Group which together with the successful implementation of the Group's business continuity plan we have continued to service clients to our high standard and to recruit high calibre staff and teams.

Directors' report (continued)

Future developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Dividends

Dividends are discussed in the Strategic Report on page 2 and form part of this report by cross-reference.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 16 to the financial statements.

Auditor Information

Each Director at the date of approval of this report confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all the 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.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' report (continued)

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the Board of Directors on 27 September 2022 and signed on its behalf.

S K Bryant

Company Secretary

27 September 2022

Independent auditor's report (continued)

to the shareholders of Minova Insurance Holdings Limited

Independent auditor's report to the members of Minova Insurance Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Minova Insurance Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- Statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report (continued)

to the shareholders of Minova Insurance Holdings Limited

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Independent auditor's report (continued)

to the shareholders of Minova Insurance Holdings Limited

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities

- We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:
- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT, forensic and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditor's report (continued)

to the shareholders of Minova Insurance Holdings Limited

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Financial Conduct Authority.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Independent auditor's report (continued)

to the shareholders of Minova Insurance Holdings Limited

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.

Adam Knight FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

28 September 2022

Profit and loss account

for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Administrative expenses		(546)	1,150
Operating (loss)/profit	3	(546)	1,150
Interest payable and similar charges	4	(292)	(313)
(Loss)/profit on ordinary activities before taxation		(838)	837
Tax charge on (loss)/profit on ordinary activities	6	107	(93)
(Loss)/profit attributable to shareholders		(731)	744

All operations are from continuing activities.

The accompanying notes form an integral part of the financial statements.

Statement of comprehensive income

for the year ended 31 December 2021

	Note	2021 £000	2020 £000
(Loss)/profit for the financial year		**(731)**	744
Remeasurement gain/(loss) recognised on defined benefit pension schemes	13	**1,525**	(5,936)
Other comprehensive income/(expense)		**794**	(5,936)
Total comprehensive income/(expense)		**794**	(5,192)
Total comprehensive income/(loss) for the year attributable to equity shareholders of the Company		**794**	(5,192)

Balance sheet

as at 31 December 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Loans to group undertakings	7	-	-
Investment in group undertakings	7	**102,727**	102,727
		102,727	102,727
Current assets			
Debtors: due within one year	8	**30**	146
Debtors: due after one year	8	**23**	28
Cash at bank and in hand including short-term deposits		-	73
		53	247
Creditors: due within one year	9	**(76,920)**	(75,615)
Net current liabilities		**(76,867)**	(75,368)
Total assets less current liabilities		**25,860**	27,359
Creditors: due after one year	10	**(1,242)**	(1,242)
Total net assets before pension liability		**24,618**	26,117
Pension liability	13	**(19,113)**	(21,406)
Total net assets		**5,505**	4,711
Capital and reserves			
Called-up share capital	12	**16**	16
Share premium account	12	**3,208**	3,208
Profit and loss account	12	**2,281**	1,487
Equity shareholders' funds		**5,505**	4,711

The accompanying notes form an integral part of the financial statements for Minova Insurance Holdings Limited, company number 01494399, which were approved by the Board of Directors on 27 September 2022 and signed on its behalf.

N J Moss
Finance Director

Statement of changes in equity

For the year ended 31 December 2021

	Called-up Share Capital	Share Premium	Profit and Loss Account	Total Equity
	£000	£000	£000	£000
At 1 January 2020	16	3,208	6,679	9,903
Profit for the year	–	–	744	744
Other comprehensive loss	–	–	(5,936)	(5,936)
Total comprehensive loss for the year	–	–	(5,192)	(5,192)
At 31 December 2020	16	3,208	1,487	4,711
Loss for the year	–	–	(731)	(731)
Other comprehensive income	–	–	1,525	1,525
Total comprehensive income for the year	–	–	794	794
At 31 December 2021	16	3,208	2,281	5,505

Notes to the accounts
for the year ended 31 December 2021

1. Accounting policies

The principal accounting policies are summarised below.

General information and basis of accounting

Minova Insurance Holdings Limited ("the Company") is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The accounts are prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, BMS Investment Holding Company Limited, which may be obtained at 22 Grenville Street, St Helier, Jersey JE4 8PX. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Going concern

The financial statements have been prepared under the going concern concept. After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company has made a loss in the year but the balance sheet shows a net asset position.

Notes to the accounts
for the year ended 31 December 2021

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Pensions

Employees are eligible, subject to certain qualification criteria, to become members of a Company pension scheme. In respect of other employees, employer contributions are made to relevant state pension plans.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For defined benefit schemes (which were closed to new members in 2000 and closed to future accrual in January 2010), the amounts charged to operating profit are the past service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account. The net interest cost on the net defined benefit liability is charged to profit or loss and included within interest payable and similar costs.

Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method. The actuarial valuations are obtained at least triennially and updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately on the face of the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Notes to the accounts

for the year ended 31 December 2021

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Investment in group undertakings

The investment in group undertakings is stated in the balance sheet at the cost of shares less any provision for impairment.

Own shares and reserves

Shares purchased by the EBTs are valued at acquisition cost. Disposals are valued at average cost.

Realised gains and losses arising on transactions in own shares are recorded as a movement in reserves.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Notes to the accounts

for the year ended 31 December 2021

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company has adopted the disclosure and presentation requirements of Sections 11 and 12 of FRS 102.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

If the above conditions are not met, debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Notes to the accounts

for the year ended 31 December 2021

1. Accounting policies (continued)

Financial instruments (continued)

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Except as stated below, investments are stated at cost less any required impairments. In the company accounts, shares in associated undertakings are accounted for using the equity method. Interest on deposits and interest bearing investments is credited as it is earned.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Notes to the accounts

for the year ended 31 December 2021

1. Accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU (cash generating unit) is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the accounts
for the year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets

The Company tests annually whether goodwill and other assets have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance and operational and financing cash flows.

Pensions

The present value of the defined benefit obligation and the pension costs relating to the defined benefit pension scheme is assessed in accordance with the advice of independent actuaries using the projected unit method.

There are no further critical judgements or estimates.

Notes to the accounts

for the year ended 31 December 2021

3. Operating (loss)/profit

	2021	2020
	£000	£000
Operating (loss)/profit is stated after charging:		
Staff costs including directors' emoluments:		
Other staff costs	-	40
	-	40
Auditor's remuneration	15	15
Unrealised foreign exchange loss/(gain)	512	(1,190)

	2021	2020
	No.	No.
The average number of employees during the year was	-	-

4. Interest payable and similar charges

	2021	2020
	£000	£000
Net interest charge on defined benefit liability (note 13)	292	313
	292	313

5. Directors Remuneration

	2021	2020
	£000	£000
Remuneration of directors of the Company included in staff costs	-	-

	2021	2020
	£000	£000
In respect of the highest paid director:		
Emoluments payable	-	-

Notes to the accounts
for the year ended 31 December 2021

6. Tax on (loss)/profit on ordinary activities

	2021 £000	2020 £000
The taxation charge comprises:		
Current tax on (loss)/profit on ordinary activities		
Corporation tax at 19% (2020: 19%)	**(111)**	(430)
Adjustments in respect of prior years	**(1)**	(195)
Total current tax	**(112)**	(625)
Deferred tax		
Origination and reversal of timing differences	**10**	655
Prior years' under provision	**-**	136
Rate difference	**(5)**	(73)
Total deferred tax	**5**	718
Total tax on (loss)/profit on ordinary activities	**(107)**	93

Factors affecting tax charge for the year

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax 19% to the profit/(loss) before tax are as follows:

	2021 £000	2020 £000
(Loss)/profit on ordinary activities before tax	**(838)**	837
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**(159)**	159
Effects of:		
Expenses not deductible for tax purposes	**426**	277
Share options adjustment	**-**	-
Defined benefit pension schemes adjustment	**(368)**	(211)
Prior years' over provision – current tax	**(1)**	(195)
Prior years' under provision – deferred tax	**-**	136
Effect of tax rate on deferred tax	**(5)**	(73)
Total tax (credit)/charge for the year	**(107)**	93

The UK government has enacted an increase in the main corporation tax rate to 25% from 1 April 2023. At the balance sheet date the deferred tax has been provided for at rates which management believe the assets will be utilised.

Notes to the accounts
for the year ended 31 December 2021

7. Loans and investment in group undertakings

	Long-term shares (non-listed)		Loans		Total	
	2021	2020	**2021**	2020	**2021**	2020
	£000	£000	**£000**	£000	**£000**	£000
Cost						
At 1 January	**102,727**	102,727	**18,844**	18,844	**121,571**	121,571
Additions	**-**	-	**-**	-	**-**	-
Disposals	**-**	-	**(18,844)**	(18,844)	**(18,844)**	(18,844)
At 31 December	**102,727**	102,727	**-**	-	**102,727**	102,727
Provision for impairment						
At 1 January and 31 December	**-**	-	**-**	-	**-**	-
Carrying value						
At 31 December	**102,727**	102,727	**-**	-	**102,727**	102,727

Notes to the accounts
for the year ended 31 December 2021

7. Loans and investment in group undertakings (continued)

Details of the principal group undertakings at 31 December 2021:

Name	Principal activity	Company %	Proportion of ordinary shares %	Ref
BMS Group Limited	Reinsurance and insurance broking	–	100	(i)
BMS Capital Advisory Inc	Broker Dealer	–	100	(ii)
BMS Intermediaries Inc	Reinsurance broking	–	100	(iii)
BMS Risk Solutions Pty Limited	Reinsurance broking insurance broking	–	100	(iv)
BMS Canada Risk Services Limited	Reinsurance and insurance broking	–	100	(v)
BMS Investment Holdings Limited	Corporate investment	–	100	(i)
Minova Management Services Limited	Service Company	–	100	(i)
BMS Latin America LLC	Reinsurance and insurance broking	–	100	(vii)
PWS Mexico Intermediario De Reaseguro, S.A. DE C.V	Reinsurance and insurance broking	–	100	(viii)

(i) Registered Office: One America Square, London EC3N 2LS
(ii) Registered Office: 251 Little Falls Drive, Wilmington, Delaware 19808, USA
(iii) Registered Office: 211 E. 7th Street, Suite 620, Austin, Texas 78701, USA
(iv) Registered Office: Level 3 , 222 Clarence Street , Sydney NSW 2000
(v) Registered Office: 825 Exhibition Way, Suite 209, Ottawa ON K1S 5J3
(vi) Registered Office: Corporation Service Company, 251 Little Falls Dr., Wilmington 19808, Delaware USA.
(vii) Registered Office: 800 Brickell Avenue, Suite 350, Miami, Florida 33131
(viii) Registered Office: 25th floor Modules 1 and 2 of the Torre Mural at Insurgentes Sur No.1605, Col. San José Insurgentes, Zip Code. 03900 Mexico

All the above companies are registered and operate in England and Wales except as follows:

	Country
BMS Capital Advisory Inc	USA
BMS Intermediaries Inc	USA
BMS Risk Solutions Pty Limited	Australia
BMS Canada Risk Services Limited	Canada
BMS Latin America LLC	USA
PWS Mexico Intermediario De Reaseguro, S.A. DE C.V	Mexico

Notes to the accounts

for the year ended 31 December 2021

8. Debtors

	2021	2020
	£000	£000
Amounts falling due within one year:		
Other debtors	**21**	137
Deferred tax (note 11)	**9**	9
At 31 December	**30**	146
Amounts falling due after more than one year:		
Deferred tax (note 11)	**23**	28
At 31 December	**23**	28

9. Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Amount owed to group undertaking	**76,911**	75,606
Accruals	**9**	9
At 31 December	**76,920**	75,615

The amounts due to group undertakings are not subject to any special terms or conditions.

Notes to the accounts

for the year ended 31 December 2021

10. Creditors: amounts falling due after one year

	2021 £000	2020 £000
Other creditors	**1,242**	1,242
At 31 December	**1,242**	1,242

Additional creditor disclosure:

The Company borrowings are repayable as follows:

	2021 £000	2020 £000
Repayable less than one year	-	-
Repayable between one and five years	**1,242**	1,242
Repayable greater than five years	-	-
At 31 December	**1,242**	1,242

Notes to the accounts
for the year ended 31 December 2021

11. Deferred taxation

	2021 £000	2020 £000
Other timing differences:		
At 1 January	**37**	755
Charge in the year	**(5)**	(718)
At 31 December	**32**	37
Deferred tax asset:		
At 31 December	**32**	37

Additional deferred tax disclosure:

The aggregate Company deferred tax assets are as follows:

	2021 £000	2020 £000
Due within one year (note 8)	**9**	9
Due after one year (note 8)	**23**	28
At 31 December	**32**	37

Notes to the accounts

for the year ended 31 December 2021

12. Called up share capital and reserves

	2021 £	2020 £
Allotted and fully paid:		
740 (2020 – 740) A ordinary shares of 5p each – non-equity	**37**	37
292,462 (2020 – 292,462) B ordinary shares of 5p each - equity	**14,623**	14,623
1,007,270 (2020 – 1,007,270) D ordinary shares of 0.1p each - equity	**1,007**	1,007
335 (2020 – 335) preference shares of $1 each – non-equity	**202**	202
	15,869	15,869

The holders of the A ordinary shares are entitled to vote at the general meetings of the Company but are not entitled to any dividends and are only entitled to the paid up amount upon winding up.

The holders of the B and D ordinary shares are not entitled to vote at the general meetings of the Company but are entitled to dividends and any surplus upon winding up in proportions determined by the value of the surplus assets as set out in the Articles.

During the year no new B ordinary shares were issued (2020: nil).

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses net of share based payment charges, employee trust amounts, and other adjustments.

Notes to the accounts
for the year ended 31 December 2021

13. Pensions

The Company operates three defined contribution pension schemes, the assets being held separately from the Company in independently administered funds. The employer contributions are charged direct to the profit and loss account.

In addition, the Company operates a defined benefit pension scheme, which is closed to new employees and closed to future accrual.

The defined benefit scheme provides benefits linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Board of Corporate Trustee is responsible for running the scheme in accordance with the respective Scheme's Trust Deed and Rules, which sets out its powers.

The present value of the defined benefit obligation and the pension costs relating to the scheme is assessed in accordance with the advice of independent actuaries using the projected unit method. The scheme is a funded scheme.

The Trustee is required to carry out an actuarial valuation of the schemes every 3 years. The last actuarial valuation of the scheme was performed by the Scheme Actuary for the Trustees as at 31 December 2019.

The Pension and Assurance Scheme of BMS Associates Limited (BMS Associates)

At the last actuarial valuation at 31 December 2019 the Scheme had a shortfall of £5.5m (prior triennial valuation at 31 December 2016: shortfall of £0.7m).

The main actuarial assumptions were that the annual compound rate of return on investment would be 2.3% and that the annual increase in pensions would be 3.45%. The assessed value of the assets at the date of the latest actuarial valuation for funding purposes amounted to £51.4m and the actuarial value of the assets was sufficient to cover 90% of the value of the benefits that had accrued to members on the basis of pensionable earnings and service at the date of the valuation on an on-going basis.

Notes to the accounts

for the year ended 31 December 2021

13. Pensions (continued)

Contributions

	2021 £000	2020 £000
Contributions paid to defined benefit schemes	**1,060**	250

FRS 102 Disclosures

The disclosures showing the total assets and liabilities of the pension plans are set out below. These have been calculated on the following assumptions:

BMS Associates

	2021	2020
Rate of increase for deferred pensions	**2.65%**	2.20%
Discount rate	**1.80%**	1.40%
Inflation assumption	**3.45%**	3.00%

Notes to the accounts

for the year ended 31 December 2021

13. Pensions (continued)

The disclosures showing the demographic assumptions are set out below.

BMS Associates

Description	**2021**	2020
Mortality tables before retirement	**No allowance**	No allowance
Mortality tables after retirement	**100% of S3PxA_L**	100% of S3PxA_L
- Life expectancy at age 63, male in 2020	**25.3 years**	25.2 years
- Life expectancy at age 63, male in 2040	**26.5 years**	26.5 years
- Life expectancy at age 63, female in 2020	**26.8 years**	26.7 years
- Life expectancy at age 63, female in 2040	**28.2 years**	28.2 years
Pension commutation for cash at retirement	**25% of members take the maximum amount of tax-free cash**	25% of members take the maximum amount of tax-free cash

The analysis of the scheme assets are at the balance sheet date is as follows:

BMS Associates

	2021		2020	
	Market value £000	**% of total Scheme assets**	Market value £000	% of total scheme assets
Bonds and cash	**9,114**	**17%**	9,542	18%
Absolute return funds	**44,122**	**83%**	42,277	82%
Total	**53,236**	**100%**	51,819	100%
Actual return on Scheme assets over the previous year	**3,341**		4,395	

Notes to the accounts
for the year ended 31 December 2021

13. Pensions (continued)

Movements in fair value of the Scheme assets over the year are as follows:

	BMS Associates	BMS Associates
	2021	2020
	£000	£000
Market value of assets at the beginning of the year	**51,819**	51,359
Interest income	**712**	1,013
Actual return on Scheme assets excluding interest income	**2,629**	3,382
Employer contributions	**1,060**	250
Benefits paid	**(2,984)**	(4,185)
Market value of assets at the end of the year	**53,236**	51,819

Notes to the accounts

for the year ended 31 December 2021

13. Pensions (continued)

Movements in present value of the defined benefit obligations were as follows:

	BMS Associates 2021 £000	BMS Associates 2020 £000
At 1 January	**73,225**	66,766
Interest cost	**1,004**	1,326
Benefits paid	**(2,984)**	(4,185)
Actuarial losses	**1,104**	9,318
At 31 December	**72,349**	73,225

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit retirement benefit scheme is as follows:

	BMS Associates 2021 £000	BMS Associates 2020 £000
Present value of defined benefit obligations	**(72,349)**	(73,225)
Market Value of assets	**53,236**	51,819
Gross liability recognised in the balance sheet	**(19,113)**	(21,406)

Notes to the accounts

for the year ended 31 December 2021

13. Pensions (continued)

The following amounts have been reflected in the profit and loss account and statement of other comprehensive income.

Amounts charged to operating (loss)/profit:

	2021 BMS Associates £000	2020 BMS Associates £000
Net interest cost	**292**	313
Total operating charge	**292**	313

Amounts recognised in the statement of other comprehensive income:

	2021 BMS Associates £000	2020 BMS Associates £000
Actuarial losses on liabilities	**(1,104)**	(9,318)
Return on assets excluding amount included in net interest	**2,629**	3,382
Total gain/(loss) relating to defined benefit scheme	**1,525**	(5,936)

14. Related party transactions

Advantage has been taken of the exemption under section 33 of FRS 102, not to disclose transactions between entities wholly owned within the Group.

15. Ultimate parent undertaking

The immediate parent undertaking and controlling entity is Blackwood Bidco Limited, a company registered and operating in England and Wales and incorporated in Great Britain. The parent undertaking and ultimtate controlling party of the largest and smallest group of undertakings for which consolidated accounts are prepared, and of which the company is a member, is BMS Investment Holding Company Limited. A copy of the accounts of that company can be obtained from the Registered Office, 22 Grenville Street, St Helier, Jersey JE4 8PX.

16. Post balance sheet events

There have been no other material post balance sheet events for the period ended 31 December 2021.