

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



Company number: 02519540

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

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THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D L Champion	
A E Grant	Resigned 25 February 2021
B A Hellman	
H J Wynn-Williams	Resigned 02 December 2020
I Mahendra	Appointed 30 March 2020
A Crawford	Appointed 07 March 2020
R P Cunningham	Appointed 02 December 2020
B M Kesterton	Appointed 02 December 2020
J R Picton	Appointed 02 December 2020

COMPANY SECRETARY

K P Halpenny

REGISTERED OFFICE

90 Fenchurch Street
London
EC3M 4ST

AUDITOR

Deloitte LLP
Statutory Auditor
London
United Kingdom

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Review of activities and future developments

The main activity of the company during 2020 has been that of acting as an insurance underwriting agency in respect of Marine and Offshore business. This activity will continue in 2021.

Thomas Miller Specialty Underwriting Agency Limited ("TMSUAL") reported revenue of £8,594,377 in 2020 (2019 - £7,790,821), an increase of 13%. The increase in revenue in 2020 was due to significant premium growth of 30%. The administrative expenses remained stable at £8,171,161 in 2020 (2019 - £8,164,681). There was a significant reduction in expenses in Marine as a result of rightsizing the underwriting team offset by the increase in bonus in Offshore due to the uplift in profitability. The increase in revenue while maintaining the expense base has resulted in a profit before tax of £345,536 (2019 - £476,141 loss). Based on the main activities of the Company, the Directors consider this KPI as sufficient in highlighting the financial performance of the Company.

To ensure TMSUAL was 'Brexit' ready, the business has opted to use its already established German business Thomas Miller Specialty GmbH ("TMS Germany") as its European hub. TMS Germany has activated its EU passport permissions on a services basis and established a UK Branch which required an application to the UK FCA under the Temporary Permissions Regime (TPR) and the Branch is currently deemed authorised to operate within the UK.

A portfolio of clients impacted by Brexit had been identified and have been duly transferred from TMSUAL to TMS Germany to support the loss of the freedom of services that was available under the EU, thus ensuring that clients are not disadvantaged and that TMSUAL adheres to the new regulatory landscape.

Thomas Miller & Co. Limited provides the personnel, office space and other services and equipment required for the conduct of the company's business, and charges the company accordingly. No change is envisaged in these arrangements for 2021 and beyond.

Director's Duties

The directors of the company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.

As part of their induction, a new director of the company is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees all of whom are employed by Thomas Miller & Co. Limited, a fellow subsidiary undertaking. Thomas Miller & Co. Limited provides the personnel and other shared services to the company, for example premises, utilities, facilities management, information technology and human resources which are required for the conduct of the company's business, and charges the company accordingly. Further details can also be found in the Corporate Governance Report of the ultimate parent company Thomas Miller Holdings Ltd.

The following paragraphs summarise how the directors fulfil their duties:

Section 172(1) statement

Risk management

We provide business-critical services to our clients, often in highly regulated environments. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

Taking into account the company's current position and its principal risks, 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 at least the next 12 months. As the result of COVID-19, financial markets have been volatile during 2020 and it is reasonable to expect this volatility to continue for an indeterminate period in the future. In assessing the prospects of the company, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, future outcomes cannot be guaranteed or predicted with certainty.

The directors' assessment has taken into account the resources of the company and that of the wider Thomas Miller group under the parent company, Thomas Miller Holdings Ltd. Where necessary, Thomas Miller Holdings Ltd. has indicated it will provide further liquidity or regulatory capital to the company for a period of not less than 12 months after the date of the approval of these financial statements.

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Section 172(1) statement (continued)

For details of our principal risks and uncertainties, and how we manage our risk environment, please see below.

Our people

The company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

Business relationships

Our strategy prioritises business growth and bringing new clients into the company. To do this, we need to develop and maintain strong client relationships. We value all of our suppliers and have multi-year contracts with our key suppliers.

Community and environment

The company's approach to this area is set at a group level by the ultimate parent company, Thomas Miller Holdings Ltd. which from a position of strength creates a positive change for the people and communities with which it interacts. The group's expertise enables colleagues to support the communities around us.

Culture and values

The board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders.

Shareholders

The board is committed to regularly engaging with the board of our ultimate parent company, Thomas Miller Holdings Ltd. as we recognise the importance of a continuing effective dialogue. It is important to us that our strategy and objectives are understood, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

Further details can be found in the Corporate Governance report contained within financial statements of the ultimate parent company, Thomas Miller Holdings Ltd.

Principal risks and uncertainties

The company's income is primarily derived from the commissions earned through a number of binders. As noted in previous years, it is very important that these binders remain attractive to the existing capital providers or any future potential capital providers. The directors continue to remain in close dialogue with its underwriters to ensure that the strong relationship continues.

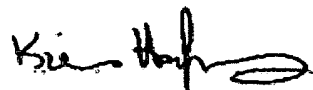
We continue to monitor the risks associated with the UK's exit from the Brexit transition period as of 31st December 2020 and note that the operation and appropriate regulatory approvals are in place to support both EU, UK and rest of world opportunities.

Financial risk management

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are: credit risk; market risk, which includes interest rate risk; insurance risk; exchange rate risk and liquidity risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only financial risk which the directors consider is significant to the company is credit risk.

The company's credit risk primarily relates to bank balances and trade debtors. Exposure to trade debtors is spread over a large number of counterparties, which mitigates the risk. Exposure to bank balances is concentrated primarily with one counterparty and this position is closely monitored whilst amounts are paid over to the underwriters as soon as the bordereaux are agreed.

By order of the board



K P Halpenny
Company Secretary

90 Fenchurch Street
London
EC3M 4ST

24 September 2021

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their annual report on the affairs of the company, together with the financial statements, for the year to 31 December 2020.

Results and dividends

The profit and loss account for the year is set out on page 9. The profit on ordinary activities after taxation amounted to £253,301 (2019 - £450,384 loss).

During the year and up to the date of signing, no dividend was declared in 2020 (2019 - £118,205).

Directors

The present membership of the board of directors is shown on page 2, all of whom held office throughout the year, except as noted.

B M Kesterton is a director of the ultimate parent company, Thomas Miller Holdings Ltd.

Directors' indemnity

The ultimate parent company Thomas Miller Holdings Ltd. has made qualifying third party indemnity provisions for the benefit of its subsidiaries' directors that remain in force at the date of this report.

Auditor

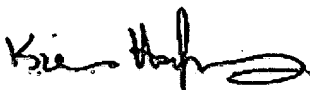
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of the information.

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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming annual general meeting.

By order of the board



K P Halpenny
Company Secretary

90 Fenchurch Street
London
EC3M 4ST

24 September 2021

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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". Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit 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 of Thomas Miller Specialty Underwriting Agency Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18.

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.

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.

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 TO THE MEMBERS OF
THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED (continued)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 framework 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; 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 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.

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 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.

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 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:

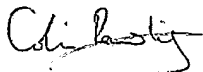
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law 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 TO THE MEMBERS OF
THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED (continued)**

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.



Colin Rawlings FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor

London, United Kingdom

24 September 2021

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR TO 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	1,3	8,594,377	7,790,821
Administrative expenses		(8,171,161)	(8,164,681)
Operating profit / (loss)	4	423,216	(373,860)
Interest receivable and similar income	6	22,388	47,719
Interest payable and similar charges	7	(100,068)	(150,000)
Profit / (loss) on ordinary activities before taxation		345,536	(476,141)
Tax (charge) / credit on loss on ordinary activities	8	(92,235)	25,757
Profit / (loss) on ordinary activities after taxation		253,301	(450,384)

The notes on pages 13 to 20 form an integral part of these financial statements.

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 £	As restated 2019 £
Non-current assets			
Intangible assets	9	1,025,000	1,150,000
Current assets			
Debtors: Amounts falling due within one year	11	9,819,959	10,508,497
Cash at bank and in hand	10	16,442,244	19,163,767
		<u>26,262,203</u>	<u>29,672,264</u>
Creditors: Amounts falling due within one year	12	(25,240,411)	(26,805,873)
Net current assets		<u>1,021,792</u>	<u>2,866,391</u>
Debtors: Amounts falling due after more than one year	11	660,996	46,215
Creditors: Amounts falling due after more than one year	12	(1,500,000)	(3,108,119)
Total net assets		<u>1,207,788</u>	<u>954,487</u>
Capital and reserves			
Called up share capital	14	1,250,200	1,250,200
Profit and loss account		(42,412)	(295,713)
Shareholder's funds		<u>1,207,788</u>	<u>954,487</u>

These financial statements of Thomas Miller Specialty Underwriting Agency Limited (registered number 02519540) were approved by the board of directors and authorised for issue on 24/9/2021. Signed on its behalf by:

 Director IVANA MAHENDRA

 Director B.M. WESTERTON

The notes on pages 13 to 20 form an integral part of these financial statements.

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital	Profit and loss account	2020 Total	2019 Total
	£	£	£	£
Shareholders funds / (deficit) at 1 January	1,250,200	(295,713)	954,487	1,522,976
Share capital issued	-	-	-	100
Dividend paid	-	-	-	(118,205)
Profit / (loss) for the financial year	-	253,301	253,301	(450,384)
Net increase / (decrease) in shareholders funds	-	253,301	253,301	(568,489)
Closing shareholder's funds at 31 December	1,250,200	(42,412)	1,207,788	954,487

The notes on pages 13 to 20 form an integral part of these financial statements.

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

1.1 General information and basis of accounting

Thomas Miller Specialty Underwriting Agency Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the strategic report on page 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council.

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.

The company as a "qualifying entity" is exempt from producing a cash flow statement in accordance with FRS 102.1.12(b). 100% of the voting rights of the company are owned by its ultimate parent undertaking (note 18) whose published, publicly available, accounts include a consolidated cash flow statement.

1.2 Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out within the strategic report on page 3.

The financial position of the group is also described in the strategic report. In addition, the strategic report describes the group's financial risk management objectives and its exposure to credit risk. The group has sufficient financial resources and has a positive net asset position. The group manages its working capital requirements through an arrangement with its fellow subsidiary company, Thomas Miller & Co. Limited, that is expected to continue for the foreseeable future.

The Thomas Miller group has performed a liquidity stress test for the 21 month period ending December 2022 in light of the COVID-19 pandemic, including the cessation of certain business and the significant loss of incentive fees on three major contracts which indicates headroom before any mitigating actions. Thomas Miller have identified mitigating actions which include reducing costs, deferring capital expenditure and suspending dividends. Taking account of these potential mitigating actions, this analysis demonstrates that the group could continue as a going concern for at least the next year given the financial and liquidity strength of the insurance companies managed by Thomas Miller and the notice periods contained in the contracts. Accordingly, Thomas Miller considers the results of this test continue to support the view that the group is able to continue as a going concern for the next twelve months.

As a consequence, the directors believe that the group is well placed to manage its business risks successfully in the current economic environment.

The directors' assessment has taken into account the resources of the company and that of the wider Thomas Miller group under the parent company, Thomas Miller Holdings Ltd. Where necessary, Thomas Miller Holdings Ltd. has indicated it will provide financial support for a period of not less than 12 months after the date of the approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

1. Accounting policies (continued)

1.3 Intangible assets

Renewal rights

Renewal rights are originally recognised and measured at cost.

The cost of renewal rights are amortised over a ten year period on a straight line basis with no amortisation charged in the year of acquisition. The suitability of the amortisation period is reviewed annually. An impairment review is performed if there are indicators of impairment.

On disposal of a cash generating unit, the attributable amount of renewal rights is included in the determination of the profit or loss on disposal.

1.4 Financial Instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.5 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

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.

1.6 Turnover

Turnover represents profit and insurance commissions earned which are derived from the sole activity as an insurance underwriting agency and exchange differences thereon.

Insurance commissions are stated after adjustments to reflect the variable commission rates as set out in the binding agreements. The commission is then recognised when the insurance policy has been placed.

Profit commission is recognised once the outcome of the underwriting results becomes reasonably certain.

Due to the long term nature of some of the services provided by the company to its clients, obligations can arise for the performance of post placement activities. Where these are not covered by additional income, a relevant proportion of the commission is deferred and recognised in the periods in which these activities take place.

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

1. Accounting policies (continued)

1.7 Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

1.8 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

1.9 Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all the employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

1.10 Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.11 Insurance debtors and creditors

Insurance underwriting agencies underwrite on behalf of the insurer and as such, generally, are not liable as principals for the amounts arising from such transactions. Accordingly, receivables arising from insurance transactions are not included as assets of the Company. Other than the receivable for commissions earned on the transaction which is recognised within trade receivables, no recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client and recognised on the Balance Sheet as insurance creditors.

Fiduciary cash arising from insurance transactions is included within insurance cash. The Company is entitled to retain the investment income on any cash flows arising from insurance related transactions.

Previous years have reported the insurance balances on a gross basis and these 2019 balances have been restated to bring them in line with market practice.

2. Critical accounting judgements and key source of estimation uncertainty

There are no critical accounting judgements or key sources of estimation uncertainty requiring disclosure.

3. Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2020 £	2019 £
United Kingdom and Europe	2,704,464	2,319,832
Americas	4,100,760	3,287,299
Asia and Pacific	973,034	795,980
Other	816,120	1,387,710
	<u>8,594,377</u>	<u>7,790,821</u>

All turnover derives from the principal activities of the company.

4. Loss on ordinary activities before taxation

This is stated after charging:	2020 £	2019 £
Depreciation and Amortisation	125,000	101,762
Auditor's remuneration		
- Audit fees in relation to the audit of the company's annual accounts	31,749	25,050
- Services from other auditors	-	3,160

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

5. Directors' remuneration

The directors of the company include a number of directors who are also directors of other companies within the Thomas Miller Holdings group. The directors do not consider it practicable or appropriate to allocate directors' services between individual subsidiary companies. The directors of the company received aggregate emoluments of £4,811,203 (2019 - £3,060,857) relating to their services to all companies within the Thomas Miller Holdings group.

The value of contributions paid, or treated as paid, by the company in respect of defined contribution schemes was £86,064 (2019 - £55,983).

The number of directors who:

	2020 Number	2019 Number
Are members of a defined benefit scheme	3	6
Are members of a defined contribution scheme	5	5
Exercised options over shares in the parent company	4	3
Had awards receivable in the form of shares under a long term incentive scheme	5	6

6. Interest receivable and similar income

	2020 £	2019 £
Bank interest received	22,388	47,719

7. Interest payable and similar charges

	2020 £	2019 £
Interest on subordinated loan	100,068	150,000

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

8. Tax charge / (credit) on profit / (loss) on ordinary activities

	2020 £	2019 £
The tax charge / (credit) comprises:		
Current tax		
UK corporation tax	107,015	19,104
Adjustment in respect of prior periods	(10,037)	-
Relief in respect of foreign tax suffered	(62,497)	-
	<u>34,481</u>	<u>19,104</u>
Foreign tax suffered	36,254	-
Foreign tax adjustment in respect of prior periods	36,281	-
Total current tax charge	<u>107,016</u>	<u>19,104</u>
Deferred tax		
Origination and reversal of timing differences	(9,344)	(50,138)
Effect of changes in tax rates	(5,437)	5,277
Total deferred tax (note 13)	<u>(14,781)</u>	<u>(44,861)</u>
Total tax charge / (credit) on profit / (loss) on ordinary activities	<u>92,235</u>	<u>(25,757)</u>

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing deferred tax position would be to increase the deferred tax asset by £19,262.

There is no expiry date on timing differences, unused tax losses or tax credits.

The difference between the total credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

Profit / (loss) on ordinary activities before tax	<u>345,536</u>	<u>(476,141)</u>
Profit / (loss) on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	65,652	(90,467)
Effects of:		
Expenses not deductible for tax purposes	32,019	59,433
Impact of unrecognised foreign tax relief from prior periods	(26,243)	-
Impact of tax rate changes	(5,437)	5,277
Adjustments in respect of prior periods	26,244	-
Total tax charge / (credit) on profit / (loss) on ordinary activities	<u>92,235</u>	<u>(25,757)</u>

9. Intangible assets

	Renewal rights £
Cost	
At 1 January 2020	1,250,000
Additions	-
At 31 December 2020	<u>1,250,000</u>
Accumulated amortisation	
At 1 January 2020	100,000
Provided in the year	125,000
At 31 December 2020	<u>225,000</u>
Carrying amount	
At 31 December 2020	<u>1,025,000</u>
At 31 December 2019	<u>1,150,000</u>

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

10. Cash

The client cash is restricted in nature as it is held on behalf of third party clients, including insurance carriers. A corresponding balance is included within trade creditors.

11. Debtors

	2020 £	As restated 2019 £
Amounts falling due within one year:		
Amounts due from fellow subsidiary undertakings	1,955,138	2,119,533
Insurance debtors	3,476,118	4,464,115
Accrued Income	3,870,094	3,371,009
Other debtors	431,115	352,934
Prepayments	46,807	200,906
Corporation tax debtor	40,688	-
	<u>9,819,959</u>	<u>10,508,497</u>
Due after more than one year:		
Deferred tax (note 13)	60,996	46,215
Subordinated loan	600,000	-
	<u>660,996</u>	<u>46,215</u>

Amounts due from fellow subsidiary undertakings are repayable on demand.
For more information on the restatement, please see Note 19.

12. Creditors

	2020 £	As restated 2019 £
Amounts falling due within one year:		
Amount due to parent company	956,901	256,833
Amount due to fellow subsidiary undertakings	8,696,300	6,600,051
Insurance creditors	14,746,667	18,743,078
Other creditors	11,821	-
Corporation tax payable	-	9,551
Accruals and deferred income	828,723	1,196,360
	<u>25,240,411</u>	<u>26,805,873</u>
Due after more than one year:		
Accruals and deferred income	0	108,119
Subordinated loan	1,500,000	3,000,000
	<u>1,500,000</u>	<u>3,108,119</u>

Amounts due to fellow subsidiary undertakings are repayable on demand.
For more information on the restatement, please see Note 19.

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

13. Deferred taxation

The amounts of deferred taxation in the accounts are as follows:

	2020 £	2019 £
Assets		
Accelerated capital allowances	(60,996)	(46,215)
Assets at 1 January	(46,215)	(1,354)
Deferred tax charge to income statement for the year	(14,781)	(44,861)
Assets at 31 December	(60,996)	(46,215)

No deferred tax assets (2019 - £nil) in respect of unused tax losses have not been recognised in the accounts due to the uncertainty as to their recoverability in the foreseeable future.

14. Share capital

	2020 £	2019 £
Called up, allotted and fully paid:		
12,501,000 ordinary shares of £0.10	1,250,100	1,250,100
100 dividend 'Class D' shares of £0.10	100	100
	1,250,200	1,250,200

100 Class D shares were issued at par by the company in 2019. These shares hold no voting rights and only have the right to dividends.

The Articles of Association include put and call options for the majority shareholder Thomas Miller Specialty Holdings Limited (TMSH) to purchase Offshore Partners Limited ("OP") shareholding over time.

- The first purchase of shares is in 2022 after year 5 (2021); where TMSH has got the right to buy and OP has got the right to sell 50% of its shares (125 shares) at an agreed price.

- For years 6-15 OP has got the right to sell 10% of shares per year; TMSH can offer to buy but OP has got no obligation to sell.

- OP could in principle retain the remaining 125 shares until year 15 when TMSH has got the right to buy the remaining shares.

15. Leases - operating leases

	2020 £	2019 £
Leases which expire:		
Amounts to be paid within one year	13,562	-
Between one and two years	-	-
Between two and five years	-	30,901

Operating lease payments represent rentals payable by the company for an office in Guernsey. The lease is in place for a period until 2 October 2021. Rent commenced at £14,000 per year increasing annually thereafter.

16. Company status

The company is incorporated in the United Kingdom and registered in England and Wales with limited liability.

17. Related parties

The company is exempt, under Financial Reporting Standard 102 (FRS 102) para 33.1A, from disclosing related party transactions as they are with other companies that are wholly owned within the group.

THOMAS MILLER SPECIALTY UNDERWRITING AGENCY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

18. Ultimate controlling parties

The company is wholly and immediately owned by Thomas Miller Specialty Holdings Limited, a company registered in England & Wales.

The company's ultimate parent company and controlling party is Thomas Miller Holdings Ltd., a company registered in Bermuda. Thomas Miller Holdings Ltd. is the parent undertaking of the smallest and largest group in which the company is consolidated. Copies of the financial statements for Thomas Miller Holdings Ltd. may be obtained from the Company Secretary, Thomas Miller Holdings Ltd., 90 Fenchurch Street, London, EC3M 4ST.

19. Prior Year Adjustment

The Company reported the insurance balances on a gross basis in 2019 and these balances have been restated to bring them in line with market practice.

	Prior year adjustment £	Restated 2019 £	2019 as previously stated £
Balance Sheet			
Debtors: Amounts falling due within one year	(13,061,283)	10,508,497	23,569,780
Creditors: Amounts falling due within one year	13,061,283	(26,805,873)	(39,867,156)