



BMS Investment Holdings Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

Registered No: 03121899



Registered No: 3121899

Directors

J Hastings-Bass (Chairman) (Non-executive)

G A M Bonvarlet (Non-executive)

N J E Cook

N J Moss

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 the Strategic Report for the year ended 31 December 2020.

Business review

The principal activity of BMS Investment Holdings Limited ('the Company') is, and will continue to be, a holding company. All of the Company's trading subsidiaries are insurance and reinsurance broking companies.

During the year, the Company disposed of its subsidiary BMS US Holdings Inc. to a fellow group entity. It was sold for £150,000,000, resulting in a gain on disposal of £118,000,000.

The business review is discussed in more detail in the accounts of the parent company, BMS Investment Holding Company Limited.

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

Results and dividends

The financial results are set out in the profit and loss account on page 11.

The profit attributable to shareholders amounted to £123,186,000 (2019: £1,509,000). No dividend was paid during the year (2019: £nil).

At the year end the Company had net current assets of £157,064,000 (2019: £3,967,000) and shareholders' funds of £227,020,000 (2019: £103,834,000).

The Board's business development strategy continues to focus on investment in new and existing teams in order to continue growing revenue and EBITDA, a strategy that has proven to be successful for the Company.

The Directors expect the general level of activity to remain consistent with 2020 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 29 April 2021 and signed on its behalf.



S K Bryant

Company Secretary

29 April 2021

Directors' Report (continued)

The Directors present the report and financial statements for the year ended 31 December 2020.

Directors

The current directors of the company are listed on page 1.

The directors of the company who served during the year, and up to the date of signing this report, were:

J Hastings-Bass
G A M Bonvarlet
N J E Cook
N J Moss

Directors' liabilities

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

Derivative financial instruments

The Company hedges the foreign exchange exposure of its group to the US dollar for up to three years ahead to reduce the volatility of the mismatch between the currency of most of its expenses (pounds sterling) and the currency of the Group's main brokerage income (US dollars). Other currencies are less significant but a similar hedging programme is used for Euros and Canadian dollars. These derivative financial instruments, where contracted directly, are detailed in note 12.

Principal risks and uncertainties

In the pursuit of its strategy, the Company businesses face certain risks and uncertainties that could adversely affect the Company's future results. These risks and uncertainties are summarised below together with details on the actions taken to mitigate them. It should be noted that these risks and uncertainties do not comprise all of the risks that the Company may face. These risks are broadly categorised into four areas:

- 1) **Strategic Risk;**
- 2) **Conduct Risk;**
- 3) **Operational Risk; and**
- 4) **Financial Risk**

The Company manages its risks through a framework of policies that are approved by the Board, supported by procedures and internal controls that are in accordance with the risk management framework. This is overseen through the Company's governance framework.

Directors' Report (continued)

Principal risks and uncertainties (continued)

1. Strategic Risk

The Company considers strategic risk to be risks that may inhibit it from achieving its strategic aims, delivering on its business plan or which may create uncertainty about the viability of the business model. These risks arise from the external business, political, economic environments and regulatory environment as well as competitor activity, market capacity constraints. This also includes the impact of the Covid-19 pandemic.

2. Conduct Risk

The Company considers conduct risk as failing to ensure good client outcomes for the Group, and / or negative impact on market integrity resulting from our business model, or the behaviour of our firm or our staff.

The Company is structured in a manner to mitigate conduct risk by ensuring that there are appropriate segregation of duties, enabling it to ensure that the expertise of its staff are appropriately focused across all areas of client service, from sales and placement activity through to claims. In addition, the Company's culture is client focused, inclusive and innovative, empowering client service teams, which is core to mitigating conduct risk.

3. Operational Risk

The Group considers operational risk as the risk of loss as a result of the actions, or inactions of staff, inadequate or failed internal processes and systems, or external events. This includes the recruitment and retention of staff, the Group's critical suppliers and cyber risk.

The Group's inclusive culture, its reward strategy and the development opportunities offered are designed to mitigate the risks associated with the recruitment and retention of staff. The Group has a supplier management process, which oversees the performance and management of its critical suppliers. The Group recognises that cyber is continually evolving. It is in compliance with the NCSC 10 steps framework, and has an ongoing enhancement programme to ensure cyber risk is managed appropriately through a combination of controls designed to identify, protect, detect, respond and recover in the event of a cyber risk materialising.

4. Financial Risk

Financial risk is the risk of loss as a result of financial transactions, commitments entered into by the Company or as a result of its exposure to financial markets. The key financial risks affecting the Company are related to liquidity, tax, foreign exchange, and credit. Each of these risks are overseen by the Company governance framework, with the key fora being the Group Finance Committee, the Audit Committee, the Risk and Compliance Committee and the Board.

4.1 Liquidity

Liquidity risk is the risk that the Company is unable to meet short term financial obligations and payments as they fall due. The Group Finance Committee and the Board closely monitor cash flow and cash flow forecasting, taking preventative action if the indicators demonstrate an emerging issue.

4.2 Tax

Tax risk is the risk that the Company fails to respond to changes in tax laws/regulations or to appropriately manage its tax position. The tax risk is managed through reconciliations, tax forecasting and independent review with oversight from the Group Finance Committee and the Board.

Directors' Report (continued)

Principal risks and uncertainties (continued)

4.3 Foreign Exchange

Foreign exchange risk arises from long term fluctuations or volatility in the FX markets. The Company's exposure arises from the Group's income denominated in currencies other than the pounds sterling. The most significant foreign exchange exposures are to the US and Canadian dollar. The Group operates a hedging programme that locks in future exchange rates up to a maximum of 3 years, to reduce the volatility between pounds sterling, the currency of a material percentage of its expenses, and the currencies associated with material percentage of its income.

4.4 Credit

The Company is exposed to credit risk where a counterparty to a transaction does not fulfil its financial obligations in a timely manner. The key areas of credit risk exposure are the delay / non-payment of amounts due from clients for the income within the Group, and funding of amounts due to third parties before funds have been received by the Group. Credit control procedures are in place within the Group to collect amounts due from clients promptly in accordance with the terms of trade. Such operating procedures are preventative measures to minimise the credit exposures.

Covid-19

During 2020 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.

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.

Events after the balance sheet date

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

Directors' Report (continued)

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 directors 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.

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 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.

Approved by the Board of Directors on 29 April 2021 and signed on its behalf.



S K Bryant

Company Secretary

29 April 2021

Independent Auditor's Report

to the members of BMS Investment Holdings Limited

Independent auditor's report to the members of BMS Investment Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of BMS Investment Holdings Limited (the 'company'):

- 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 which comprise:

- the profit and loss account;
- 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.

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.

Independent Auditor's Report (continued)

to the members of BMS Investment Holdings Limited

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.

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.

Independent Auditor's Report (continued)

to the members of BMS Investment Holdings Limited

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 and IT 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.

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.

Independent Auditor's Report (continued)

to the members of BMS Investment Holdings Limited

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.

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

29th April 2021

Profit and Loss Account

for the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Other operating income	2	3,171	15
Administrative and other expenses	3	(6)	(37)
Operating Profit/(loss)		3,165	(22)
Net gain on financial assets and liabilities at fair value through profit and loss	12	3,240	1,857
Other income	6	118,000	-
Profit on ordinary activities before taxation		124,405	1,835
Tax charge on profit on ordinary activities	5	(1,219)	(326)
Profit for the financial year		123,186	1,509

All operations derive from continuing activities.

A statement of comprehensive income has not been prepared as there is no other comprehensive income for the current financial year and the preceding financial year other than as stated in the profit and loss account.

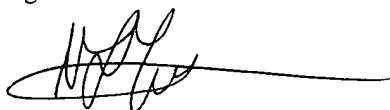
The accompanying notes form an integral part of the financial statements.

Balance Sheet

For the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Investment in subsidiary undertakings	6	67,526	99,526
Other investments	7	228	228
		<u>67,754</u>	<u>99,754</u>
Current assets			
Debtors: amounts falling due within one year	8	157,696	35,026
Cash at bank and in hand including short term deposits		7	7
		<u>157,703</u>	<u>35,033</u>
Creditors: amounts falling due within one year	10	(639)	(31,066)
Net current assets		<u>157,064</u>	<u>3,967</u>
Debtors: amounts falling due after one year	9	2,202	113
Total assets less current liabilities		<u>227,020</u>	<u>103,834</u>
Total net assets		<u>227,020</u>	<u>103,834</u>
Capital and reserves			
Called up share capital	11	99,991	99,991
Share Premium	11	298	298
Profit and loss account	11	126,731	3,545
Equity shareholders' funds		<u>227,020</u>	<u>103,834</u>

The accompanying notes form an integral part of the financial statements for BMS Investment Holdings Limited, company number 3121899, which was approved by the Board of Directors on 29 April 2021 and signed on its behalf.



N J Moss
Finance Director

Statement of changes in equity

As at 31 December 2020

	Called-up Share capital	Share Premium Account	Profit and Loss account	Total Equity
	£000	£000	£000	£000
<i>At 1 January 2019</i>	99,991	298	2,036	102,325
Profit for the year	–	–	1,509	1,509
Total comprehensive income for the year	–	–	1,509	1,509
<i>At 31 December 2019</i>	99,991	298	3,545	103,834
Profit for the year	–	–	123,186	123,186
Total comprehensive income for the year	–	–	123,186	123,186
<i>At 31 December 2020</i>	99,991	298	126,731	227,020

Notes to the Accounts

for the year ended 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below.

General information and basis of accounting

BMS Investment Holdings Limited 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 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.

Group accounts

As permitted by the Companies Act 2006, group accounts are not prepared because consolidated accounts are prepared by the company's parent undertaking. Accordingly, these accounts present information about the company as an individual undertaking.

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.

Investment in subsidiary undertakings

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

Taxation

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

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

Notes to the Accounts

for the year ended 31 December 2020

1. Accounting policies (continued)

Dividend income

Dividend income is recorded net as received.

Intercompany creditors

Intercompany creditors are stated at cost.

Financial instruments

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

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(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.

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.

(ii) Investments

Listed investments, which are all traded in active markets, are determined with reference to the quoted market price at the reporting date.

(iii) 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 2020

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in this note, 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.

There are considered to be no key critical judgements or estimates in the financial statements.

2. Other operating income

	2020 £000	2019 £000
Dividends received	-	15
Investment income	3,171	-
	<u>3,171</u>	<u>15</u>

3. Administrative and other expenses

Audit fees in the current year of £3,000 (2019: £3,000) were borne by another group company. Administrative expenses also include foreign exchange movements £6,000 (2019: £37,000) in the year.

4. Directors' and employees

The average number of employees during the year was nil (2019: nil).

The emoluments of the Directors in the current and preceding financial years were borne by other group companies as detailed in the BMS Investment Holding Company Limited accounts.

Notes to the Accounts

for the year ended 31 December 2020

5. Tax on profit on ordinary activities

	2020 £000	2019 £000
Current tax on profit on ordinary activities		
UK Corporation tax at 19% (2019: 19%)	601	(7)
Adjustments in respect of prior years	-	-
Total current tax	601	(7)
Deferred tax		
Origination and reversal of timing differences	615	353
Rate difference	3	(20)
Total deferred tax	618	333
Total tax charge on profit on ordinary activities	1,219	326

Factors affecting the tax for the year

The tax rate for the year differs from the standard rate of tax in the UK (19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	124,405	1,835
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 19% (2019: 19%)	23,637	349
Effects of:		
Exempt dividends received	-	(3)
Disposal gains not taxable	(22,421)	-
Effect of tax rate on deferred tax	3	(20)
Total tax charge for the year	1,219	326

Notes to the Accounts

for the year ended 31 December 2020

6. Investment in subsidiary undertakings

	2020 £000	2019 £000
At 1 January	99,526	99,526
Disposal of subsidiary	(32,000)	-
At 31 December	67,526	99,526

During the year, the Company disposed of its subsidiary BMS US Holdings Inc. to a fellow group entity. It was sold for £150,000,000, resulting in a gain on disposal of £118,000,000.

Details of the Company's investments in group undertakings at 31 December 2020 are as follows:

Name of company	Country of registration (or incorporation)	Proportion of ordinary shares	Nature of business
BMS Group Limited	England and Wales	100%	Reinsurance broking and insurance broking
BMS Canada Risk Services Limited	Canada	100%	Insurance broking
BMS Risk Solutions Pty Limited	Australia	100%	Reinsurance broking and insurance broking
BMS Risk Solutions Limited	England and Wales	100%	Reinsurance broking and insurance broking
BMS Bermuda Limited	Bermuda	100%	Reinsurance broking and insurance broking
BankServe Insurance Services Ltd	England and Wales	100%	Non trading
BMS Risk Consulting Services S.L.U.	Spain	100%	Reinsurance broking and insurance broking
BMS Madiacion Iberia Correduria De Seguros Y Reaseguros S.L.U.	Spain	100%	Reinsurance broking and insurance broking
Minova Management Services Ltd	England and Wales	100%	Service company
BMS Latin America LLC	United States of America	100%	Reinsurance broking and insurance broking

Notes to the Accounts

for the year ended 31 December 2020

7. Other Investments

Unlisted Investments

	2020 £000	2019 £000
At 1 January	228	228
At 31 December	228	228
Total other investments	228	228

8. Debtors: amounts falling due within one year

	2020 £000	2019 £000
Amounts due from group undertakings	156,532	35,013
Other derivative financial assets	1,164	13
	157,696	35,026

9. Debtors: amounts falling due after one year

	2020 £000	2019 £000
Other derivative financial assets	2,202	113
At 31 December	2,202	113

Additional debtor disclosure:

The aggregate derivative financial assets are as follows:

Due within one year (note 8)	1,164	13
Due after one year (note 9)	2,202	113
At 31 December	3,366	126

Notes to the Accounts

for the year ended 31 December 2020

10. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to parent undertaking	-	31,045
Deferred tax	639	21
At 31 December	<u>639</u>	<u>31,066</u>

11. Called up share capital and reserves

	2020 £000	2019 £000
Called up, allotted and fully paid:		
99,989,000 ordinary shares of £1 each (2019: 99,898,000)	99,989	99,989
1,651,603 B ordinary shares of 0.1p (2019: 1,651,603)	2	2
	<u>99,991</u>	<u>99,991</u>
	2020 £000	2019 £000
Share premium	298	298
	<u>298</u>	<u>298</u>

During the year nil new ordinary shares were issued (2019: nil).

During the year nil new B ordinary shares at a price of 0.1p (2019: nil) were issued.

The holders of ordinary shares are entitled to vote at the general meetings of the Company, to dividends and any surplus upon winding up in proportions determined by the value of the surplus assets as set out in the Articles.

The holders of B 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.

The Group and 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 2020

12. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2020 £000	2019 £000
Financial assets		
Measured at fair value through profit or loss		
• Other derivative financial assets (see note 9)		
o Forward foreign currency contracts and swaps	3,366	126
Measured at cost less impairment		
• Other unlisted investments (see note 7)	228	228
	<u>3,594</u>	<u>354</u>

Derivative financial assets and liabilities

The Company's derivative assets and liabilities include forward foreign currency contracts and foreign currency swaps, which are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2020 £000	2019 £000
Gain on financial assets and liabilities (including derivatives) measured at fair value through profit or loss	<u>3,240</u>	<u>1,857</u>

Notes to the Accounts

for the year ended 31 December 2020

13. 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.

14. Ultimate Parent undertaking

The immediate parent undertaking and controlling entity is Minova Insurance Holdings Limited, a company registered and operating in England and Wales and incorporated in Great Britain. The parent undertaking 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.

15. Contingent liabilities

The Company, together with certain other subsidiaries, acts as an obligor under the terms of a Senior Facilities Agreement ("SFA") dated 18 September 2019 between Blackwood Midco Limited, Blackwood Bidco Limited and Blackwood Bidco LLC, and Ares Management Limited, AIB Group (UK) P.L.C. and HSBC UK Bank PLC. Accordingly, the Company, together with BMS Investment Holding Company Limited and their other fellow subsidiaries has given a guarantee in respect of the Company's obligations under the SFA.

16. Post balance sheet events

The UK Budget on 3 March 2021 included an announcement that the corporation tax rate will increase to 25% from 1 April 2023 for certain companies. This increase has not yet been substantively enacted although was included in the Finance Bill published on 11 March 2021. Under IAS 12 and FRS 102, deferred tax is required to be calculated using rates that have been substantively enacted at the balance sheet date. Consequently, deferred tax should continue to be calculated at 19% until the 25% tax rate has been substantively enacted.

In addition, legislation is also introduced in the Finance Bill 2021 to temporarily increase the period over which companies can carry back trading losses from one year to three years. For companies, after unlimited carry back to the preceding year, a maximum of £2,000,000 of unused losses will be available for carry back against trading profits to the preceding two years.

Given the Company's current position, the Directors do not consider this change in legislation to have a material impact on the business.

There is no other impact of the Finance Bill 2021 on the Company's tax position.

There have been no other material post balance sheet events for the period ended 31 December 2020.