

Registered number: 03985522

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**MAP EQUITY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



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**MAP EQUITY LIMITED**

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**COMPANY INFORMATION**

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|                            |   |
|----------------------------|---|
| <b>Directors</b>           | A Kong<br>C J Smelt<br>R K Trubshaw   |
| <b>Company secretary</b>   | P Langridge   |
| <b>Registered number</b>   | 03985522  |
| <b>Registered office</b>   | Fitzwilliam House<br>10 St. Mary Axe<br>London<br>EC3A 8EN                  |
| <b>Independent auditor</b> | Mazars LLP<br>Tower Bridge House<br>St Katharine's Way<br>London<br>E1W 1DD |

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**MAP EQUITY LIMITED**

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## **MAP EQUITY LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **INTRODUCTION**

All financial statements prepared on or after the 31 December 2013 are required by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to present a Strategic Report prepared by the board of directors. The Strategic Report covers the business review, principal risks and uncertainties, and financial key performance indicators.

#### **BUSINESS REVIEW**

The principal activity of MAP Equity Ltd ('MEL') ('the Company') is that of an ultimate holding company for a Managing Agent at Lloyd's of London, Managing Agency Partners Ltd ('MAP'). The syndicates under management by MAP are Syndicates 2791 and 6103. Syndicate 6103 is a special purpose arrangement hosted by Syndicate 2791.

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## MAP EQUITY LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### PRINCIPAL RISK AND UNCERTAINTIES

The principal risk for the Company is a loss in the value of its investment in MAP and the principal risk for MAP is that Syndicates 2791 and 6103 make losses preventing them from remitting profit commission to the Agency. The Group mitigates this risk by planning to at least break even in the event of no profit commission being received. The fortunes of the Company closely follow those of MAP and the risk disclosures below relate to the Group as a whole.

##### **Credit risk**

Financial instruments consist of cash and cash equivalent type investments. To minimise any credit risk, the Company has an investment policy of only placing cash deposits with large institutions that have a low credit risk.

##### **Liquidity risk**

The Company actively manages its cash resources to maximise interest income and minimise interest expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of its business.

##### **Foreign currency risk**

The Company's reporting functional currency is Sterling. The principal foreign currency exposure arises from the receipt of profit commission in US Dollars from the syndicates. To minimise the exposure the profit pool liability is settled in the same currency in which it is received. The balance of undistributed US Dollars is monitored and, if appropriate, the exposure may be hedged to fix the monetary asset in Sterling. The hedging activity involves the use of foreign exchange forward rate contracts.

##### **Operational risk**

Operational risk is the risk of potential adverse financial and reputational issues arising due to inadequate or failed internal processes, people and systems or from external events. The internal risk assessment process has been developed to assess the potential impact, and probability, of certain events and a system of internal controls has been implemented to mitigate the identified risks. These controls are monitored by Senior Management and the Board and the effectiveness is validated through both the ongoing risk assessment and the internal audit process.

##### **Regulatory risk**

The Company is required to comply with the requirements of the Prudential Regulation Authority, Financial Conduct Authority and Lloyd's of London. 'Regulatory risk' is the risk of financial and reputational loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Company has a Director of Risk and Assurance who monitors regulatory developments and assesses their impact on agency policy and is supported by an assistant who carries out a compliance monitoring programme.

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## MAP EQUITY LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### FINANCIAL KEY PERFORMANCE INDICATORS

MAP measures its performance using two principal Key Performance Indicators (KPIs) that together cover the vast proportion of turnover. The first KPI looks at the future underlying profitability of its two managed syndicates. The profit commission received from the syndicates is directly correlated to the profitability of these syndicates.

The second KPI looks at the amount of underwriting capacity on Syndicate 2791. MAP receives a yearly managing agency fee that is set as a percentage (0.75%) of capacity. The managing agency fee is calculated to at least cover the MAP element of all expenses and therefore ensure the Agency breaks even before profit commission.

#### Underlying profitability of syndicates

| Year of Account     | Syndicate 2791<br>Result % of capacity | Syndicate 6103<br>Result % of capacity |
|---------------------|--|--|
| 2018 (closed)       | 2.9                                    | (0.3)                                  |
| 2019 <sup>(1)</sup> | (2.5) - 5.0                            | 20.0 - 27.5                            |
| 2020 <sup>(1)</sup> | (5.0) - 2.5                            | (9.0) - 1.0                            |
| 2021 <sup>(2)</sup> | 10.9                                   | 16.8                                   |

(1) Open year, therefore the result is only forecast as a range at Q1 21.

(2) From 2021 business plan submission approved October 2020.

For each of the underwriting years of account an expected range for the result is calculated and updated each quarter until the anticipated closure date 36 months from inception. After the underwriting year of account has closed a final result is known. Profit commission is booked in line with the stated accounting policy (note 1). For the current reporting period all of MAP's profit commission is derived from the 2018 and 2019 underwriting years.

Both syndicates are forecasting a profit in 2019 and a loss in 2020 YOA. The fixed managing agency fee means it is highly probable MAP will still breakeven in 2021.

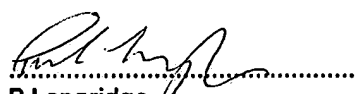
#### Underwriting capacity

The underwriting capacity for 2020 YOA and the expected capacity for 2021 YOA is as follows:

|                | Year of Account |           |
|----------------|-----------------|-----------|
|                | 2020 (£m)       | 2021 (£m) |
| Syndicate 2791 | 399.9           | 400.7     |
| Syndicate 6103 | 49.9            | 65.0      |

Capacity varies each year due to the forecast rating environment in which the syndicates operate and capacity can be equated to the appetite of the syndicates to underwrite insurance. MAP receives fees from Syndicate 2791 and profit commission from both syndicates. Syndicate 6103, as a special purpose arrangement, does not pay managing agency fees.

This report was approved by the board on 22 June 2021 and signed on its behalf.

  
P Langridge  
Secretary

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## MAP EQUITY LIMITED

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

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

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### RESULTS AND DIVIDENDS

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit, after tax, of the parent company for the year to 31 December 2020 was £1,877,000 (2019: £3,052,000).

On 9 April 2020 the directors made an interim dividend payment of £1,323,000 (2019: £2,856,000) to the ordinary shareholders of MAP Equity Limited in respect of the period ending 31 December 2020. A retained profit for the Group of £1,764,000 (2019: £385,000 loss) has been transferred to reserves.

On the 25 March 2021 directors proposed an interim dividend of \$8.24 per ordinary 'A' and 'B' share. The dividend was paid on 7 April 2021.

#### DIRECTORS

The directors who served during the year and their interests in the Group's issued share capital were:

|              | Ordinary A shares<br>of £1 each |          | Ordinary B shares<br>of £1 each |          |
|--------------|---------------------------------|----------|---------------------------------|----------|
|              | 31/12/20                        | 31/12/19 | 31/12/20                        | 31/12/19 |
| A Kong       | 22,000                          | 22,000   | -                               | -        |
| C J Smelt    | 5,000                           | 5,000    | 2,500                           | 2,500    |
| R K Trubshaw | 33,000                          | 33,000   | -                               | -        |

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## MAP EQUITY LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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#### PRINCIPAL RISKS AND UNCERTAINTIES

##### COVID-19

The ongoing global pandemic and the subsequent Governmental restrictions have not revealed a material impact on the underlying functionality of the two syndicates 2791 and 6103, which are managed by Managing Agency Partners Ltd and referred to in the Group Strategic Report. Both syndicates continue to write business across all lines of business at rates it deems appropriate and therefore these accounts have been prepared on a going concern basis.

An assessment by the syndicates deems the level of exposure to COVID related claims as not material enough to put the Company at risk of having to cease trading in the foreseeable future.

##### FUTURE DEVELOPMENTS

The directors expect the general level of activity to continue in line with the activity of the two syndicates managed by MAP.

#### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

#### POST BALANCE SHEET EVENTS

On 19 January 2021, a further loan was made from MAP Ltd of £1,500,000 to MAP Equity Ltd. This loan was made in order to facilitate MAP Equity making a loan to the Employee Share Ownership Trust ('ESOT') to allow the ESOT to purchase shares from retiring employees. The loan balance between MAP Ltd to MAP Equity Ltd, after this further drawdown, will stand at £7,900,000. The maximum value of the loan is restricted to the excess of net assets over the Lloyd's of London solvency requirements plus the share of net assets apportioned to the non-controlling interests.

See note 16 for further details of the purchase of shares.

#### AUDITOR

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.



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MAP EQUITY LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020

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This report was approved by the board on 22 June 2021 and signed on its behalf.



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**P Langridge**  
Secretary

Fitzwilliam House  
10 St. Mary Axe  
London  
EC3A 8EN

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## MAP EQUITY LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAP EQUITY LIMITED

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#### Opinion

We have audited the financial statements of MAP Equity Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Statement of Financial Position, Consolidated and Parent Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### 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 group's and the parent 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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## MAP EQUITY LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAP EQUITY LIMITED

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We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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

#### Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

#### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

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## MAP EQUITY LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAP EQUITY LIMITED

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#### 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 the financial statements.

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. Based on our understanding of the group and the parent company, and its industry, we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

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**MAP EQUITY LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAP EQUITY LIMITED**

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**Use of the audit 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.

Andrew Goldsworthy (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
**Chartered Accountants and Statutory Auditor**

Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

22 June 2021

**MAP EQUITY LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|  | Note | 2020<br>£000            | 2019<br>£000            |
|--|------|-------------------------|-------------------------|
| Turnover   | 2    | 8,889                   | 6,748                   |
| <b>Gross profit</b>                                |      | <u>8,889</u>            | <u>6,748</u>            |
| Administrative expenses                            | 4    | (4,546)                 | (3,630)                 |
| <b>Operating profit</b>                            |      | <u>4,343</u>            | <u>3,118</u>            |
| Interest receivable and similar income             | 5    | 25                      | 129                     |
| <b>Profit before taxation</b>                      |      | <u>4,368</u>            | <u>3,247</u>            |
| Tax on profit                                      | 6    | (866)                   | (652)                   |
| <b>Profit for the financial year</b>               |      | <u>3,502</u>            | <u>2,595</u>            |
| <br><b>Total comprehensive income for the year</b> |      | <br><u><u>3,502</u></u> | <br><u><u>2,595</u></u> |
| <b>Profit for the year attributable to:</b>        |      |                         |                         |
| Non-controlling interests                          |      | 288                     | 266                     |
| Owners of the parent Company                       |      | 3,214                   | 2,329                   |
|  |      | <u><u>3,502</u></u>     | <u><u>2,595</u></u>     |

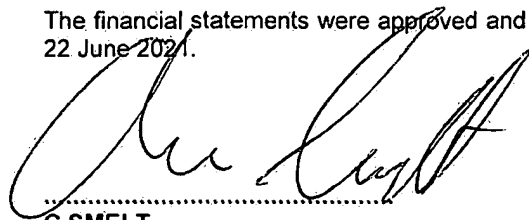
All amounts relate to continuing operations.

**MAP EQUITY LIMITED**  
**REGISTERED NUMBER: 03985522**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

|  | Note | 2020<br>£000  | 2019<br>£000  |
|--|------|---------------|---------------|
| <b>Fixed assets</b>  |      |               |               |
| Tangible Fixed Assets                                      | 8    | 153           | 230           |
|  |      | <u>153</u>    | <u>230</u>    |
| <b>Current assets</b>                                      |      |               |               |
| Debtors  | 11   | 7,860         | 4,959         |
| Bank & cash balances                                       |      | 16,105        | 17,006        |
|  |      | <u>23,965</u> | <u>21,965</u> |
| Creditors: amounts falling due within one year             | 12   | (3,588)       | (2,989)       |
| <b>Net current assets</b>                                  |      | <u>20,377</u> | <u>18,976</u> |
| <b>Total assets less current liabilities</b>               |      | <u>20,530</u> | <u>19,206</u> |
| Creditors: amounts falling due after more than one year    | 13   | (2,562)       | (881)         |
| <b>Net assets</b>  |      | <u>17,968</u> | <u>18,325</u> |
| <b>Capital and reserves</b>                                |      |               |               |
| Called up share capital                                    | 15   | 250           | 250           |
| Investment in own shares                                   |      | (10,248)      | (7,998)       |
| Profit and loss account                                    |      | 25,918        | 24,158        |
| <b>Equity attributable to owners of the parent Company</b> |      | <u>15,920</u> | <u>16,410</u> |
| Non-controlling interests                                  |      | 2,048         | 1,915         |
|  |      | <u>17,968</u> | <u>18,325</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 June 2021.

  
**C SMELT**  
 Director

The notes on 19 to 35 form part of these financial statements.

**MAP EQUITY LIMITED**  
**REGISTERED NUMBER: 03985522**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

|  | Note | 2020<br>£000   | 2019<br>£000   |
|--|------|----------------|----------------|
| <b>Fixed assets</b>                            |      |                |                |
| Fixed asset investments                        | 10   | 3,968          | 3,968          |
|  |      | <u>3,968</u>   | <u>3,968</u>   |
| <b>Current assets</b>                          |      |                |                |
| Debtors  | 11   | 1,149          | 744            |
| Bank & cash balances                           |      | 2,792          | 2,224          |
|  |      | <u>3,941</u>   | <u>2,968</u>   |
| Creditors: amounts falling due within one year | 12   | (6,830)        | (4,161)        |
| <b>Net current liabilities</b>                 |      | <u>(2,889)</u> | <u>(1,193)</u> |
| <b>Total assets less current liabilities</b>   |      | <u>1,079</u>   | <u>2,775</u>   |
| <b>Net assets</b>                              |      | <u>1,079</u>   | <u>2,775</u>   |
| <b>Capital and reserves</b>                    |      |                |                |
| Called up share capital                        | 15   | 250            | 250            |
| Investment in own shares                       |      | (10,248)       | (7,998)        |
| Share based payment reserve                    |      | 3,710          | 3,710          |
| Profit and loss account                        |      | 7,367          | 6,813          |
|  |      | <u>1,079</u>   | <u>2,775</u>   |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 June 2021.

  
 .....  
**C SMELT**  
 Director

The notes on pages 19 to 35 form part of these financial statements.



MAP EQUITY LIMITED

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

|   | Called up<br>share capital<br>£000 | Investment<br>in own<br>shares<br>£000 | Retained<br>earnings<br>£000 | Equity<br>attributable<br>to owners of<br>parent<br>Company<br>£000 | Non-<br>controlling<br>interests<br>£000 | Total equity<br>£000 |
|---|------------------------------------|--|------------------------------|---|--|----------------------|
| At 1 January 2020                                   | 250                                | (7,998)                                | 24,158                       | 16,410  | 1,915                                    | 18,325               |
| <b>Comprehensive income for the year</b>            |                                    |  |                              |   |  |                      |
| Profit for the year                                 | -                                  | -                                      | 3,214                        | 3,214   | 288                                      | 3,502                |
| NCI share of dividend waiver                        | -                                  | -                                      | (77)                         | (77)  | 77                                       | -                    |
| <b>Total comprehensive income for the year</b>      | -                                  | -                                      | 3,137                        | 3,137   | 365                                      | 3,502                |
| <b>Contributions by and distributions to owners</b> |                                    |  |                              |   |  |                      |
| Dividend to shareholders                            | -                                  | -                                      | (1,323)                      | (1,323)   | -  | (1,323)              |
| Purchase of own shares                              | -                                  | (2,304)                                | -                            | (2,304)   | -  | (2,304)              |
| Share impairment                                    | -                                  | 54                                     | (54)                         | -   | -  | -                    |
| Dividends to non-controlling interests              | -                                  | -                                      | -                            | -   | (232)                                    | (232)                |
| <b>Total transactions with owners</b>               | -                                  | (2,250)                                | (1,377)                      | (3,627)   | (232)                                    | (3,859)              |
| <b>At 31 December 2020</b>                          | <b>250</b>                         | <b>(10,248)</b>                        | <b>25,918</b>                | <b>15,920</b>   | <b>2,048</b>                             | <b>17,968</b>        |

The notes on pages 19 to 35 form part of these financial statements.

MAP EQUITY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

|   | Called up<br>share capital | Investment<br>in own<br>shares | Retained<br>earnings | Equity<br>attributable<br>to owners of<br>parent<br>Company | Non-<br>controlling<br>interests | Total equity  |
|---|----------------------------|--------------------------------|----------------------|---|----------------------------------|---------------|
|   | £000                       | £000                           | £000                 | £000  | £000                             | £000          |
| At 1 January 2019                                   | 250                        | (7,722)                        | 24,543               | 17,071  | 1,979                            | 19,050        |
| <b>Comprehensive income for the year</b>            |                            |                                |                      |   |                                  |               |
| Profit for the year                                 | -                          | -                              | 2,329                | 2,329   | 266                              | 2,595         |
| NCI share of dividend waiver                        | -                          | -                              | (134)                | (134)   | 134                              | -             |
| <b>Total comprehensive income for the year</b>      | -                          | -                              | 2,195                | 2,195   | 400                              | 2,595         |
| <b>Contributions by and distributions to owners</b> |                            |                                |                      |   |                                  |               |
| Dividend to shareholders                            | -                          | -                              | (2,856)              | (2,856)   | -                                | (2,856)       |
| Share impairment                                    | -                          | (276)                          | 276                  | -   | -                                | -             |
| Dividends to non-controlling interest               | -                          | -                              | -                    | -   | (464)                            | (464)         |
| <b>Total transactions with owners</b>               | -                          | (276)                          | (2,580)              | (2,856)   | (464)                            | (3,320)       |
| <b>At 31 December 2019</b>                          | <b>250</b>                 | <b>(7,998)</b>                 | <b>24,158</b>        | <b>16,410</b>   | <b>1,915</b>                     | <b>18,325</b> |

The notes on pages 19 to 35 form part of these financial statements.

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**MAP EQUITY LIMITED**

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

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|  | Called up<br>share capital | Investment<br>in own<br>shares | Share based<br>payment<br>reserve | Profit and<br>loss account | Total equity |
|--|----------------------------|--------------------------------|-----------------------------------|----------------------------|--------------|
|  | £000                       | £000                           | £000                              | £000                       | £000         |
| At 1 January 2020                              | 250                        | (7,998)                        | 3,710                             | 6,813                      | 2,775        |
| <b>Comprehensive income for the year</b>       |                            |                                |                                   |                            |              |
| Profit for the year                            | -                          | -                              | -                                 | 1,877                      | 1,877        |
| <b>Total comprehensive income for the year</b> | -                          | -                              | -                                 | 1,877                      | 1,877        |
| Dividend to shareholders                       | -                          | -                              | -                                 | (1,323)                    | (1,323)      |
| Purchase of own shares                         | -                          | (2,304)                        | -                                 | -                          | (2,304)      |
| Share impairment / (impairment reversal)       | -                          | 54                             | -                                 | -                          | 54           |
| <b>Total transactions with owners</b>          | -                          | (2,250)                        | -                                 | (1,323)                    | (3,573)      |
| <b>At 31 December 2020</b>                     | <b>250</b>                 | <b>(10,248)</b>                | <b>3,710</b>                      | <b>7,367</b>               | <b>1,079</b> |

The notes on pages 19 to 35 form part of these financial statements.

**MAP EQUITY LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

|  | Called up<br>share capital | Investment<br>in own<br>shares | Share based<br>payment<br>reserve | Profit and<br>loss account | Total equity |
|--|----------------------------|--------------------------------|-----------------------------------|----------------------------|--------------|
|  | £000                       | £000                           | £000                              | £000                       | £000         |
| At 1 January 2019                              | 250                        | (7,722)                        | 3,710                             | 6,617                      | 2,855        |
| <b>Comprehensive income for the year</b>       |                            |                                |                                   |                            |              |
| Profit for the year                            | -                          | -                              | -                                 | 3,052                      | 3,052        |
| <b>Total comprehensive income for the year</b> | -                          | -                              | -                                 | 3,052                      | 3,052        |
| Dividends                                      | -                          | -                              | -                                 | (2,856)                    | (2,856)      |
| Share impairment / (impairment reversal)       | -                          | (276)                          | -                                 | -                          | (276)        |
| <b>Total transactions with owners</b>          | -                          | (276)                          | -                                 | (2,856)                    | (3,132)      |
| <b>At 31 December 2019</b>                     | <b>250</b>                 | <b>(7,998)</b>                 | <b>3,710</b>                      | <b>6,813</b>               | <b>2,775</b> |

The notes on pages 19 to 35 form part of these financial statements.

**MAP EQUITY LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

|   | 2020<br>£000   | 2019<br>£000   |
|---|----------------|----------------|
| <b>Cash flows from operating activities</b>                   |                |                |
| Profit for the financial year                                 | 3,502          | 2,595          |
| <b>Adjustments for:</b>                                       |                |                |
| Depreciation of tangible assets                               | 180            | 229            |
| Interest received   | (25)           | (129)          |
| Taxation charge   | 866            | 652            |
| (Increase)/decrease in debtors                                | (2,627)        | 4,493          |
| Increase/(decrease) in creditors                              | 2,175          | (1,565)        |
| Corporation tax (paid)  | (1,034)        | (642)          |
| <b>Net cash generated from operating activities</b>           | <b>3,037</b>   | <b>5,633</b>   |
| <b>Cash flows from investing activities</b>                   |                |                |
| Purchase of tangible fixed assets                             | (104)          | (119)          |
| Interest received   | 25             | 129            |
| <b>Net cash from investing activities</b>                     | <b>(79)</b>    | <b>10</b>      |
| <b>Cash flows from financing activities</b>                   |                |                |
| Dividends paid  | (1,323)        | (2,856)        |
| Dividends paid to non controlling interests                   | (232)          | (464)          |
| Purchase of own shares  | (2,304)        | -              |
| <b>Net cash used in financing activities</b>                  | <b>(3,859)</b> | <b>(3,320)</b> |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <b>(901)</b>   | <b>2,323</b>   |
| Cash and cash equivalents at beginning of year                | 17,006         | 14,683         |
| <b>Cash and cash equivalents at the end of year</b>           | <b>16,105</b>  | <b>17,006</b>  |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                |                |
| Cash at bank and in hand                                      | 16,105         | 17,006         |
|   | <b>16,105</b>  | <b>17,006</b>  |

The notes on pages 19 to 35 form part of these financial statements.

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## MAP EQUITY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group and the Company's accounting policies.

##### 1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ('the Group') as they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

##### 1.3 Legal status

MAP Equity Limited is a private company limited by shares and registered in England and Wales. The registered office, which is also the principal place of business, can be found on the Company Information page at the front of these accounts.

##### 1.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover consists principally of underwriting agency fees and profit commission from managed Lloyd's syndicates. Underwriting agency fees represent net fee income receivable from members participating on the Company's managed syndicates.

Profit commission is derived from the managed syndicates. The percentage applicable to the syndicates' profit varies by syndicate year of account (YOA) and is set out in MAP's managing agency agreement between it and each capital provider. Profit commission is payable by the syndicate capital providers when a YOA closes, most usually 36 months after inception. Until the year closes the final quantum of profit commission receivable by MAP is uncertain. The uncertainty in profit commission receivable is greatest the more immature a syndicate YOA is and it reduces as the year matures towards 36 months. The profit commission is recognised in these financial statements on a prudent basis in line with Application Note G of FRS5 – Reporting the Substance of Transactions. More specifically the accrual for each year is made as follows:

###### Year 1 – Currently 2020 YOA

The ultimate outcome has a very wide range of uncertainty – therefore no profit commission is accrued.

###### Year 2 – Currently 2019 YOA

There is less uncertainty as insurance policies come off risk and information on insurance reserves becomes clearer – therefore 50% of the profit commission reported in the last Lloyd's interim syndicate auditor reviewed half year return is used for the accrual.

###### Year 3 – Currently 2018 YOA

Where the final syndicate result is known full profit commission is accrued, based on the syndicate's financial statements. Where the final syndicate result is unknown, full profit commission is taken based on the latest mid point estimate of the syndicate result submitted to Lloyd's. Any changes to

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## MAP EQUITY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. ACCOUNTING POLICIES (continued)

the profit commission mid point estimate, and the figure finally received on formal closure, is booked on the date the syndicate financial statements are approved by MAP.

##### 1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                           |   |                   |
|---------------------------|---|-------------------|
| L/Term Leasehold Property | - | 20% straight line |
| Fixtures & fittings       | - | 20% straight line |
| Office equipment          | - | 50% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### 1.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

##### 1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 1.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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## MAP EQUITY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.9 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

##### 1.10 Employee Share Ownership Trust

The original cost of the Group's shares held by the Employee Share Ownership Trust ('ESOT') are deducted from retained earnings in the Group and Company balance sheets under the heading Investment in own shares. Other assets and liabilities of the ESOT (including borrowings) are recognised as assets and liabilities of the Company and the Group.

The valuation of the shares is reviewed annually to determine whether the value of the Group's share held by the ESOT have reduced below the original cost.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be restated objectively to a change in future profit streams, the previously recognised impairment loss is reversed. The reversal shall not result in a carrying amount that exceeds original cost.

Any profit or loss on shares transferred to employees from the ESOT is accounted for in the profit and loss of the company and is calculated as the difference between proceeds and average cost of the shares at the time of the transfer.

Any shares purchased by the ESOT are accounted for at the date at which the shares are transferred and at the purchase price plus direct attributable stamp duty.



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MAP EQUITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is Sterling.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**1.12 Share based payments**

Where shares are awarded to employees, the fair value of the shares at the date of grant is charged to the Statement of Comprehensive Income over the vesting period.

**1.13 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**1.14 Interest receivable/payable**

Interest receivable or payable is accounted for on an accruals basis.

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## MAP EQUITY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### 1.16 Going Concern

The ongoing global pandemic and the subsequent Governmental restrictions have not revealed a material impact on the underlying functionality of the two syndicates 2791 and 6103, which are managed by Managing Agency Partners Ltd and referred to in the Group Strategic Report. Both syndicates continue to write business across all lines of business at rates it deems appropriate and therefore these accounts have been prepared on a going concern basis.

An assessment by the syndicates deems the level of exposure to COVID-related claims as not material enough to put the Company at risk of having to cease trading in the foreseeable future.

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MAP EQUITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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2. TURNOVER

All turnover relates to the Group's principal activity and comprises underwriting agency fees, profit commission and management charges levied for administering MAP Capital Limited ('MCL'), a corporate underwriting member which participates on the managed Syndicates 2791 and 6103. Directors have interests in MCL (see note 19).

All turnover arose in the UK and the management charges were negotiated on arm's length basis.

|                                       | 2020<br>£000 | 2019<br>£000 |
|---------------------------------------|--------------|--------------|
| <b>Breakdown of turnover:</b>         |              |              |
| Underwriting fees                     | 2,836        | 2,796        |
| 2018 YOA (2017 YOA) Profit commission | 2,317        | 3,869        |
| 2019 YOA (2018 YOA) Profit commission | 3,653        | -            |
| Management charges                    | 83           | 83           |
|                                       | <u>8,889</u> | <u>6,748</u> |

3. STAFF COSTS

|  | 2020<br>£000  | 2019<br>£000 |
|--|---------------|--------------|
| <b>Details of staff costs are shown below:</b>       |               |              |
| Wages and salaries                                   | 5,156         | 5,130        |
| Social security costs                                | 671           | 665          |
| Other pensions costs                                 | 324           | 334          |
| Other staff costs                                    | 459           | 438          |
| Profit related remuneration                          | 3,022         | 1,787        |
| Social security costs on profit related remuneration | 432           | 255          |
|  | <u>10,064</u> | <u>8,609</u> |

Of the total staff costs of £10,064,000 (2019: £8,609,000) a total of £5,569,000 (2019: £5,535,000) was recharged to Syndicate 2791, which is under management by the Group's managing agency, MAP.

Profit related remuneration relates wholly to MAP and is not recharged to either managed syndicate.

Profit related remuneration and social security costs are charged to the Statement of Comprehensive Income on an accruals basis as per accounting policy 1.4.

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**MAP EQUITY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| <b>The average monthly number of employees, including the directors, during the year was as follows:</b> |              |              |
| Administration   | 19           | 18           |
| Underwriting   | 26           | 25           |
| Claims   | 5            | 5            |
|  | <u>50</u>    | <u>48</u>    |

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| <b>Included in gross staff costs are directors' emoluments as follows:</b> |              |              |
| Salaries   | 832          | 787          |
| Profit related remuneration  | 1,154        | 594          |
| Company pension scheme contributions                                       | -            | -            |
| Private health insurance   | 9            | 9            |
|  | <u>1,995</u> | <u>1,390</u> |

Of the total directors' emoluments, £1,154,000 (2019: £594,000) relates to profit related remuneration, £871,000 of which is in relation to the 2019 syndicate year of account. Of the balance of the total directors' emoluments, £740,000 (2019: £701,000) was recharged to Syndicate 2791. Profit related remuneration is not recharged to either managed syndicate.

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| <b>Included in the gross directors' emoluments above are amounts paid in respect of the highest paid director as follows:</b> |              |              |
| Salary  | 353          | 343          |
| Profit related remuneration   | 737          | 391          |
| Medical healthcare policy   | 3            | 3            |
|   | <u>1,093</u> | <u>737</u>   |

The profit related remuneration of the highest paid director is in regard to the 2018 (£144,000) and 2019 (£593,000) syndicate years of account (2019: no remuneration payable in regard to the 2018 syndicate year of account).

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MAP EQUITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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4. OPERATING PROFIT

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| The operating profit is stated after charging the following items |              |              |
| Depreciation  | 180          | 229          |
| Operating lease rentals for land and buildings                    | 711          | 750          |
| Hire of plant and equipment                                       | 13           | 19           |
| Foreign exchange loss/(gain)                                      | 32           | 294          |
| Auditor's remuneration for:                                       |              |              |
| Current year audit for Company's annual accounts                  | 10           | 9            |
| Current year audit for the Subsidiaries' annual accounts          | 33           | 31           |

The above figures highlight the Group operating expenses that may be of interest. These amounts are incurred by the Group but some of the expenses are recharged to Syndicate 2791. Only the element not recharged to the syndicate forms part of the Group expenses in the Statement of Comprehensive Income.

A total of £161,000 (2019: £204,000) in respect of depreciation and £654,000 (2019: £685,000) in respect of operating lease rentals for land and buildings were recharged to Syndicate 2791. Services provided by BWCJ Trust Company Limited in relation to the Employee Share Ownership Trust totalled £11,000 (2019: £9,000) for the year.

5. INTEREST RECEIVABLE

|                          | 2020<br>£000 | 2019<br>£000 |
|--------------------------|--------------|--------------|
| Bank interest receivable | 25           | 129          |
|                          | <u>25</u>    | <u>129</u>   |

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**MAP EQUITY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**6. TAXATION**

|  | <b>2020</b>  | <b>2019</b> |
|--|--------------|-------------|
|  | <b>£000</b>  | <b>£000</b> |
| <b>Corporation tax</b>                           |              |             |
| Current tax on profits for the year              | 1,156        | 637         |
| <b>Total current tax</b>                         | <u>1,156</u> | <u>637</u>  |
| <b>Deferred tax</b>                              |              |             |
| Origination and reversal of timing differences   | (290)        | 15          |
| <b>Total deferred tax</b>                        | <u>(290)</u> | <u>15</u>   |
| <b>Taxation on profit on ordinary activities</b> | <u>866</u>   | <u>652</u>  |

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2019 - *the same as*) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

|  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
|  | <b>£000</b>  | <b>£000</b>  |
| Profit on ordinary activities before tax   | <u>4,368</u> | <u>3,247</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | 830          | 617          |
| <b>Effects of:</b>   |              |              |
| Adjustment due to differential in tax rate used by Employee Share Trust                                    | (2)          | 5            |
| Other factors  | 38           | 30           |
| <b>Total tax charge for the year</b>   | <u>866</u>   | <u>652</u>   |

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MAP EQUITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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7. DIVIDENDS

|   | 2020<br>£000 | 2019<br>£000 |
|---|--------------|--------------|
| Interim dividend paid on 9 April 2020<br>£1.07 and \$8.93 per ordinary 'A' and 'B' share<br>USD rate: 1.2314<br>(2019: £2.41 & \$18.70 at USD rate: 1.3085) | 1,323        | 2,856        |
|   | <u>1,323</u> | <u>2,856</u> |

In accordance with FRS 102 Section 9, the Employee Share Trust is included in the consolidated financial statements and therefore the dividends paid to the Employee Share Trust are eliminated and only dividends paid externally to the Group are shown above.

During 2020 the trustees of the Employee Share Trust waived its right to £758,000 (2019: £1,319,000) of the dividend.

On 25 March 2021 the directors proposed an interim dividend of \$8.24 per ordinary 'A' and 'B' share. All dividends were paid on 7 April 2021. The trustee of the Employee Share Trust waived its rights to its entire dividend of £546,000.

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**MAP EQUITY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**8. TANGIBLE FIXED ASSETS**

|                                     | Group                                   |                                |                             |               |
|-------------------------------------|---|--------------------------------|-----------------------------|---------------|
|                                     | L/Term<br>Leasehold<br>Property<br>£000 | Fixtures &<br>fittings<br>£000 | Office<br>equipment<br>£000 | Total<br>£000 |
| <b>Cost or valuation</b>            |   |                                |                             |               |
| At 1 January 2020                   | 207                                     | 78                             | 2,064                       | 2,349         |
| Additions                           | 28                                      | 2                              | 74                          | 104           |
| At 31 December 2020                 | 235                                     | 80                             | 2,138                       | 2,453         |
| <b>Depreciation</b>                 |   |                                |                             |               |
| At 1 January 2020                   | 197                                     | 75                             | 1,847                       | 2,119         |
| Charge for the year on owned assets | 14                                      | 5                              | 162                         | 181           |
| At 31 December 2020                 | 211                                     | 80                             | 2,009                       | 2,300         |
| <b>Net book value</b>               |   |                                |                             |               |
| At 31 December 2020                 | 24                                      | -                              | 129                         | 153           |
| At 31 December 2019                 | 10                                      | 3                              | 217                         | 230           |



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**MAP EQUITY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**9. PRINCIPAL SUBSIDIARIES**

The Company is the largest company in the Group for which consolidated accounts are prepared. The Group structure can be summarised as follows:

| Company name                              | Country of incorporation | Percentage shareholding | Description                         |
|---|--------------------------|-------------------------|-------------------------------------|
| <b>Direct holdings</b>                    |                          |                         |                                     |
| Managing Agency Partners Holdings Limited | United Kingdom           | 90%                     | Intermediate holding company        |
| <b>Indirect holdings</b>                  |                          |                         |                                     |
| Managing Agency Partners Limited          | United Kingdom           | 90%                     | Managing Agent at Lloyd's of London |

**10. FIXED ASSET INVESTMENTS**

Investments at the year end comprise an investment in a subsidiary, Managing Agency Partners Holdings Limited ('MHL'), a holding equivalent of circa 90% of both the issued share capital and the economic interest. In the year ended 31 December 2020, MHL made a profit after tax of £1,557,000 (2019: £3,323,000) with a retained loss, after dividends paid, of £4,000 (2019: profit of £4,000). This resulted in an aggregate of capital and reserves of £4,143,000 (2019: £4,147,000) at the end of the year. The investment in MHL comprises 250,000 shares directly owned by the Company and 2,002 shares owned by the Employee Share Ownership Trust. MHL holds 100% of the shares in Managing Agency Partners Limited.

| Company                  | Investments<br>in<br>subsidiary<br>companies<br>£000 |
|--------------------------|--|
| <b>Cost or valuation</b> |  |
| At 1 January 2020        | 3,968  |
| At 31 December 2020      | 3,968  |

MAP EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

11. DEBTORS

|                                     | Group<br>2020<br>£000 | Group<br>2019<br>£000 | Company<br>2020<br>£000 | Company<br>2019<br>£000 |
|-------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| <b>Due after more than one year</b> |                       |                       |                         |                         |
| Deposit loan tax                    | 1,117                 | 729                   | 1,117                   | 729                     |
| Prepayments and accrued income      | 2,907                 | -                     | -                       | -                       |
|                                     | <u>4,024</u>          | <u>729</u>            | <u>1,117</u>            | <u>729</u>              |
| <b>Due within one year</b>          |                       |                       |                         |                         |
| Amounts owed by group undertakings  | -                     | -                     | 13                      | -                       |
| Other debtors                       | 570                   | 381                   | 17                      | -                       |
| Prepayments and accrued income      | 2,957                 | 3,830                 | 2                       | 2                       |
| Tax recoverable                     | -                     | -                     | -                       | 13                      |
| Deferred taxation                   | 309                   | 19                    | -                       | -                       |
|                                     | <u>7,860</u>          | <u>4,959</u>          | <u>1,149</u>            | <u>744</u>              |

12. CREDITORS: Amounts falling due within one year

|                                    | Group<br>2020<br>£000 | Group<br>2019<br>£000 | Company<br>2020<br>£000 | Company<br>2019<br>£000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade creditors                    | 54                    | 2                     | -                       | -                       |
| Amounts owed to group undertakings | -                     | -                     | 6,400                   | 4,150                   |
| Corporation tax                    | 948                   | 826                   | -                       | -                       |
| Other taxation and social security | 196                   | 157                   | -                       | -                       |
| Other creditors                    | 1,223                 | 1,113                 | 388                     | -                       |
| Accruals and deferred income       | 1,167                 | 891                   | 42                      | 11                      |
|                                    | <u>3,588</u>          | <u>2,989</u>          | <u>6,830</u>            | <u>4,161</u>            |

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MAP EQUITY LIMITED

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13. CREDITORS: Amounts falling due after more than one year

|                              | Group<br>2020<br>£000 | Group<br>2019<br>£000 |
|------------------------------|-----------------------|-----------------------|
| Other creditors              | 1,661                 | 60                    |
| Accruals and deferred income | 901                   | 821                   |
|                              | <u>2,562</u>          | <u>881</u>            |

14. DEFERRED TAXATION

Group

|                               | 2020<br>£000 |
|-------------------------------|--------------|
| At beginning of year          | 19           |
| Charged to the profit or loss | 290          |
| At end of year                | <u>309</u>   |

The deferred tax asset is made up as follows:

|  | Group<br>2020<br>£000 | Group<br>2019<br>£000 |
|--|-----------------------|-----------------------|
| Accelerated capital allowances                         | (8)                   | 19                    |
| Profit related remuneration (2019 YOA payable in 2021) | 317                   | -                     |
|  | <u>309</u>            | <u>19</u>             |

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MAP EQUITY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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15. SHARE CAPITAL

|  | 2020<br>£000 | 2019<br>£000 |
|--|--------------|--------------|
| <b>Authorised</b>  |              |              |
| 150,000 (2019 - 150,000) Ordinary A shares of £1.00 each | 150          | 150          |
| 350,000 (2019 - 350,000) Ordinary B shares of £1.00 each | 350          | 350          |
|  | <u>500</u>   | <u>500</u>   |
| <b>Allotted, called up and fully paid</b>                |              |              |
| 75,000 (2019 - 75,000) Ordinary A shares of £1.00 each   | 75           | 75           |
| 175,000 (2019 - 175,000) Ordinary B shares of £1.00 each | 175          | 175          |
|  | <u>250</u>   | <u>250</u>   |

'A' shareholders are entitled to once vote per share. 'B' shareholders have no entitlement to vote. Both share classes have identical rights in respect of dividend payments.

The called up share capital, as seen on both the Group and Company Statement of Changes in Equity and the Group and Company Statement of Financial Position, is the nominal value of shares.

The investment in own shares of £10.3m, as seen on both the Group and Company Statement of Changes in Equity and the Group and Company Statement of Financial Position, is the value of the shares held by the ESOT. Each share class is valued at the lower of cost and net realisable value. See Note 16.

Within the company Statement of Financial Position there is a share-based payment reserve of £3.7m. This represents the market value at the time of all MAP Equity shares gifted to employees. This is a non-distributable reserve and has no effect on the company profit.

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## MAP EQUITY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 16. EMPLOYEE SHARE OWNERSHIP TRUST

The Company is a party to an Employee Share Trust which, on 31 December 2020, held the following number of shares in MEL:

| Share class | 2020          | 2019          |
|-------------|---------------|---------------|
| 'A' Shares  | 15,000        | 15,000        |
| 'B' Shares  | 76,822        | 64,022        |
|             | <u>91,822</u> | <u>79,022</u> |

The ESOT also holds 2,002 'C' Shares (2019: 2,002) in the subsidiary, Managing Agency Partners Holdings Limited. These shares are held for investment purposes.

During 2020 the ESOT purchased 12,000 'B' shares from three retiring employees at a cost of £2,304,000 in line with the shareholder agreement and 800 'B' shares from two employees considered 'bad leavers' at par value.

The 'A' Shares were revalued from £152.77 to £149.18 resulting in a share impairment of £54,000.

On 19 January 2021 the ESOT purchased 8,333 'B' shares from a retiring employee at a cost of £846,000 and \$910,000 in line with the shareholder agreement.

On 24 February 2021 the ESOT purchased 100 'B' shares from an employee considered a 'bad leaver' at par value.

On 2 June 2021 the ESOT gifted 900 'B' shares to current employees.

The distribution of shares held by the ESOT is at the discretion of the directors and all expenses of the trust are borne by the Company.

#### 17. PENSION COMMITMENTS

The Group operates a defined contribution pension scheme, the MAP Group Personal Pension scheme, for its directors and employees. The Group's contribution to the scheme for 2020 totalled £324,000 (2019: £334,000) of which £285,000 (2019: £294,000) was recharged to Syndicate 2791.

The assets of the scheme are held separately from those of the Group in an independently administered fund.

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**MAP EQUITY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**18. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2020 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|  | <b>Group<br/>2020<br/>£000</b> | <i>Group<br/>2019<br/>£000</i> |
|--|--------------------------------|--------------------------------|
| Not later than 1 year                        | <b>752</b>                     | <i>428</i>                     |
| Later than 1 year and not later than 5 years | <b>1,974</b>                   | <i>2,640</i>                   |
|  | <b><u>2,726</u></b>            | <i><u>3,068</u></i>            |

**19. RELATED PARTY TRANSACTIONS**

The directors of MEL provide underwriting capacity to the Group's managed Syndicates via an unaligned corporate vehicle, MAP Capital Limited ('MCL'), and a limited liability partnership, Nomina 208 LLP. The directors and their related party interests are as follows:

|              | <b>2020 YOA<br/>MCL* voting<br/>rights<br/>%</b> | <b>2020<br/>Capacity on<br/>2791 **<br/>£000</b> | <b>2020<br/>Capacity on<br/>6103 **<br/>£000</b> | <b>2019 YOA<br/>MCL* voting<br/>rights<br/>%</b> | <b>2019<br/>Capacity on<br/>2791 **<br/>£000</b> | <b>2019<br/>Capacity on<br/>6103 **<br/>£000</b> |
|--------------|--|--|--|--|--|--|
| A Kong       | 6  | 2,485  | 237  | 6  | 2,485  | 237  |
| C J Smelt    | 6  | 2,353  | 206  | 6  | 2,353  | 206  |
| R K Trubshaw | 34   | 9,881  | 1,400  | 34   | 9,881  | 1,400  |

\*MCL is an unaligned corporate member that provides underwriting capacity to Syndicates 2791 and 6103.

\*\*Participation via Nomina 208 LLP and MCL, both unaligned corporate members.

All transactions between MAP Equity Group and the corporate capital vehicle, in which the directors and their related parties have an interest, are made on an arm's length basis. Profit commission and Managing Agent's fees are identical to all other capital providers.

**20. POST BALANCE SHEET EVENTS**

On 19 January 2021, a further loan was made from MAP Ltd of £1,500,000 to MAP Equity Ltd. This loan was made in order to facilitate MAP Equity making a loan to the Employee Share Ownership Trust ('ESOT') to allow the ESOT to purchase shares from retiring employees. The loan balance between MAP Ltd to MAP Equity Ltd, after this further drawdown, will stand at £7,900,000. The maximum value of the loan is restricted to the excess of net assets over the Lloyd's of London solvency requirements plus the share of net assets apportioned to the non-controlling interests.

See note 16 for further details of the purchase of shares.