

Company Registration Number: 11583577

MM UK Holding Company Limited

**Annual Report
31 December 2020**

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MM UK Holding Company Limited Company Information

Directors	M J Markett N Anwar
Members' Agent	Argenta Private Capital Limited (Regulated by the Financial Conduct Authority)
Company Secretary	Argenta Secretariat Limited
Registered Office	5th Floor, 70 Gracechurch Street London EC3V 0XL
Auditor	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD

MM UK Holding Company Limited Strategic Report

The Directors submit their Strategic Report for the Group for the year ended 31 December 2020.

Business Review

The Group continues to write insurance business in the Lloyd's insurance market as a Lloyd's Corporate Capital Member.

The Financial Statements incorporate the annual accounting results of the Syndicates on which the Group participates for the 2019 and 2020 years of account. The 2019 and 2020 open underwriting accounts will normally close at 31 December 2021 and 2022 respectively.

Results and Dividends

The results for the year are set out on pages 9 to 10 of the Financial Statements. Dividends totalling £nil were paid in the year (2019 - £nil).

Financial Risk Management Objectives and Policies

The Group is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the managing agent of that Syndicate and it looks to the managing agents to implement appropriate policies, procedures and internal controls to manage each Syndicate's exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Group is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Group.

Hedge accounting is not used by the Group.

Key Performance Indicators

	2020	2019
Capacity (youngest underwriting year)	£22,000,000	£ 11,500,000
Gross premium written as a % of capacity	101.8%	70.3%
Underwriting profit of latest closed year:		
as a % of capacity	0.0%	0.0%
Run-off years of account movement	£ -	£ -
Combined ratio	109.3%	108.8%

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned.

Principal Risks and Uncertainties

Brexit

The UK left the EU on 31 January 2020 and negotiations in respect of the EU-UK Trade and Cooperation Agreement ("the Agreement") concluded on 24 December 2020, with the Agreement becoming effective from 1 January 2021. The Agreement consists of a Free Trade Agreement, a close partnership on citizens' security and an overarching governance framework. From 1 January 2021, UK financial services firms no longer have passporting rights allowing them to sell their services into the EU from their UK base without the need for additional regulatory clearances. In preparation for this, on 25 November the English High Court sanctioned a Part VII transfer of all policies insuring EEA risks from the syndicates to Lloyd's Insurance Company, Brussels. The Directors are monitoring the implications of the Part VII transfer along with general market conditions to identify whether it is appropriate to make any changes to the current strategy of the Company.

Coronavirus

The COVID-19 pandemic continues to affect the UK and global economies adversely. At the time of signing this report there are indications from the government that social restrictions which have suppressed economic activity during 2020 and 2021 are likely to be lifted in the foreseeable future. If this does happen the directors expect to see the UK and global economies return to growth in due course, but it is not possible to predict how quickly and to what degree this may happen. The priority of the directors is to remain to comply with all regulatory requirements to the fullest extent possible.

MM UK Holding Company Limited Strategic Report (continued)

Section 172(1) Statement

The Directors have considered the matters set out in Section 172(1)(a) to (f) when performing their duties and comments as follows:

- a) The Group continues to operate in the Lloyd's insurance market. The majority of its activities are carried out by the syndicates on which it participates. The Group is not involved directly in the management of the syndicates' activities, as these are the responsibility of the Managing Agents.
- b) Other than the Directors the Group has no employees. The Directors do not receive any remuneration from the Group
- c) The Group's only suppliers are those who provide services for the administration of the Group. The Directors ensure supplier invoices are paid on time in line with any agreed terms.
- d) The Group's operations do not by their very nature produce significant environmental emissions.
- e) The Group and the syndicates are required to operate within the guidelines and code of conduct of the Lloyd's market. Behind the Lloyd's market is the Lloyd's Corporation, an independent organisation and regulator that acts to protect and maintain the market's reputation and provides services and original research, reports and analysis to the industry's knowledge base. The Directors ensure compliance with relevant legislation and promote high standards of business conduct.
- f) The Directors work very closely with the Members of the Group to discuss all significant decisions including the level of participation on the syndicates.

More information on this can be found at www.argentagroup.com/Section172.

Approved by the Board on 8th December 2021
and signed on its behalf by:

Naveed Anwar

N Anwar
Director

MM UK Holding Company Limited

Report of the Directors

The Directors submit their Report together with the audited Financial Statements of the Group for the year ended 31 December 2020.

Principal Activities

The principal activity of the Group is that of trading as a Lloyd's Corporate Capital Member. The Group continues to underwrite for the 2021 year of account through its participation in MM Corporate Member LLP.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Report of the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Accounting Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 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 Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The Directors who served at any time during the year and to the date of this report were as follows:

M J Markett
N Anwar

MM UK Holding Company Limited Report of the Directors (continued)

Auditor

PKF Littlejohn LLP have been appointed as the Company's auditor and have signified their willingness to act and continue to be appointed as the Company's auditor.

In the case of each of the persons who are Directors at the time this report is approved, the following applies:

- a) So far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Approved by the Board on 8th December 2021
and signed on its behalf by:

Naveed Anwar

N Anwar
Director

MM UK Holding Company Limited Independent Auditor's Report

Independent auditor's report to the members of MM UK Holding Company Limited

Opinion

We have audited the financial statements of MM UK Holding Company Limited (the 'parent Company') and its subsidiary MM Corporate Member LLP (together, the 'group') for the year ended 31 December 2020 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the 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 loss 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 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 relation to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. 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 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.

We have nothing to report in this regard.

MM UK Holding Company Limited Independent Auditor's Report (continued)

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 Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Report of the Directors 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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 Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specific 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 Statement of Directors' responsibilities 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 they 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.

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.

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 procedures we have undertaken to detect irregularities, including fraud, are detailed below:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussion with management and the application of our knowledge and experience of the sector in which the company operates in. We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006, Lloyd's byelaws as they relate to the company and UK taxation legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to:
 - discussion with management of any known, or suspected instances, of non-compliance by the company with those laws and regulations;
 - discussion with management of any, or suspected, incidence of fraud;
 - review of the financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

MM UK Holding Company Limited Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

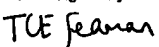
- review of the minutes of the board of directors and other correspondence as we deemed appropriate; and
 - review and testing of the system of controls established by management to ensure the accuracy of the financial statements.
- We identified the risks of material misstatement of the financial statements due to fraud as being those arising from management override of controls. We have addressed this risk by performing audit procedures which included, but were not limited to, the testing of journals, reviewing material accounting estimates for evidence of bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business that came to our attention.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our auditor's report.

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.

DocuSigned by:

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**Thomas Seaman (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor**

15 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 10 December 2021

MM UK Holding Company Limited
Group Statement of Comprehensive Income
Technical Account – general business
For the year ended 31 December 2020

	Note	2020 £	16 month period ended 31 December 2019 £
Premiums			
Gross premiums written	1	22,400,666	8,081,517
Outward reinsurance premiums	1	(5,867,569)	(1,604,131)
Net premiums written		16,533,097	6,477,386
Change in the provision for unearned premiums			
Gross provision	1	(7,041,001)	(4,356,314)
Reinsurers' share	1	1,810,243	694,140
Earned premiums, net of reinsurance		11,302,339	2,815,212
Allocated investment return transferred from the non-technical account		113,611	8,046
Other technical income, net of reinsurance		-	-
Claims paid			
Gross amount	1	(2,888,780)	(314,697)
Reinsurers' share	1	969,043	47,436
Net claims paid		(1,919,737)	(267,261)
Change in provision for claims			
Gross amount	1	(9,131,304)	(2,280,693)
Reinsurers' share	1	2,360,217	591,949
Change in net provision for claims		(6,771,087)	(1,688,744)
Claims incurred, net of reinsurance		(8,690,824)	(1,956,005)
Changes in other technical provisions, net of reinsurance		-	-
Net operating expenses	1,2	(3,662,367)	(1,107,023)
Other technical charges, net of reinsurance	1	-	-
Balance on the technical account for general business		(937,241)	(239,770)

The accounting policies and notes on pages 18 to 47 form part of these Financial Statements.

MM UK Holding Company Limited
Group Statement of Comprehensive Income
Non Technical Account
For the year ended 31 December 2020

	Note	2020 £	16 month period ended 31 December 2019 £
Balance on technical account for general business		(937,241)	(239,770)
Investment income	3	113,616	8,046
Allocated investment return transferred to the general business technical account		(113,611)	(8,046)
Other income		-	6,313
Other charges, including value adjustments		(48,740)	(4,500)
Loss on ordinary activities before taxation	4	<u>(985,976)</u>	<u>(237,957)</u>
Tax on loss on ordinary activities	5	193,850	40,452
Loss for the financial year		<u>(792,126)</u>	<u>(197,505)</u>
Other comprehensive income:			
Currency translation differences		22,025	1,077
Tax on other comprehensive income		(4,185)	(183)
Total comprehensive expenditure	10	<u>(774,286)</u>	<u>(196,611)</u>

All amounts relate to continuing operations.

The accounting policies and notes on pages 18 to 47 form part of these Financial Statements.

MM UK Holding Company Limited
Group Statement of Financial Position
As at 31 December 2020

	Note	31 December 2020			31 December 2019		
		Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Assets							
Intangible assets	6	-	-	-	-	-	-
Investments							
Other financial investments	7	3,153,857	-	3,153,857	848,851	-	848,851
Deposits with ceding undertakings		281	-	281	50	-	50
		3,154,138	-	3,154,138	848,901	-	848,901
Reinsurers' share of technical provisions							
Provision for unearned premiums	8	2,426,878	-	2,426,878	678,472	-	678,472
Claims outstanding	8	2,912,516	-	2,912,516	582,300	-	582,300
Other technical provisions		-	-	-	-	-	-
		5,339,394	-	5,339,394	1,260,772	-	1,260,772
Debtors							
Amounts falling due within one year	7	12,161,246	239,283	12,400,529	3,427,288	40,269	3,467,557
Amounts falling due after one year	7	76,855	-	76,855	30,298	-	30,298
		12,238,101	239,283	12,477,384	3,457,586	40,269	3,497,855
Other assets							
Cash at bank and in hand		278,189	145	278,334	129,152	145	129,297
Other		517,782	-	517,782	43,788	-	43,788
		795,971	145	796,116	172,940	145	173,085
Prepayments and accrued income							
Accrued interest		477	-	477	124	-	124
Deferred acquisitions costs	8	2,957,008	-	2,957,008	1,190,850	-	1,190,850
Other prepayments and accrued income		56,461	-	56,461	18,770	-	18,770
		3,013,946	-	3,013,946	1,209,744	-	1,209,744
Total assets		24,541,550	239,428	24,780,978	6,949,943	40,414	6,990,357

The accounting policies and notes on pages 18 to 47 form part of these Financial Statements.

MM UK Holding Company Limited
Group Statement of Financial Position
As at 31 December 2020

		31 December 2020			31 December 2019		
	Note	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Liabilities and shareholder's funds							
Capital and reserves							
Called up share capital	9	-	100	100	-	100	100
Capital redemption		-	-	-	-	-	-
Capital contribution		-	-	-	-	-	-
Share premium account		-	-	-	-	-	-
Profit and loss account	10	(1,193,985)	223,088	(970,897)	(232,380)	35,769	(196,611)
Shareholder's funds – attributable to equity interests		(1,193,985)	223,188	(970,797)	(232,380)	35,869	(196,511)
Equity attributable to owners of the parent company				(970,797)			(196,511)
Non-controlling interests				-			-
				<u>(970,797)</u>			<u>(196,511)</u>
Technical provisions							
Provision for unearned premiums	8	10,905,691	-	10,905,691	4,244,625	-	4,244,625
Claims outstanding	8	11,046,222	-	11,046,222	2,219,363	-	2,219,363
Other technical provisions		-	-	-	-	-	-
Provisions for other risks							
Deferred taxation	11	-	-	-	-	-	-
Other		-	-	-	-	-	-
Deposit received from reinsurers		-	-	-	-	-	-
Creditors							
Amounts falling due within one year	7	794,549	16,240	810,789	155,989	4,545	160,534
Amounts falling due after one year	7	2,278,787	-	2,278,787	387,324	-	387,324
		3,073,336	16,240	3,089,576	7,007,301	4,545	7,011,846
Accruals and deferred income		710,286	-	710,286	175,022	-	175,022
Total liabilities		24,541,550	239,428	24,780,978	6,949,943	40,414	6,990,357

The accounting policies and notes on pages 18 to 47 form part of these Financial Statements.

MM UK Holding Company Limited
Company Statement of Financial Position
As at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Investments	7	-	-
		<hr/>	<hr/>
		-	-
Current assets			
Other debtors	7	-	-
Prepayments and accrued income		-	-
Cash at bank and in hand		100	100
		<hr/>	<hr/>
		100	100
Provision for deferred taxation		-	-
Current liabilities			
Creditors	7	(7,200)	-
Accruals and deferred income		(1,202,980)	(246,229)
		<hr/>	<hr/>
		(1,210,180)	(246,229)
Net liabilities		<hr/>	<hr/>
		(1,210,080)	(246,129)
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	(1,210,180)	(246,229)
		<hr/>	<hr/>
Total shareholder's funds		(1,210,080)	(246,129)

No statement of comprehensive income account is presented for MM UK Holding Company Limited as permitted by section 408 of the Companies Act 2006. The loss attributable to the company is £963,951 (2019: loss £246,229).

Approved and authorised for issue by the Board on 8th December 2021
and signed on its behalf by:

Naveed Anwar

N Anwar
Director

Company registration number: 11583577

The accounting policies and notes on pages 18 to 47 form part of these Financial Statements.

MM UK Holding Company Limited
Group Statement of Changes in Equity
For the year ended 31 December 2020

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
Opening balance	-	-	-	-	-	-
Loss for the 16 month period ended 31 December 2019	-	-	-	(197,505)	-	(197,505)
Other comprehensive income	-	-	-	894	-	894
Total comprehensive expenditure	-	-	-	(196,611)	-	(196,611)
Proceeds from the issue of shares	100	-	-	-	-	100
Distribution to minority interest	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
As at 31 December 2019	100	-	-	(196,611)	-	(196,511)
Loss for the year	-	-	-	(792,126)	-	(792,126)
Other comprehensive income	-	-	-	17,840	-	17,840
Total comprehensive expenditure	-	-	-	(774,286)	-	(774,286)
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Distribution to minority interest	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
As at 31 December 2020	100	-	-	(970,897)	-	(970,797)

Called up share capital represents the nominal value of shares that have been issued.

Capital redemption reserve records the nominal value of shares repurchased by the Group.

The share premium account records the amount above the nominal value received for shares issued, less transaction costs.

The profit and loss account represents cumulative profits and losses of the Group.

Capital contribution reserve relates to contributions to the equity capital of the Group.

The accounting policies and notes on pages 18 to 47 form part of these Financial Statements.

MM UK Holding Company Limited
Company Statement of Changes in Equity
For the year ended 31 December 2020

	Called up share capital £	Capital redemption reserve £	Share premium account £	Profit and loss account £	Capital contribution reserve £	Total £
Opening balance	100	-	-	(246,229)	-	(246,129)
Loss for the 16 month period ended 31 December 2019	-	-	-	(246,229)	-	(246,229)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive expenditure	-	-	-	(246,229)	-	(246,229)
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
As at 31 December 2019	100	-	-	(492,458)	-	(492,358)
Loss for the year	-	-	-	(963,951)	-	(963,951)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive expenditure	-	-	-	(963,951)	-	(963,951)
Proceeds from the issue of shares	-	-	-	-	-	-
Movement in reserves	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
As at 31 December 2020	100	-	-	(1,456,409)	-	(1,456,309)

Called-up share capital represents the nominal value of shares that have been issued.

Capital redemption reserve records the nominal value of shares repurchased by the Company.

The share premium account records the amount above the nominal value received for shares issued, less transaction costs.

The profit and loss account represents cumulative profits and losses of the Company.

Capital contribution reserve relates to contributions to the equity capital of the Company.

The accounting policies and notes on pages 18 to 47 form part of these Financial Statements.

MM UK Holding Company Limited
Group Statement of Cash Flows
For the year ended 31 December 2020

	2020 £	16 month period ended 31 December 2019 £
Operating activities		
Loss on ordinary activities before tax	(985,976)	(237,957)
Loss attributable to Syndicate transactions	983,630	233,457
Loss - excluding Syndicate transactions	<u>(2,346)</u>	<u>(4,500)</u>
Adjusted for:		
Increase in debtors	(9,349)	-
Increase in creditors	11,695	4,545
Profit on disposal of intangible assets	-	-
Amortisation of Syndicate capacity	-	-
Amortisation of Goodwill	-	-
Realised/unrealised gains on investments	-	-
Investment income	(5)	-
Corporation and overseas taxes refunded	<u>-</u>	<u>-</u>
Net cash (outflow)/inflow from operating activities	<u>(5)</u>	<u>45</u>
Investing activities		
Investment income	5	-
Purchase of Syndicate capacity	-	-
Proceeds from sale of Syndicate capacity	-	-
Purchase of financial investments	-	-
Proceeds from sale of financial investments	<u>-</u>	<u>-</u>
Net cash inflow from investing activities	<u>5</u>	<u>-</u>
Financing activities		
Issue of shares	-	100
Share issue expenses	-	-
Capital contribution/redemption	-	-
Equity dividends paid	<u>-</u>	<u>-</u>
Net cash inflow from financing activities	<u>-</u>	<u>100</u>
Net cash increase in cash and cash equivalents	-	145
Effect of exchange rates on cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	<u>145</u>	<u>-</u>
Cash and cash equivalents at the end of the year	<u>145</u>	<u>145</u>
Consisting of:		
Cash at bank and in hand	145	145
Cash equivalents	<u>-</u>	<u>-</u>
	<u>145</u>	<u>145</u>

The Group has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the cash flow statement is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

The accounting policies and notes on pages 18 to 47 form part of these Financial Statements.

MM UK Holding Company Limited
Analysis of Net Debt
For the year ended 31 December 2020

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	145	-	145
Debt due within one year	(4,545)	(11,695)	(16,240)
Debt due after one year	-	-	-
	<u>(4,400)</u>	<u>(11,695)</u>	<u>(16,095)</u>

The accounting policies and notes on pages 18 to 47 form part of these Financial Statements.

MM UK Holding Company Limited

Notes to the Financial Statements

For the year ended 31 December 2020

Basis of preparation of Financial Statements

General information

The Company is a private company limited by shares and incorporated in England, United Kingdom.

The Financial Statements have been presented in Pounds Sterling ("Sterling") as this is the Group's functional currency, being the primary economic environment in which the Group operates.

Basis of preparation

These Financial Statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland*, FRS 103 *Insurance Contracts* and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI 2008/410"). These Financial Statements have been prepared under the historical costs convention as modified for certain financial instruments held at fair value.

Basis of consolidation

The Group financial statements consolidate the financial statements of MM UK Holding Company Limited and its subsidiary undertaking drawn up to 31 December each year.

A subsidiary is consolidated from the date of its acquisition or incorporation, being the date that the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial operating policies of the investee so as to obtain benefit from its activities.

MM Corporate Member LLP has been included in the Group financial statements using the purchase method of account. Accordingly, the Group statement of comprehensive income and statement of cash flows include the results and cash flows of MM Corporate Member LLP.

In the parent company financial statements investments in the subsidiary is accounted for at cost less impairment.

Recognition of insurance transactions

The Group recognises its proportion of all the transactions undertaken by the Lloyd's Syndicates in which it participates ("the Syndicates") in aggregation with the transactions undertaken by the Group at entity level ("the Corporate").

The Financial Statements are prepared using the annual basis of accounting. Under the annual basis of accounting, a result is determined at the end of each accounting period reflecting the profit and loss from providing insurance coverage during that period and any adjustments to the profit or loss of providing insurance cover during earlier accounting periods.

For each such Syndicate, the Group's proportion of the underwriting transactions, investment return and operating expenses has been reflected within the Group's statement of comprehensive income. Similarly, its proportion of the Syndicate's assets and liabilities has been reflected in its statement of financial position (under the column heading "Syndicate Participation"). The Syndicate's assets are held subject to trust deeds for the benefit of the Group's insurance creditors.

The proportion referred to above is calculated by reference to the Group's participation as a percentage of the Syndicate's total capacity.

The Group has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate ("the Managing Agent") and it has further undertaken not to interfere with the exercise of such management and control. The Managing Agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised by the Group.

MM UK Holding Company Limited

Notes to the Financial Statements

For the year ended 31 December 2020

Basis of preparation of Financial Statements (continued)

Sources of data

The information used to compile the technical account and the "Syndicate" statement of financial position is based on returns prepared for this purpose by the Managing Agents of the Syndicates ("the Returns"). These Returns have been subjected to audit by the Syndicate auditors and are consistent with the audited annual reports to Syndicate members.

The format of the Returns is established by Lloyd's. Lloyd's collates this data at a Syndicate level analysing it into corporate member level results which reflects the relevant data in respect of all the Syndicates in which the Group participates.

Accounting policies

i Going concern

As at 31 December 2020 the Group had net liabilities of £970,797 (2019: net liabilities of £196,511). The Directors consider the Group to be a going concern and have prepared the Financial Statements on that basis. The group is continuing to underwrite at Lloyd's for the 2021 year of account.

ii Premiums

Premiums written comprise the total premiums receivable for the whole period of cover provided by the contracts incepting during the financial year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior years. Premiums are shown gross of commission payable to intermediaries and exclude insurance premium tax. Gross premiums written may include "reinsurance to close" premiums receivable (see vii below). Outward reinsurance premiums may include "reinsurance to close" premiums payable (see vii below). Premiums written by a Syndicate may also include the reinsurance of other Syndicates on which the Group participates. No adjustments have been made to gross premiums written or outward reinsurance premiums (or to gross and reinsurers' claims) to remove this inter - Syndicate reinsurance. Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the balance sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

iii Claims incurred

Claims incurred include the costs of claims handling expenses. Recoverable amounts arising out of subrogation or salvage are deducted from the cost of claims. Claims incurred comprise amounts paid or provided in respect of claims occurring during the year to 31 December, together with the amount by which settlement or reassessment of claims from prior years differ from the provision at the beginning of the year.

iv Provision for claims outstanding

Claims outstanding comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR). Provision is made for claims incurred but not paid in respect of events up to 31 December. The provision is based on the Returns and reports from the Managing Agents and the Group's licensed adviser or Members' Agent. When appropriate, statistical methods have been applied to past experience of claims frequency and severity.

The two most critical assumptions with regards to claims provisions are that the past is a reasonable predictor of the likely level of claims development, and that the rating and other models used for current business are fair reflections of the likely level of ultimate claims to be incurred. The Directors consider the provision for gross claims and related reinsurance recoveries, as based on the Returns to be fairly stated. However, ultimate liability will vary as a result of subsequent information and events, and this may result in significant adjustments to the amounts provided. Adjustments to amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made.

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

Accounting policies (continued)

v Unexpired risk provision

A provision for unexpired risk is made by the underlying Syndicates where claims, related expenses and deferred acquisition costs, likely to arise after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the unearned premiums and premiums receivable under these contracts, after the deduction of any acquisition costs deferred.

vi Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

vii Reinsurance to close

A reinsurance to close is a particular type of reinsurance contract entered into by Lloyd's Syndicates. Under it, underwriting members (the reinsured members) who are members of a Syndicate for a year of account (the closed year), agree with underwriting members who comprise that or another Syndicate for a later year of account (the reinsuring members) that the reinsuring members will indemnify, discharge or procure the discharge, of the reinsured members against all known and unknown liabilities of the reinsured members arising out of insurance business undertaken through that Syndicate and allocated to the closed year in consideration of:

- (1) a premium; and
- (2) either

- (a) the assignment, or agreement to assign, to the reinsuring members of all the rights of the reinsured members arising out of, or in connection with, that insurance business (including without limitation the right to receive all future premiums, reinsurances and other monies receivable in connection with that insurance business); or
- (b) an agreement by the reinsured members that the reinsuring members shall collect on behalf of the reinsured members the proceeds of all such rights and retain them for their own benefit so far as they are not applied in discharges of the liabilities of the reinsured members.

Where the reinsurance to close is between members on successive years of account of the same Syndicate, the Managing Agent has a duty to ensure both sets of members are treated equitably and to set the reinsurance to close with the intention that neither a profit nor a loss accrues to either group of members. To the extent that the Group participates on successive years of account of the same Syndicate and there is a reinsurance to close between those years, the Group has offset its share of the reinsurance to close received against its share of the reinsurance to close paid.

If the Group has increased its participation from one year of account to the next, the reinsurance to close paid is eliminated, as a result of this offset, leaving an element of the reinsurance to close received. This reflects the fact that the Group has assumed a greater proportion of the business of the Syndicate. If the Group has reduced its participation from one year of account to the next, the reinsurance to close received is eliminated, leaving an element of the reinsurance to close paid. This reflects the reduction in the Group's exposure to risks previously written by the Syndicate. The reinsurance to close is technically a reinsurance contract and, as such, the payment of a reinsurance to close does not remove from members of that year of account ultimate responsibility for claims payable on risks they have written. If the reinsuring members under the reinsurance to close become insolvent and the other elements of the Lloyd's chain of security also fail, the reinsured members remain theoretically liable for the settlement of any outstanding claims. However, payment of a reinsurance to close is conventionally accepted as terminating a reinsured member's participation on a Syndicate year of account and it is treated for accounts purposes as settling all the Group's outstanding gross liabilities in respect of the business so reinsured.

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

Accounting policies (continued)

viii Financial instruments

The Group has chosen to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* in full.

The Group holds both basic and non-basic financial instruments. The Group's financial instruments comprise of cash and cash equivalents, trade and other debtors, trade and other creditors and investments in a variety of basic and non-basic financial instruments, through both the Corporate and through the Syndicates.

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

Basic financial instruments are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment in the case of financial assets. Amounts that are receivable/payable within one year are measured at the undiscounted amount of the cash expected to be received/settled. Financial instruments subsequently measured at amortised cost include cash, debtors and creditors.

Where a financial instrument constitutes a financing transaction, it is initially measured at the present value of the future payments, discounted at a market rate of interest, and subsequently measured at amortised cost using the effective interest rate method.

All other financial instruments are measured at fair value through profit or loss, except for investments in equity instruments that are not publicly traded, and whose fair value cannot otherwise be measured reliably, which are measured at cost less impairment.

At the end of each reporting year, the Group assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in the profit and loss.

Investment income is initially recorded in the non-technical account. All investment income arising on Syndicate participations is allocated to the technical account.

Interest income is recognised as it accrues using the effective interest method.

Dividend income receivable is recognised when the rights to receive the distributions have been established.

ix Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the statement of comprehensive income immediately.

x Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Overdrafts are reported separately in creditors.

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

Accounting policies (continued)

xi Derecognition of financial assets

A financial asset or, when applicable, a part of a financial asset is derecognised when:

- The rights to the cash flows from the asset have expired; or
- The Group retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay. In that case, the Group also recognises an associated liability.

xii Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if there is a currently enforceable legal right to offset the recognised amounts; and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xiii Net operating expenses

Operating expenses are recognised when incurred. They include the Group's share of Syndicate operating expenses, the remuneration payable to Managing Agents (and the Group's Members' Agent/licensed adviser) and the direct costs of membership of Lloyd's.

xiv Foreign currencies

Transactions in United States Dollars, Canadian Dollars and Euros are translated at the rates of exchange ruling at the date the transaction is processed or at an appropriate average rate. Unless otherwise stated, transactions in currencies other than United States Dollars, Canadian Dollars and Euros are translated at the rate of exchange ruling at the date the transaction is processed. Monetary assets and liabilities are retranslated into Sterling at the rate of exchange at the year end date. Non-monetary assets and liabilities at the statement of financial position date are maintained at the rate of exchange ruling when the contract was entered into, except for non-monetary assets and liabilities arising out of insurance contracts which are treated as monetary items in accordance with FRS 103 *Insurance Contracts* ("FRS 103"). Exchange differences arising on translation to the functional currency are dealt with through the non-technical account in the statement of comprehensive income.

xv Intangible assets

Intangible assets include purchased rights to participate on Syndicates. The purchase cost is capitalised and amortised on a straight line basis over the useful life of the rights which is five years.

MM UK Holding Company Limited

Notes to the Financial Statements

For the year ended 31 December 2020

Accounting policies (continued)

xvi Insurance contracts – product classification

Insurance contracts are those contracts when the Group (the insurer/reinsurer) has accepted significant insurance risk from another party (the policyholder/reinsured) by agreeing to compensate the policyholder if a specified uncertain future event (the re/insured event) adversely affects the policyholder. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Any separable embedded derivatives within an insurance contract are separated and accounted for in accordance with sections 11 and 12 of FRS102 unless the embedded derivative is itself an insurance contract (i.e. the derivative is not separated if the policyholder benefits from the derivative only when the insured event occurs).

xvii Investment in subsidiary

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, joint ventures and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

xviii Taxation

The Group is taxed on its share of the underwriting results declared by Syndicates and these are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate results included in these Financial Statements (excluding any losses on open years of account) are only declared for tax purposes in the calendar year following closure of the year of account. HM Revenue & Customs agrees the taxable results of Syndicates at a Syndicate level on the basis of computations submitted by the Managing Agent. At the date of approval of these Financial Statements, the Syndicate taxable results of this year have not been agreed. Any adjustments that may be necessary to the tax provision as a result of HM Revenue & Customs agreement of Syndicate taxable results will be reflected in the Financial Statements of subsequent periods.

xix Deferred taxation

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the Financial Statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

Accounting policies (continued)

xx Critical accounting judgements and key sources of estimated uncertainty

In applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis.

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Group looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate. The critical accounting judgements and key sources of estimation uncertainty set out below therefore relate to those made by the Directors in respect of the Corporate only, and do not include estimates and judgements made in respect of the Syndicates.

Critical accounting judgements

The critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the statutory Financial Statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment review

The impairment of the Syndicate Assets is performed by the Syndicate themselves. The Directors performs an impairment review when indications of impairment arise.

Recoverability of receivables

The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

Determining the useful life of purchased Syndicate capacity

The Directors have assessed the useful life of syndicate capacity to be five years. This is on the basis that the Directors consider this to be the life over which value is created from the investment made.

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

1. Class of Business

2020	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	23,181	17,906	(15,810)	(6,349)	(48)	(4,301)
Motor – third party liability	16,775	8,568	(9,718)	(2,173)	(984)	(4,307)
Motor – other classes	264,759	197,882	(112,105)	(70,402)	(4,823)	10,552
Marine, aviation and transport	1,343,770	1,033,464	(1,094,120)	(302,332)	330,117	(32,871)
Fire and other damage to property	4,388,707	3,299,664	(3,154,738)	(923,390)	(39,385)	(817,849)
Third party liability	4,089,919	2,512,076	(1,415,232)	(466,662)	(616,506)	13,676
Credit and suretyship	384,191	223,202	(213,758)	(31,400)	(5,609)	(27,565)
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	10,511,302	7,292,762	(6,015,481)	(1,802,708)	(337,238)	(862,665)
Reinsurance	11,889,364	8,066,903	(6,004,603)	(1,859,659)	(390,828)	(188,187)
Total	22,400,666	15,359,665	(12,020,084)	(3,662,367)	(728,066)	(1,050,852)

16 month period ended 31 December 2019	Gross Premiums Written £	Gross Premiums Earned £	Gross Claims Incurred £	Net Operating Expenses £	Reinsurance Balance £	Total £
Direct Insurance						
Accident and health	38,288	16,125	(5,415)	(7,853)	(5,744)	(2,887)
Motor – third party liability	7,592	3,354	(3,751)	(899)	65	(1,231)
Motor – other classes	143,360	70,259	(44,409)	(27,343)	(2,619)	(4,112)
Marine, aviation and transport	638,717	301,813	(211,840)	(95,423)	(23,883)	(29,333)
Fire and other damage to property	2,076,739	837,264	(561,945)	(251,859)	(191,317)	(167,857)
Third party liability	1,272,337	569,022	(338,644)	(179,694)	(81,327)	(30,643)
Credit and suretyship	310,407	98,437	(56,355)	(12,870)	(31,802)	(2,590)
Legal expenses	-	-	-	-	-	-
Assistance	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
	4,487,440	1,896,274	(1,222,359)	(575,941)	(336,627)	(238,653)
Reinsurance	3,594,077	1,828,929	(1,373,031)	(531,082)	66,021	(9,163)
Total	8,081,517	3,725,203	(2,595,390)	(1,107,023)	(270,606)	(247,816)

All insurance business is underwritten in the United Kingdom in the Lloyd's insurance market. Consequently all insurance contracts are deemed to be concluded in the United Kingdom.

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

2. Net Operating Expenses

	2020 £	16 month period ended 31 December 2019 £
Acquisition costs	5,537,585	2,175,391
Change in deferred acquisition costs	(1,857,596)	(1,219,921)
Administrative expenses	199,274	81,649
Reinsurance commissions and profit participations	(378,419)	7,769
Personal expenses	161,523	62,135
	<u>3,662,367</u>	<u>1,107,023</u>

3. Investment Income

	2020 £	16 month period ended 31 December 2019 £
Financial instruments held at fair value through profit or loss:		
Interest and dividend income	97,178	7,136
Realised gains and losses	6,412	1,059
Unrealised gains and losses	12,770	324
Other	-	-
	<u>116,360</u>	<u>8,519</u>
Financial instruments held at amortised cost:		
Interest	5	-
Other	-	-
	<u>5</u>	<u>-</u>
Investment management expenses, including interest	(2,749)	(473)
	<u>(2,749)</u>	<u>(473)</u>
	<u>113,616</u>	<u>8,046</u>

4. Loss on Ordinary Activities before Taxation

	2020 £	16 month period ended 31 December 2019 £
Operating loss is stated after charging:		
Loss on disposal of intangible fixed assets	-	-
Loss/(profit) on exchange	46,390	(6,313)

The Group has no employees and no staff costs are met by the Group.

The Directors are considered to be the key management personnel of the Group.

The auditor charges a fixed fee to Argenta Private Capital Limited of £2,100 for the provision of the statutory audit.

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

		16 month period ended 31 December 2019 £
5. Taxation	2020 £	
a. Analysis of Charge in Year included in profit or loss		
Current tax:		
UK corporation tax on loss of the year	-	-
Adjustment in respect of previous period	-	-
	<u>-</u>	<u>-</u>
Double taxation relief	-	-
	<u>-</u>	<u>-</u>
Foreign tax	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(189,112)	(40,452)
Change in tax rate	(4,738)	-
Total deferred tax	<u>(193,850)</u>	<u>(40,452)</u>
Tax on loss on ordinary activities	<u>(193,850)</u>	<u>(40,452)</u>
b. Analysis of Charge in Year included in other comprehensive income		
Deferred tax		
Origination and reversal of timing differences	4,185	183
Effect of change in tax rate on opening liability or asset	-	-
Total deferred tax	<u>4,185</u>	<u>183</u>
c. Factors affecting tax charge for period		
The tax assessed for the period is different to the standard rate of corporation tax in the UK (19%). The differences are explained below:		
Loss on ordinary activities before tax	<u>(985,976)</u>	<u>(237,957)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%)	(187,335)	(45,212)
Effects of:		
Change in deferred tax rate	(4,738)	4,943
Deferred tax asset unrecognised	-	-
Foreign tax	-	-
Expenses and income not deductible for tax purposes	-	-
Other corporation computation adjustments for Lloyds corporate members	(1,777)	-
Prior period adjustments	-	-
Other adjustments	<u>-</u>	<u>-</u>
Total tax credit for the period on ordinary activities	<u>(193,850)</u>	<u>(40,452)</u>

The results of the Group's participation on being the year after the calendar year result of each run-off year or the normal date of closure of each year of account.

The corporation tax rate for the year ended 31 December 2020 was 19%. The Corporation Tax rate of 19% was enacted with effect from 1 April 2017 and the Finance Act 2016 legislated the UK Corporation Tax rate to decrease to 17% from 1 April 2020. However, on the 17th March 2020, using the Provisional Collection of Taxes Act 1968, the UK Government cancelled the proposed drop in Corporation Tax rate to 17%.

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

6. Intangible Assets	Total £
Purchased Syndicate Capacity	
Cost	
At 1 January 2020	-
Additions	-
Disposals	-
At 31 December 2020	-
Amortisation	
At 1 January 2020	-
Charge	-
Disposals	-
At 31 December 2020	-
Net Book Value	
At 31 December 2020	-
At 31 December 2019	-

7. Financial Instruments and Financial Risk Management

7.1 Financial Investments

Other financial investments – Syndicate participation

	2020 Market Value £	2020 Cost price £	2019 Market Value £	2019 Cost price £
Shares and other variable yield securities and units in unit trusts	579,247	579,247	60,437	60,437
Debt securities and other fixed income securities	2,273,773	2,252,962	755,676	748,891
Participation in investment pools	300,838	293,981	20,194	19,767
Loans with credit institutions	-	-	4,537	4,506
Derivative financial instruments	-	-	177	177
Other investments	-	-	-	-
Deposits with credit institutions	-	-	7,830	7,830
Other	(1)	-	-	-
	3,153,857	3,126,190	848,851	841,608

Other financial investments – Corporate

Shares and other variable yield securities and units in unit trusts	-	-
Debt securities and other fixed income securities	-	-
Other investments	-	-
	-	-

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

7. Financial Instruments and Financial Risk Management (continued)

7.1 Financial Investments (continued)

Other financial investments – Parent

	2020 Cost £	2019 Cost £
Shares and other variable yield securities and units in unit trusts	-	-
Debt securities and other fixed income securities	-	-
Other investments	-	-
Investment in subsidiary	-	-
	<u>-</u>	<u>-</u>

Subsidiary undertaking

<i>Name</i>	<i>Country of incorporation</i>	<i>Percentage share</i>	<i>Registered office</i>
MM Corporate Member LLP	England & Wales	100%	5 th Floor, 70 Gracechurch Street, London, EC3V 0XL

The principal activities of MM Corporate Member LLP was trading as a Lloyd's Corporate Member.

7.2 Debtors

Group	2020		2019	
	Syndicate Participation £	Corporate £	Syndicate Participation £	Corporate £
Amounts falling due within one year:				
Arising out of direct insurance operations	60,437	-	3,010,756	1,265,452
Arising out of reinsurance operations	748,891	-	1,215,434	-
Other Debtors:				
Amounts due from group undertakings	-	-	-	-
Other	4,979,955	239,283	5,219,238	986,671
Total Amounts falling due within one year	<u>12,161,246</u>	<u>239,283</u>	<u>12,400,529</u>	<u>3,467,557</u>
Amounts falling due after one year:				
Arising out of direct insurance operations	-	-	503	-
Arising out of reinsurance operations	2,280	-	871	-
Other Debtors:				
Amounts due from group undertakings	-	-	-	-
Other	74,575	-	28,924	-
Total Amounts falling due after one year	<u>76,855</u>	<u>-</u>	<u>30,298</u>	<u>30,298</u>
	<u>12,238,101</u>	<u>239,283</u>	<u>12,477,384</u>	<u>3,497,855</u>

MM UK Holding Company Limited
Notes to the Financial Statements
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7. Financial Instruments and Financial Risk Management (continued)

7.2 Debtors (continued)

Parent	2020	2019
	£	£
Amounts due from group undertakings	-	-
Other	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

7.3 Funds at Lloyd's

The amount of Funds at Lloyd's is represented in the statement of financial position as:

Group	2020			2019		
	Syndicate	Corporate	Total	Syndicate	Corporate	Total
	Participation			Participation		
	£	£	£	£	£	£
Cash	-	-	-	-	-	-
Investments	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Parent	2020	2019
	£	£
Cash	-	-
Investments	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

Funds at Lloyd's represents assets deposited with the Corporation of Lloyd's (Lloyd's) to support the Group's underwriting activities as described in the Accounting Policies. The Group has entered into a Lloyd's Deposit Trust Deed which gives Lloyd's the right to apply these monies in settlement of any claims arising from the participation on the Syndicates. These monies can only be released from the provision of this Deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset, or after the expiration of the Group's liabilities in respect of its underwriting.

MM UK Holding Company Limited
Notes to the Financial Statements
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7. Financial Instruments and Financial Risk Management (continued)

7.4 Creditors

Group	2020			2019		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Amounts falling due within one year:						
Arising out of direct insurance operations	101,581	-	101,581	4,870	-	4,870
Arising out of reinsurance operations	651,876	-	651,876	129,150	-	129,150
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	16,240	16,240	-	4,545	4,545
Other creditors	41,092	-	41,092	21,969	-	21,969
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due within one year	794,549	16,240	810,789	155,989	4,545	160,534
Amounts falling due after one year:						
Arising out of direct insurance operations	-	-	-	-	-	-
Arising out of reinsurance operations	2,278,787	-	2,278,787	387,324	-	387,324
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors:						
Corporation tax	-	-	-	-	-	-
Directors' loan accounts	-	-	-	-	-	-
Third party funds	-	-	-	-	-	-
Other creditors	-	-	-	-	-	-
Amount due to group undertakings	-	-	-	-	-	-
Total Amounts falling due after one year	2,278,787	-	2,278,787	387,324	-	387,324
	3,073,336	16,240	3,089,576	543,313	4,545	547,858

Parent	2020 £	2019 £
Corporation tax	-	-
Directors' loan accounts	-	-
Other creditors	7,200	-
Amount due to group undertakings	-	-
	7,200	-

MM UK Holding Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments

The tables below set out the Group's financial instruments by classification.

Other financial investments – Group - Syndicate participation

	2020			2019		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	3,153,857	-	3,153,857	848,851	-	848,851
Deposits with ceding undertakings	-	281	281	-	50	50
Insurance debtors	-	3,010,756	3,010,756	-	1,265,955	1,265,955
Reinsurance debtors	-	4,172,815	4,172,815	-	1,216,305	1,216,305
Other debtors	-	5,054,530	5,054,530	-	975,326	975,326
Cash at bank and in hand	-	278,189	278,189	-	129,152	129,152
Other assets	517,782	-	517,782	43,788	-	43,788
	3,671,639	12,516,571	16,188,210	892,639	3,586,788	4,479,427
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative financial instruments	82	-	82	-	-	-
Insurance creditors	-	101,581	101,581	-	4,870	4,870
Reinsurance creditors	-	2,930,663	2,930,663	-	516,474	516,474
Amounts owed to credit institutions	-	-	-	-	-	-
Other creditors	-	41,092	41,092	-	-	-
	82	3,073,336	3,073,418	-	521,344	521,344

Other financial investments – Group - Corporate

	2020			2019		
	At fair value through profit or loss £	At amortised cost £	Total £	At fair value through profit or loss £	At amortised cost £	Total £
Financial assets						
Investments	-	-	-	-	-	-
Other debtors	-	239,283	239,283	-	40,269	40,269
Cash at bank and in hand	-	145	145	-	145	145
Other assets	-	-	-	-	-	-
	-	239,428	239,428	-	40,414	40,414
Financial liabilities						
Other creditors	-	16,240	16,240	-	4,545	4,545
	-	16,240	16,240	-	4,545	4,545

MM UK Holding Company Limited
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7. Financial Instruments and Financial Risk Management (continued)

7.5 Classification of Financial Instruments (continued)

Other financial investments – Parent

	2020		2019	
	At fair value through profit or loss £	At amortised cost £	Total £	Total £
Financial assets				
Investments	-	-	-	-
Other debtors	-	-	-	-
Cash at bank and in hand	-	100	100	100
Other assets	-	-	-	-
	-	100	100	100
Financial liabilities				
Other creditors	-	7,200	7,200	-
	-	7,200	7,200	-

The table below sets out details of the Group's derivative financial instruments.

	2020		2019	
	Notional amount £	Fair value £	Notional amount £	Fair value £
Foreign exchange forward contracts	-	-	-	-
Interest rate future contracts	95,344	(82)	41,530	177
Foreign exchange options	-	-	-	-
Equity options	-	-	-	-
Foreign exchange contract for difference	-	-	-	-
Other	-	(82)	-	-
	95,344	-	41,530	177

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7.6 Financial Instruments held at fair value through profit or loss

The assets and liabilities carried at fair value through profit or loss have been categorised between the three levels of the fair value hierarchy that reflects the observability and significance of inputs used when establishing the fair value. The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level (a) in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

Level (b) in the fair value hierarchy consists of assets and liabilities that do not have directly quoted market prices available from active markets. Instead the price of a recent transaction for an identical asset or liability is used, provided that there has not been a significant change in economic circumstances or a significant lapse of time since the recent transaction.

Level (c) in the fair value hierarchy consists of those types of assets and liabilities for which fair values cannot be obtained directly from quoted market prices in active markets or in a recent transaction. These assets and liabilities are measured using a valuation technique to estimate what the transaction price would have been in an arm's length transaction.

The tables below set out Group's financial instruments held at fair value through profit or loss by level of hierarchy.

Other financial investments – Group - Syndicate participation

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2020						
Financial assets						
Shares and other variable yield securities and units in unit trusts	391,105	-	188,142	579,247	-	579,247
Debt securities and other fixed income securities	-	2,273,773	-	2,273,773	-	2,273,773
Participation in investment pools	15	300,823	-	300,838	-	300,838
Loans and deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	111,879	405,902	-	517,781	-	517,781
Derivatives	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	502,999	2,980,498	188,142	3,671,639	-	3,671,639
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	82	-	-	82	-	82
Financial liabilities classified as held for sale	-	-	-	-	-	-
	82	-	-	82	-	82

MM UK Holding Company Limited
Notes to the Financial Statements
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7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Group - Syndicate participation (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2019						
Financial assets						
Shares and other variable yield securities and units in unit trusts	41,137	-	19,300	60,437	-	60,437
Debt securities and other fixed income securities	-	755,676	-	755,676	-	755,676
Participation in investment pools	41	20,153	-	20,194	-	20,194
Loans and deposits with credit institutions	7,830	4,537	-	12,367	-	12,367
Overseas deposits	13,630	30,158	-	43,788	-	43,788
Derivatives	177	-	-	177	-	177
Other investments	-	-	-	-	-	-
Financial assets classified as held for sale	-	-	-	-	-	-
	62,815	810,524	19,300	892,639	-	892,639
Financial liabilities						
Borrowings	-	-	-	-	-	-
Derivative liabilities	-	-	-	-	-	-
Financial liabilities classified as held for sale	-	-	-	-	-	-
	-	-	-	-	-	-

Other financial investments – Group - Corporate

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2020						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

MM UK Holding Company Limited
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7. Financial Instruments and Financial Risk Management (continued)

7.6 Financial Instruments held at fair value through profit or loss (continued)

Other financial investments – Group - Corporate (continued)

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2019						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

Other financial investments – Parent

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2020						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

	Level (a) £	Level (b) £	Level (c) £	Fair value total £	Held at amortised cost £	Total £
2019						
Financial assets						
Shares and other variable yield securities and units in unit trusts	-	-	-	-	-	-
Debt securities and other fixed income securities	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
	-	-	-	-	-	-

MM UK Holding Company Limited
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7.7 Financial Risk Management

The Group is a financial institution and therefore provides the following disclosures in respect of the financial instruments it holds.

The Group is exposed to the following financial risks in the course of its operating and financing activities:

- Credit risk
- Liquidity risk
- Interest rate risk
- Equity price risk; and
- Currency risk

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Group looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate, including those in respect of financial risk management. The following qualitative risk management disclosures made by the Directors therefore relate to the Corporate only. The quantitative disclosures are made in respect of both the Corporate and the Syndicates.

i. Credit risk

Credit risk is the risk that a counterparty to the Group's financial instruments will cause a loss to the Group through failure to perform its obligations. The key areas of exposure to credit risk for the Group result through its reinsurance programme, investments, bank deposits and policyholder receivables.

The Group manages credit risk at the Corporate level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions. At the Corporate level the Group did not hold any collateral as security against its receivables, or have any other credit enhancements at the reporting dates.

The carrying amount of the Group's financial assets represents the Group's maximum exposure to credit risk.

The tables below show the credit quality of financial assets that are neither past due nor impaired.

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2020						
Shares and other variable yield securities and units in unit trusts	365,382	-	-	-	213,865	579,247
Debt securities and other fixed income securities	1,348,590	180,681	578,045	166,457	-	2,273,773
Participation in investment pools	204,236	36,763	25,326	34,498	15	300,838
Loans secured with credit institutions	-	-	-	-	-	-
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	267,211	69,006	36,482	43,749	101,333	517,781
Derivative investments	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	281	281
Reinsurers share of claims outstanding	-	271,244	2,641,433	-	(161)	2,912,516
Cash at bank and in hand	-	-	-	-	-	-
Insurance debtors	-	-	-	-	-	-
Other	-	-	-	-	-	-
	2,185,419	557,694	3,559,475	244,704	315,333	6,862,625

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	AAA £	AA £	A £	BBB or lower £	Not rated £	Total £
2019						
Shares and other variable yield securities and units in unit trusts	30,866	-	-	-	29,571	60,437
Debt securities and other fixed income securities	437,064	86,011	141,679	90,922	-	755,676
Participation in investment pools	13,083	3,158	2,255	1,657	41	20,194
Loans secured with credit institutions	4,537	-	-	-	-	4,537
Deposits with credit institutions	-	-	7,830	-	-	7,830
Overseas deposits	19,960	4,962	2,821	2,394	13,651	43,788
Derivative investments	177	-	-	-	-	177
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	-	-	-	-	50	50
Reinsurers share of claims outstanding	-	31,637	551,091	-	(428)	582,300
Cash at bank and in hand	-	-	129,152	-	-	129,152
Insurance debtors	-	-	-	-	-	-
Other	-	-	-	-	-	-
	505,687	125,768	834,828	94,973	42,885	1,604,141

The tables below show the ageing and impairment of financial assets by class of instruments.

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2020						
Shares and other variable yield securities and units in unit trusts	579,247	-	-	-	-	579,247
Debt securities and other fixed income securities	2,273,773	-	-	-	-	2,273,773
Participation in investment pools	300,838	-	-	-	-	300,838
Loans secured with credit institutions	-	-	-	-	-	-
Deposits with credit institutions	-	-	-	-	-	-
Overseas deposits	517,781	-	-	-	-	517,781
Derivative investments	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	281	-	-	-	-	281
Reinsurers share of claims outstanding	2,912,516	-	-	-	-	2,912,516
Reinsurance debtors	-	263,095	2,866	-	-	265,961
Cash at bank and in hand	278,189	-	-	-	-	278,189
Insurance debtors	2,612,981	292,176	99,790	5,809	-	3,010,756
Other	14,204,996	-	-	2,306	-	14,207,302
	23,680,602	555,271	102,656	8,115	-	24,346,644

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	Neither due nor impaired £	Less than 6 months £	Between 6 months and 1 year £	Greater than 1 year £	Impaired £	Total past due or impaired £
2019						
Shares and other variable yield securities and units in unit trusts	60,437	-	-	-	-	60,437
Debt securities and other fixed income securities	755,676	-	-	-	-	755,676
Participation in investment pools	20,194	-	-	-	-	20,194
Loans secured with credit institutions	4,537	-	-	-	-	4,537
Deposits with credit institutions	7,830	-	-	-	-	7,830
Overseas deposits	43,788	-	-	-	-	43,788
Derivative investments	177	-	-	-	-	177
Other investments	-	-	-	-	-	-
Deposits with ceding undertakings	50	-	-	-	-	50
Reinsurers share of claims outstanding	582,300	-	-	-	-	582,300
Cash at bank and in hand	129,152	-	-	-	-	129,152
Insurance debtors	1,197,823	64,858	3,274	-	-	1,265,955
Other	4,010,169	-	-	899	-	4,011,068
	6,812,133	64,858	3,274	899	-	6,811,164

At the Corporate level the Group is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Corporate.

ii Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

At the Corporate level the Group manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Group can be required to pay.

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2020						
Derivative financial instruments	-	82	-	-	-	82
Deposits received from reinsurers	-	-	-	-	-	-
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	3,429,983	3,487,106	1,974,497	2,154,635	11,046,221
Creditors	-	794,488	2,278,848	-	-	3,073,336
Other	-	-	-	-	-	-
	-	4,224,553	5,765,954	1,974,497	2,154,635	14,119,639

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

Syndicate participation	No stated maturity £	Less than 1 year £	1 to 3 years £	3 to 5 years £	Greater than 5 years £	Total £
2019						
Derivative financial instruments	-	-	-	-	-	-
Deposits received from reinsurers	-	-	-	-	-	-
Provisions for other risks and charges	-	-	-	-	-	-
Claims outstanding	-	663,184	825,699	348,439	382,041	2,219,363
Creditors	-	155,988	387,325	-	-	543,313
Other	-	-	-	-	-	-
	-	819,172	1,213,024	348,439	382,041	2,762,676

At the Corporate level the Group is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Corporate.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to the risk of interest rate fluctuations in respect of cash and cash equivalents and other interest bearing securities.

At the Corporate level the Group manages interest rate risk by maintaining an appropriate mix between fixed and floating rate financial instruments.

The table below shows the impact of changes in interest rates on the profit or loss for the period and on the equity of the Group.

Syndicate participation	2020 £	2019 £
Impact of 50 basis point increase on profit or loss	(16,554)	(3,814)
Impact of 50 basis point decrease on profit or loss	17,796	3,885
Impact of 50 basis point increase on equity	(16,554)	(3,814)
Impact of 50 basis point decrease on equity	17,796	3,885

At the Corporate level the Group is not exposed to significant cash flow interest rate risk as all of the financial instruments attract fixed rates of interest. Consequently a sensitivity analysis for interest rate risk has not been presented for the Corporate.

iv Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices.

The Group is exposed to equity price risk in respect of its equity investments.

At the Corporate level the Group manages equity price risk by maintaining an appropriate mix between equity and debt financial instruments, and by spreading the risk on equity investments across a portfolio of investments.

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7. Financial Instruments and Financial Risk Management (continued)
7.7 Financial Risk Management (continued)

The table below shows the impact of changes in equity prices on the profit or loss for the period and on the equity of the Group.

Syndicate participation	
2020	2019
£	£
Impact on profit or loss of 5% increase in Stock Market Prices	-
Impact on profit or loss of 5% decrease in Stock Market Prices	-
Impact on equity of 5% increase in Stock Market Prices	-
Impact on equity of 5% decrease in Stock Market Prices	-
At the Corporate level the Group is not exposed to significant cash flow equity price risk. Consequently a sensitivity analysis for equity price risk has not been presented for the Corporate.	

Currency risk

The Group holds both assets and liabilities denominated in currencies other than Sterling, its functional currency. It is therefore exposed to currency risk as the value of the foreign currency assets and liabilities will fluctuate in line with changes in foreign exchange rates.

At the Corporate level the Group manages currency risk by ensuring that exchange rate exposures are managed within approved policy parameters.

The table below considers financial assets and financial liabilities denominated in the currencies of the Group's principal foreign exchange exposures in aggregate.

Net assets and liabilities - Group

2020		2019	
£	Corporate	£	Corporate
	Syndicate Participation		Syndicate Participation
£	£	£	£
(368,560)	223,188	443,960	35,869
(928,290)	-	(554,158)	-
(333,479)	-	(132,852)	-
240,589	-	111,270	-
(179,253)	-	(17,750)	-
163,781	-	(132,681)	-
73,259	-	(55)	-

Net assets and liabilities - Parent

2020		2019	
£	£	£	£
Sterling	(1,210,080)	(246,129)	
United States Dollar	-	-	
Euro	-	-	
Canadian Dollar	-	-	
Australian Dollar	-	-	
Japanese Yen	-	-	
Other	-	-	

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7. Financial Instruments and Financial Risk Management (continued)

7.7 Financial Risk Management (continued)

The Group has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing currency risk arising from assets and liabilities are only presented for the Corporate in these Financial Statements.

The Group's assets are primarily Funds at Lloyd's to support its underwriting. These are held in various currencies but are all either listed investments or cash. As such, any exchange movement would be accounted for in the statement of comprehensive income.

	Corporate profit and loss			
	31 December 2020		31 December 2019	
	Increase	Decrease	Increase	Decrease
Effect of Sterling exchange movement by 10%	£	£	£	£
United States Dollar	-	-	-	-
Euro	-	-	-	-
Canadian Dollar	-	-	-	-
Australian Dollar	-	-	-	-
Japanese Yen	-	-	-	-
Other	-	-	-	-

	Parent profit and loss			
	31 December 2020		31 December 2019	
	Increase	Decrease	Increase	Decrease
Effect of sterling exchange movement by 10%	£	£	£	£
United States Dollar	-	-	-	-
Euro	-	-	-	-

7.8 Capital Management

Lloyd's capital setting process

In order to meet Lloyd's requirements, each Syndicate is required to calculate its Standard Capital Requirement ("SCR") for the prospective underwriting year. This amount must be sufficient to cover a 1 in 200 year loss, reflecting uncertainty in the ultimate run-off of underwriting liabilities (SCR "to ultimate"). The Syndicate must also calculate its SCR at the same confidence level but reflecting uncertainty over a one year time horizon (one year SCR) for Lloyd's to use in meeting Solvency II requirements. The SCRs of each Syndicate are subject to review by Lloyd's and approval by the Lloyd's Capital and Planning Group.

Each Syndicate member is liable for its own share of underwriting liabilities on the Syndicate on which it participates but not other members' shares.

Accordingly, the capital requirement that Lloyd's sets for each member operates on a similar basis. Each member's SCR shall thus be determined by the sum of the member's share of the Syndicate SCR "to ultimate".

Over and above this, Lloyd's applies a capital uplift to the member's capital requirement, the ECA. The purpose of this uplift, which is a Lloyd's not a Solvency II requirement, is to meet Lloyd's financial strength, licence and ratings objectives.

The Funds at Lloyd's represent the capital which allows the Group to participate on the Syndicates. Refer to Note 7.3 for further information.

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8. Insurance Contracts

The following reconciliation shows the movement in the provision for claims outstanding during the year.

	2020			2019		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January 2020/ 4 September 2018	2,219,363	582,300	1,637,063	-	-	-
Movements in the year	9,131,304	2,360,217	6,771,087	2,280,693	591,949	1,688,744
Other movements	(304,445)	(30,001)	(274,444)	(61,330)	(9,649)	(51,681)
At 31 December	<u>11,046,222</u>	<u>2,912,516</u>	<u>8,133,706</u>	<u>2,219,363</u>	<u>582,300</u>	<u>1,637,063</u>

The following reconciliation shows the movement in the provision for unearned premium during the year.

	2020			2019		
	Gross provision £	Reinsurance asset £	Net £	Gross provision £	Reinsurance asset £	Net £
At 1 January 2020/ 4 September 2018	4,244,625	678,472	3,566,153	-	-	-
Movements in the year	7,041,001	1,810,243	5,230,758	4,356,314	694,140	3,662,174
Other movements	(379,935)	(61,837)	(318,098)	(111,689)	(15,668)	(96,021)
At 31 December	<u>10,905,691</u>	<u>2,426,878</u>	<u>8,478,813</u>	<u>4,244,625</u>	<u>678,472</u>	<u>3,566,153</u>

The following reconciliation shows the movement in deferred acquisition costs during the year.

	2020 £	2019 £
At 1 January 2020/ 4 September 2018	1,190,850	-
Movements in the year	1,857,596	1,219,921
Other movements	(91,438)	(29,071)
At 31 December	<u>2,957,008</u>	<u>1,190,850</u>

The other movements includes exchange differences and the movements attributable to RITC.

8.1 Risks arising from Insurance Contracts

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processes for managing risk arising from insurance contracts, are not presented in these Financial Statements.

The development of insurance liabilities provides a measure of the managing agent's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the estimate of total claims outstanding for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

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8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

Claims development - gross

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	2,483,721	7,105,535	-	-	-	-	-	-
2020	6,986,818	-	-	-	-	-	-	-
	Eight years later	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received				
2011 & prior	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	2,019,698	5,085,838	-	-	-	-	-
2020	-	1,026,434	5,960,384	-	-	-	-	-
			<u>11,046,222</u>					

Claims development - net

	At end of reporting year	One year later	Two years later	Three years later	Four years later	Five years later	Six years later	Seven years later
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	1,860,026	5,357,422	-	-	-	-	-	-
2020	4,837,856	-	-	-	-	-	-	-

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For the year ended 31 December 2020

8. Insurance Contracts (continued)

8.1 Risks arising from Insurance Contracts (continued)

Claims development – net (continued)

	Eight years later	Cumulative payments to date	Estimated balance to pay	Profit/(loss) on RITC received
2011 & prior			-	
2012	-	-	-	-
2013	-	-	-	
2014	-	-	-	
2015	-	-	-	
2016	-	-	-	
2017	-	-	-	
2018	-	-	-	
2019	-	1,556,133	3,801,290	
2020	-	505,440	4,332,416	
			<u>8,133,706</u>	

Sensitivity analysis

The amounts carried by the Group arising from insurance contracts are sensitive to various factors as follows:

- a 5% increase/decrease in net earned premium (with all other underwriting elements assumed to change pro-rata with premium) will increase/decrease the Group's pre-tax profit/loss by £565,117 (2019: £140,761);
- a 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Group's pre-tax profit/loss by £552,311 (2019: £110,968);
- a 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Group's pre-tax profit/loss by £406,685 (2019: £81,853).

The 5% movement has been selected to give an indication of the possible variations in the assumptions used.

9. Called-up Share Capital

Issued and fully paid	Number of shares			At 31 December
	At 1 January	Issued during the year	Redeemed during the year	
Par value per share				
100 Ordinary £1 shares	100	-	-	100
Total	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>

The Ordinary £1 shares each hold one voting right. There are no restrictions on the distribution of dividends and the repayments of capital.

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10. Profit and Loss Account

Group	2020			2019		
	Syndicate Participation £	Corporate £	Total £	Syndicate Participation £	Corporate £	Total £
Retained loss brought forward	(232,380)	35,769	(196,611)	-	-	-
Reallocate distribution	1	(1)	-	-	-	-
(Loss)/profit for the period	(961,606)	187,320	(774,286)	(232,380)	35,769	(196,611)
Equity dividends	-	-	-	-	-	-
Retained loss carried forward	(1,193,985)	223,088	(970,897)	(232,380)	35,769	(196,611)
Parent						
			2020 £			2019 £
Retained loss brought forward			(246,229)			-
Loss for the period			(963,951)			(246,229)
Retained loss carried forward			(1,210,180)			(246,229)

11. Deferred Tax - Group

	2020				Total £
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £	
At 1 January	(39,504)	(765)	-	-	(40,269)
Movement in the year	(191,538)	(2,312)	-	-	(193,850)
Movement in the year - OCI	4,185	-	-	-	4,185
At 31 December	(226,857)	(3,077)	-	-	(229,934)
	2019				Total £
	Syndicate Results £	Tax losses £	Claims Equalisation Reserve £	Other £	
At 4 September 2018	-	-	-	-	-
Movement in the 16 month period	(39,504)	(765)	-	-	(40,269)
At 31 December	(39,504)	(765)	-	-	(40,269)

The unused tax losses carried forward at the Statement of Financial Position date are £16,195. Unused tax losses are expected to be recoverable against the future profits of the Company and have no expiry date.

The deferred tax balance consists of timing differences relating to the taxation of underwriting results. Deferred tax assets are shown within other debtors (Note 7.2).

The deferred tax expected to unwind within one year is £nil. The deferred tax expected to unwind over one year is £229,934.

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12. Related Party Disclosure

The Group has taken advantage of the exemption in Section 33 of FRS 102 – Related Party Disclosure available to members of a group which are 100% controlled by the group not to disclose transaction with other group companies and investees of the group qualifying as related parties.

13. Ultimate Controlling Party

The immediate parent company is MAG Mutual Intermediate Holding Company which owns 100% of the £100 ordinary share capital.

The ultimate controlling party is Mag Mutual Holding Company a copy of whose accounts can be obtained from Bldg 14, 3535 Piedmont Road, NE Atlanta, GA 30305 USA.