

Company Registration No. 01325241 (England and Wales)

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**MILES SMITH BROKING LIMITED**

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**REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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## **MILES SMITH BROKING LIMITED**

### **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present the strategic report for the year ended 31 December 2021.

#### **Overview**

The principal activity of the company is to carry on business as an insurance intermediary providing insurance solutions to its fellow group companies, sources in Lloyd's of London and the wider London Market.

The Company is part of a group of companies controlled by Specialist Risk Investments Limited ('SRG') ('the Group').

The Company is a subsidiary of Miles Smith Limited, a company incorporated in the United Kingdom.

#### **Business Review**

The Company has reported earnings before interest, taxation, depreciation and amortisation ('EBITDA') and other one off transactions for the year of £(111,287) (2020: £(27,911)) as shown in the table below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(111,857)	(27,012)
Interest	(144)	(899)
Exceptional items	714	-
EBITDA for the year	<u>(111,287)</u>	<u>(27,911)</u>

The Company's retained loss after taxation for the year was £(111,857) (2020: loss of £(27,012)).

The Company holds key Authorised Representative relationships within the Group, and these businesses have an excellent renewal portfolio and a strong pipeline of new business heading into the new financial year.

## MILES SMITH BROKING LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Principal risks and uncertainties

The principal risks and uncertainties faced by the company are common to other businesses in our industry and are described below:

**Market** - the company's performance is affected by both the general economic climate and stability in our marketplace, principally the UK corporate market; and the insurance rating environment which has cyclical trends and affects our earnings based on premium spend.

**Regulatory** - as a business regulated by the Financial Conduct Authority in the UK a breach of regulatory rules may lead to sanctions by the authorities. We are subject to new regulations which the regulator may introduce from time to time and which may impact on our infrastructure.

**Competition** - the London insurance market remains a highly competitive one with various competitors in each of our specialist fields.

**Interest rates** - Our profitability is impacted by the interest rates. Our net interest return is reduced in times of low interest rates, such as the unprecedented rates currently extant.

**Operational** - failure of its operational systems or those of a third party, business interpretation due to an external event, or loss of key staff may disrupt the company's ability to service its client's needs appropriately or may lead to information security issues.

**Financial** - the company's principal financial risks are credit risk arising from trade debtors, and liquidity risk. The financial exposure continues to be spread over a large number of customers. Company monies, including client monies are held in accounts at UK clearing banks.

**Group strategy** - the company places certain types of business with certain Lloyd's of London or certain other London Market insurers. The income of the company is dependent upon the group continuing to place business with these insurers, rather than other Lloyd's of London, London Market or other insurers.

**Brexit** - following the end of transition arrangements, the UK left the EU on 31 January 2020, and we are now monitoring the change in relationship between the UK and the EU, with a closer eye on the regulatory environment including the continuation of how insurance laws and regulations are handled. Currently, the Group planned for a 'hard' Brexit and as such the Group was prepared for Brexit. The Group utilises its entities based in Ireland to passport business from the UK into other EU states.

During the year the COVID 19 outbreak and subsequent measures taken by various governments had an impact on many businesses. The Company experienced a relatively minor impact on its ability to trade and engage with clients, with limited impact on profitability and cash flow, countered by extensive growth opportunities. Whilst some uncertainty remains, the impact of the pandemic has significantly reduced, and the board of directors remain confident around the wider Group's growth potential and future profitability and the prospects for this company.

Despite recent reports indicating potential economic recession in the UK, the board remains confident of the prospects for the Group and the company as the insurance sector traditionally remains resilient to recessionary pressures, combined with continuing strong demand and recurring revenues from the Group and the company's range of specialist insurance products and services.

## **MILES SMITH BROKING LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Financial key performance indicators**

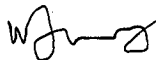
The company uses a number of performance measures to assess its success in meeting its objectives that include:

- Client performance - the company's success depends on its ability to satisfy its fellow group clients and consequently their ability to satisfy their client. The company believes that the provision of innovative risk solutions with a high level of service are key to sustaining and growing the business;
- Profitability- the current year's results are reported in the Strategic Report on page 3;
- Complaint monitoring;
- Customer satisfaction survey.

#### **Future developments and events after the balance sheet date**

There are no significant events that have occurred after the year end that require disclosure.

This report is approved and authorised on behalf of the Board of Directors



**Warren Downey**  
**Director**

7th November 2022

## **MILES SMITH BROKING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their annual report on the affairs of Miles Smith Broking Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2021.

#### **Principal activities**

The principal activities of the Company, along with a review of the business, details of future developments, events after the balance sheet date and the principal risks and uncertainties can be found in the strategic report on pages 3 to 5.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Warren Downey	
Charles Love	Resigned on 04 March 2022
Steve Lee	
Lee Anderson	Appointed on 04 January 2022
Joe Hanly	Appointed on 10 May 2022
Clare Lebecq	Appointed on 26 July 2022

#### **Results and dividends**

The results for the year are set out on page 12.

No ordinary dividends were paid during the year (2020: £nil). The directors do not recommend payment of a final dividend.

#### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. The Company's parent undertaking, Specialist Risk Investments Limited, also provides additional cover for the directors against personal financial exposure under a directors' and officers' liability insurance policy.

#### **Going Concern**


The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's ultimate parent, Specialist Risk Investments Limited, has confirmed its support to the directors of the Company. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

#### **Political Donations**

The Company made no political contributions during the year.

This report is approved and authorised on behalf of the Board of Directors



Warren Downey  
Director

7th November 2022

## **MILES SMITH BROKING LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

#### **Auditor**

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

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

Grant Thornton UK LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILES SMITH BROKING LIMITED**

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### **Opinion**

We have audited the financial statements of Miles Smith Broking Limited (the 'company') for the year ended 31 December 2021, which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILES SMITH BROKING LIMITED**

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### **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.

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

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

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

### **Matter on which we are required to report under the Companies Act 2006**

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

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

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

### **Responsibilities of directors for the financial statements**

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

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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILES SMITH BROKING LIMITED**

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### **Responsibilities of directors for the financial statements (continued)**

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors, management and the compliance officer. We determined that the most significant laws and regulations were applicable Financial Services and Markets Act 2000 (FSMA 2000) legislation and those that relate to the financial reporting framework, being United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006, together with UK tax legislation;
- We enquired of the directors and management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the Company's board and compliance meetings, inspection of the complaints register and breaches register, inspection of legal and regulatory correspondence and reports to the regulator the FCA;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILES SMITH BROKING LIMITED

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
- testing journal entries, including manual journal entries processed at the year-end for financial statements preparation and journals with unusual account combinations; and
- challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the Company operates; and
  - understanding of the legal and regulatory frameworks applicable to the Company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Company's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the rules and interpretative guidance issued by the Financial Conduct Authority applicable to the Company and the scope of its authorisation; and
  - the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

William Pointon  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
7th November 2022

**MILES SMITH BROKING LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

		<b>2021</b>	<b>2020</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Administrative expenses		(111,287)	(27,911)
Exceptional items		(714)	-
Administrative expenses		(112,001)	(27,911)
<b>Operating loss</b>	<b>3</b>	(112,001)	(27,911)
Finance costs (net)	<b>6</b>	144	899
<b>Loss before taxation</b>		(111,857)	(27,012)
Taxation	<b>7</b>	-	-
<b>Loss for the financial year</b>		(111,857)	(27,012)

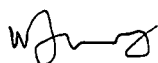
There was no other comprehensive income for 2021 (2020: £nil).

Notes 1 - 20 form part of the financial statements.

**MILES SMITH BROKING LIMITED****STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

		As at 31 December 2021		As at 31 December 2020	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investments in subsidiaries			-		-
<b>Current assets</b>					
Debtors	9	14,233,262		3,757,308	
Cash	10	8,991,513		7,026,756	
		23,224,775		10,784,064	
<b>Current liabilities</b>					
Creditors due within one year	11	(22,657,309)		(10,104,741)	
<b>Net current assets</b>			567,466		679,323
<b>Total assets less current liabilities</b>			567,466		679,323
<b>Net assets</b>			567,466		679,323
<b>Capital and reserves</b>					
Called-up share capital	13		500,000		500,000
Profit and loss account			67,466		179,323
<b>Total equity</b>			567,466		679,323

The financial statements of Miles Smith Broking Limited (registered number 01325241) were approved by the board of directors and authorised for issue on 7th November 2022 and are signed on its behalf by:



Warren Downey  
Director

Miles Smith Broking Limited, 6th floor, 1 America Square, 17 Crosswall, London EC3N 2LB

Notes 1 - 20 form part of the financial statements.

**MILES SMITH BROKING LIMITED****STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2021**

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 01 January 2020</b>		500,000	206,335	706,335
<b>Year ended 31 December 2020</b>				
Loss and total comprehensive income for the year		-	(27,012)	(27,012)
<b>Balance at 31 December 2020</b>		500,000	179,323	679,323
<b>Year ended 31 December 2021</b>				
Loss and total comprehensive income for the year		-	(111,857)	(111,857)
<b>Balance at 31 December 2021</b>		500,000	67,466	567,466

Notes 1 - 20 form part of the financial statements.

## **MILES SMITH BROKING LIMITED**

### **NOTES TO THE FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies**

##### **Company information**

Miles Smith Broking Limited is a privately owned company limited by shares incorporated in England and Wales. The registered office is 6th floor, 1 America Square, 17 Crosswall, London, EC3N 2LB.

The Company's principal activities are disclosed in the Directors' Report.

##### **Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of certain disclosure exemptions available to it in respect of its financial statements.

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

This information is included in the consolidated financial statements of Specialist Risk Investments Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

## **MILES SMITH BROKING LIMITED**

### **NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies (continued)**

##### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The Directors' report also describes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to other external risks.

The directors have reviewed the financial statements taking into consideration the Company's Net Current Assets of £567,466 (2020: £679,323) as well as assessing the Company's future viability to continue with its principal activity. The review included assessing the Group structure, existing financing arrangements and future plans. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **Turnover**

Turnover represents brokerage, profit commission and fees net of any commission payable to third parties. It arises on the placement of insurance contracts by the Company.

Brokerage is recognised when the company's contractual right to such income is established and to the extent that the Company's relevant obligations under the contracts concerned have been performed. For most of the Company's broking activities, this means that brokerage is recognised at the inception of the underlying contract of insurance concerned, subject to a deferral of brokerage in respect of post-placement services that constitutes obligations of the company under those contracts.

Where the amount of brokerage is dependent on the achievement of contractual targets, the minimum amounts under the contract are recognised on inception, and the incremental amounts arising are recognised when their targets concerned are achieved.

Where the amount of brokerage is dependent on the results of the business placed, the minimum amounts under the contract are recognised at inception, and any incremental amounts are recognised only to the extent that a reliable estimate of the amounts concerned can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

Profit commission arising from the placement of insurance contracts or the exercise of an underwriting agency by the Company is recognised when the right to such profit commission is established through a contract, but only to the extent that a reliable estimate of the amount due can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

Commissions received in advance of revenue recognition criteria having been met in accordance with the policies described above, is credited to the deferred income account within accruals and deferred income in the Company's balance sheet.

Commissions that are recognised in accordance with this policy before it has been invoiced is included in other debtors in the Company's balance sheet.

In the case of proportional treaty insurance business and binding authorities, brokerage is recognised when the accounts are received. Fees are credited to the profit and loss account when invoiced to the client.



## **MILES SMITH BROKING LIMITED**

### **NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies (continued)**

##### **Insurance broking assets and liabilities**

Insurance brokers act as agents in placing the insurance risk of their clients with insurers and are not liable as principles for amounts arising from such transactions. Notwithstanding these legal relationships, debtors, creditors and cash balances arising from insurance broking transactions are shown as assets and liabilities within these accounts. This recognises that the insurance broker is entitled to retain the investment income arising from the cash flows attributable to these transactions. Money received in respect of these transactions is held in non-statutory trust bank accounts or insurer trust bank accounts in accordance with the requirements of the Financial Conduct Authority.

##### **Other operating income**

Other operating income is recognised at the time of the provision of the service.

##### **Financial instruments**

The company holds basic financial instruments, which comprise bank balances, trade and other debtors and creditors, loans from banks, loans to related parties and investments in non-puttable ordinary shares. The company has applied the measurement and recognition provisions of Section 11 Basic Financial Instruments of FRS 102.

##### **Valuation of investments**

Investments in subsidiaries are measured at cost less any provision for impairment.

Investments in unlisted Group shares, whose market value cannot be reliably determined, are stated at historic cost less any provision for impairment.

Investments held as fixed assets, are measured at cost less any provision for impairment.

##### **Debtors**

Short term debtors which are receivable within one year are initially measured at the transaction price expected to be received and are assessed for indicators of impairment at the end of each reporting year.

##### **Cash and cash equivalents**

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

## **MILES SMITH BROKING LIMITED**

### **NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies (continued)**

##### **Creditors**

Short term creditors which are payable within one year are initially measured at the transaction price expected to be paid and are assessed for indicators of impairment at the end of each reporting year. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

##### **Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

##### **Functional and presentational currency**

The company's functional and presentational currency is GBP.

##### **Transactions and balances**

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

##### **Operating leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

## MILES SMITH BROKING LIMITED

### NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (continued)

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

##### Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

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

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

#### 2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The directors have not identified any key estimates or judgements.

## MILES SMITH BROKING LIMITED

### NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3 Operating loss

Operating profit for the year is stated after charging/(crediting):

	2021 £	2020 £
Audit of the financial statements	8,925	8,500
Other auditor related fees	15,550	15,000

Other audit related fees relate to a CASS assurance £13,500 (2020: £11,000), and taxation services £2,050 (2020: £3,000).

#### 4 Employees

Employees and directors are remunerated via other companies within the Group.

#### 5 Directors' remuneration

No directors are remunerated via this Company.

#### 6 Finance costs (net)

	2021 £	2020 £
Interest receivable:		
Other interest receivable	144	899

**MILES SMITH BROKING LIMITED****NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021****7 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	-
Adjustments in respect of prior periods	-	-
Other	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1)	(1)
Adjustment in respect of prior periods	1	1
Effect of increased/decreased tax rate on opening balance	-	-
Other	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

**MILES SMITH BROKING LIMITED****NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021****7 Taxation (continued)**

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2021 £	2020 £
Profit before taxation	(111,857)	(27,012)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(21,253)	(5,132)
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Amounts not recognised for taxation	71	-
Group relief	21,232	5,193
Adjustments in respect of prior years	-	-
Impact of tax rate changes	(23,879)	-
Movement in unrecognised deferred tax	23,829	(61)
Accelerated capital allowances	-	-
Other non reversing timing differences	-	-
Other	-	-
Total tax charge for the year	-	-

## MILES SMITH BROKING LIMITED

### NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 8 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
Specialist Risk International Limited	Insurance broking	Ordinary	100%

#### 9 Debtors

	As at 31 December 2021 £	As at 31 December 2020 £
Trade Debtors	11,242,134	3,283,079
Amounts due from group undertakings	2,990,387	473,114
Prepayments	694	1,068
Other Debtors	47	47
	<u>14,233,262</u>	<u>3,757,308</u>

There are no balances due after more than one year.

# MILES SMITH BROKING LIMITED

## NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Cash

	As at 31 December 2021 £	As at 31 December 2020 £
Insurance related	8,805,877	6,961,023
Own cash	185,636	65,733
	<u>8,991,513</u>	<u>7,026,756</u>

Insurance related cash balances represents amounts held by the Company arising due to the Company's insurance broking operations.

### 11 Creditors

	As at 31 December 2021 £	As at 31 December 2020 £
<b>Amounts falling due within one year:</b>		
Trade creditors	19,111,197	10,086,693
Accruals & Deferred Income	9,908	3,330
Amounts due to group undertakings	3,508,551	-
Corporation Tax	14,717	14,718
Other creditors	12,936	-
	<u>22,657,309</u>	<u>10,104,741</u>



## MILES SMITH BROKING LIMITED

### NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 12 Retirement benefits

##### Defined contribution schemes

The Company's employees and directors are remunerated via a separate entity within the Group.

#### 13 Share capital

	As at 31 December 2021 £	As at 31 December 2020 £
500,000 Ordinary shares at £1.00 per share	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

The Company has one class of ordinary shares (2020: one class) which carry no right to fixed income.

## **MILES SMITH BROKING LIMITED**

### **NOTES TO THE FINANCIAL ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **14 Reserves**

##### **Share premium**

Consideration received for shares issued above their nominal value net of transaction costs.

##### **Profit and loss reserves**

Cumulative profit and loss net of distributions to owners.

#### **15 Operating leases**

The Company has no operating leases.

#### **16 Capital commitments**

There were no capital commitments as at 31 December 2021 or 31 December 2020.

#### **17 Contingent liabilities**

The Company, along with other subsidiaries, has entered into a Debenture and related security accession documents to secure loans and overdraft facilities to another Group company, Saturn UK Bidco Limited, by granting charges over its assets.

#### **18 Related party transactions**

##### **Group Company's**

The Company has taken advantage of the exemption in FRS 102 "Related Party Disclosures" and has not disclosed transactions with Group undertakings.

There are no other related party transactions.

#### **19 Post balance sheet events**

Other than those noted in the Director's report, the directors are not aware of any major changes post the balance sheet date at the date of signing the financial statements.

#### **20 Controlling party**

The Directors consider Saturn Jersey Topco Limited (incorporated in the Channel Islands) to be the Company's ultimate parent undertaking. The Director's consider Miles Smith Limited, whose registered office is 1 America Square, 17 Crosswall, London EC3N 2LB, to be the Company's immediate parent undertaking.

The ultimate controllers of this company at the date of signing the financial statements is HGGC IV, L.P. a fund which is managed by HGGC, a company incorporated in United States of America. The address of HGGC is 1950 University Avenue, Palo Alto, California, 94303.

The parent Company of the largest Group to include the Company within its consolidated financial statements is Saturn Jersey Topco Limited (incorporated in the Channel Islands) and the smallest group is Specialist Risk Investments Limited. Copies of these financial statements are available on the Companies House website.