

Thomas Miller (UK) Holdings Company Ltd

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



Company number: 03766242

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

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THOMAS MILLER (UK) HOLDINGS COMPANY LTD

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C E Fenton
J M Goldthorpe
B M Kesterton
H J Wynn-Williams

COMPANY SECRETARY

K P Halpenny

REGISTERED OFFICE

90 Fenchurch Street
London
EC3M 4ST

AUDITOR

Deloitte LLP
Statutory Auditor
London
United Kingdom

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Principal activity and business review

The company is a wholly owned subsidiary of Thomas Miller Holdings Ltd., a company incorporated in Bermuda.

The main activity of the company during 2019 has been to act as a holding company for its subsidiary undertakings listed in note 8. The main activities of the subsidiaries include the provision of general management and agency services to various clients. Thomas Miller & Co. Limited, a fellow subsidiary undertaking, provides the personnel, the office space and other services and equipment required for the conduct of the group's businesses, and charges the group accordingly. No change is envisaged in these arrangements for 2020 and beyond. As noted in the directors' report, the profit on ordinary activities after taxation amounted to £1,560,733 (2018 - £1,506,701). Based on the main activities of the company and its subsidiaries, the directors consider this KPI as sufficient in highlighting the financial performance of the group.

Director's duties

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

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

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

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

The following paragraphs summarise how the directors fulfil their duties:

Risk management

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

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

Our people

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

Business relationships

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

Community and environment

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

Culture and values

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

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED**

Director's duties (continued)

Shareholders

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

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

Financial risk management including principal risks and uncertainties

The group is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from financial liabilities as they fall due. The most important components of this financial risk are currency risk and credit risk.

The group finance director, advised by the Treasury Advisory Committee, monitors and aims to reduce exposure to the various components of financial risk. Through the committee, the group finance director takes advice to ensure that he acts in line with the terms of reference approved by the board of the ultimate parent company, Thomas Miller Holdings Ltd.

Currency risk

The group manages its currency risk in respect of its income and expenditure streams and its balance sheet exposure. Currency risk exists from the group's residual exposure to adverse movements in exchange rates in respect of its foreign currency movements and balances. This risk is managed within the group by collecting management fees in currencies which match the costs of the overseas group companies and through balancing the levels of currency assets and liabilities which may involve the use of forward exchange contracts. Foreign exchange differences are charged to the profit and loss account.

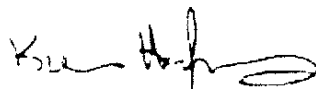
Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main area where the company is exposed to credit risk is in relation to amounts due from the ultimate parent company, from fellow subsidiary undertakings, financial institutions and other customers. However, the balances due are readily realisable and the company is comfortable that the counterparties have sufficient resources to meet their obligations.

Taking into account the company's current position and its principal risks, the directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months. As the result of COVID 19, financial markets have been volatile in the first part of 2020 and it is reasonable to expect this volatility to continue for an indeterminate period in the future. In assessing the prospects of the company, the directors noted that such assessment is subject to a degree of uncertainty that can be expected to increase looking out over time and, accordingly, future outcomes cannot be guaranteed or predicted with certainty. The directors' assessment has taken into account the resources of the company and that of the wider Thomas Miller group under the parent company Thomas Miller Holdings Ltd. Where necessary Thomas Miller Holdings Ltd. has indicated it will provide further liquidity or regulatory capital to the company.

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

By order of the board



K P Halpenny
Company Secretary

90 Fenchurch Street
London
EC3M 4ST

1 June 2020

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their annual report on the affairs of Thomas Miller (UK) Holdings Company Ltd and its subsidiary undertakings ("the group"), together with the financial statements and auditor's report, for the year ended 31 December 2019.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

Results and dividends

The profit and loss account for the year is set out on page 8. The profit on ordinary activities after taxation amounted to £1,560,733 (2018 - £1,506,701).

During the year dividends were declared as follows:

	2019 £	2018 £
Final dividend in respect of the year ended 31 December 2019	1,618,000	-
Final dividend in respect of the year ended 31 December 2018	-	1,573,000
	<u>1,618,000</u>	<u>1,573,000</u>

Directors

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

B M Kesterton, C E Fenton, J M Goldthorpe and H J Wynn-Williams are directors of the ultimate parent company, Thomas Miller Holdings Ltd.

Directors' indemnity

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

Auditor

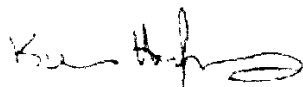
Each of the persons who is a director at the date of approval of this report confirms that:

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

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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

By order of the board



K P Halpenny
Company Secretary

90 Fenchurch Street
London
EC3M 4ST

1 June 2020

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOMAS MILLER (UK) HOLDINGS COMPANY LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Thomas Miller (UK) Holdings Company Ltd (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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 respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THOMAS MILLER (UK) HOLDINGS COMPANY LTD (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

We have nothing to report in respect of these matters.

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

London, UK
1 June 2020

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	1, 3	87,888,930	82,243,253
Administrative expenses		<u>(85,980,121)</u>	<u>(80,314,919)</u>
Profit on ordinary activities before taxation	6	1,908,809	1,928,334
Tax on profit on ordinary activities	6	(348,076)	(421,633)
Profit on ordinary activities after taxation		<u>1,560,733</u>	<u>1,506,701</u>

All amounts derive from continuing operations.

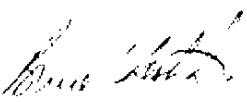

The notes on pages 13 to 19 form an integral part of these financial statements.

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Property, plant and equipment	7	3,315,995	145,510
Current assets			
Debtors	9	31,071,774	11,660,362
Cash at bank		483	568
		<u>31,072,257</u>	<u>11,660,930</u>
Creditors: Amounts falling due within one year	10	<u>(31,064,742)</u>	<u>(8,549,762)</u>
Net current assets		7,515	3,111,168
Total assets less current liabilities		<u>3,323,510</u>	<u>3,256,678</u>
Creditors: Amounts falling due after more than one year	10	(124,099)	-
Net assets		<u>3,199,411</u>	<u>3,256,678</u>
Capital and reserves			
Called up share capital	12	10,608	10,608
Share premium account		2,532,908	2,532,908
Profit and loss account		655,895	713,162
Shareholder's funds		<u>3,199,411</u>	<u>3,256,678</u>

The financial statements of Thomas Miller (UK) Holdings Company Ltd (registered number 03766242) were approved by the board of directors and authorised for issue on 1 June 2020. They were signed on its behalf by:

	Director	B M Kesterton
	Director	J M Goldthorpe

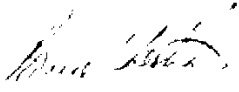
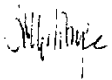
The notes on pages 13 to 19 form an integral part of these financial statements.

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Fixed assets			
Property, plant and equipment	7	3,315,995	145,510
Investments - subsidiary undertakings	8	2,543,514	2,543,514
		<u>5,859,509</u>	<u>2,689,024</u>
Creditors: Amounts falling due within one year	10	<u>(3,176,749)</u>	<u>(144,963)</u>
Net current assets		<u>(3,176,749)</u>	<u>(144,963)</u>
Total assets less current liabilities		2,682,760	2,544,061
Creditors: Amounts falling due after more than one year	10	(124,099)	-
Net assets		<u>2,558,661</u>	<u>2,544,061</u>
Capital and reserves			
Called up share capital	12	10,608	10,608
Share premium account		2,532,908	2,532,908
Profit and loss account		15,145	545
Shareholder's funds		<u>2,558,661</u>	<u>2,544,061</u>

The financial statements of Thomas Miller (UK) Holdings Company Ltd (registered number 03766242) were approved by the board of directors and authorised for issue on 1 June 2020. They were signed on its behalf by:

	Director	B M Kesterton
	Director	J M Goldthorpe

The notes on pages 13 to 19 form an integral part of these financial statements.

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2019

Group	Share capital	Share premium	Profit and loss account	2019 Total	2018 Total
	£	£	£	£	£
Opening shareholder's funds	10,608	2,532,908	713,162	3,256,678	3,322,977
Profit for the financial year	-	-	1,560,733	1,560,733	1,506,701
Dividends paid	-	-	(1,618,000)	(1,618,000)	(1,573,000)
Net decrease in shareholder's funds	-	-	(57,267)	(57,267)	(66,299)
Closing shareholder's funds	10,608	2,532,908	655,895	3,199,411	3,256,678

Company	Share capital	Share premium	Profit and loss account	2019 Total	2018 Total
	£	£	£	£	£
Opening shareholder's funds	10,608	2,532,908	545	2,544,061	2,544,061
Profit for the financial year	-	-	1,632,600	1,632,600	1,573,000
Dividends paid	-	-	(1,618,000)	(1,618,000)	(1,573,000)
Net increase in shareholder's funds	-	-	14,600	14,600	-
Closing shareholder's funds	10,608	2,532,908	15,145	2,558,661	2,544,061

The notes on pages 13 to 19 form an integral part of these financial statements.

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2019

1. Accounting policies

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

1.1 General information and basis of accounting

Thomas Miller (UK) Holdings Company Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the strategic report on page 3.

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

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company as a "qualifying entity" is exempt from producing a cash flow statement in accordance with FRS 102.1.12(b). The full voting rights of the company are owned by its ultimate parent undertaking (note 15) whose published, publicly available, accounts include a consolidated cash flow statement.

1.2 Basis of consolidation

The group financial statements consolidate the results of Thomas Miller (UK) Holdings Company Ltd. and all its subsidiary undertakings drawn up to 31 December each year.

1.3 Going concern

The business activities of the group are set out in the directors' report.

The company has net current liabilities, which is a balance due to a fellow subsidiary company which has sufficient resources to meet its obligations. However, the company will also be supported in its operations by the group.

The Thomas Miller group has performed a liquidity stress test for the 20 month period ending December 2021 in light of the COVID-19 pandemic including the cessation of certain business and the loss of a major contract. This stress test indicates there is headroom before any mitigating actions. The group has identified possible mitigating actions which could be taken, including reducing costs, deferring capital expenditure and suspending dividends. Taking account of these potential mitigating actions, this analysis demonstrates that the group could continue as a going concern for at least the next year given the financial and liquidity strength of the insurance companies managed by Thomas Miller and the notice periods contained in the underlying management contracts. Accordingly, Thomas Miller considers the results of this test support the view that the group is able to continue as a going concern for the next twelve months.

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

As a consequence, the directors believe that the group is well placed to manage its business risks successfully in the current economic environment. Therefore, the directors continue to apply the going concern basis.

1.4 Investment in subsidiary undertakings

Investments in subsidiary undertakings held as fixed assets are stated at cost less any provision for impairment.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less estimated residual value of all tangible fixed assets over the estimated useful economic lives of the assets. The rates generally applicable are:

Office machinery, fixtures and fittings	Straight-line over 3 to 17 years
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NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2019 (continued)

1. Accounting policies (continued)

1.6 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

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

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: (a) the group has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1.7 Turnover

Amounts not attributable to the accounting year are recognised as deferred income.

The group is contracted to provide management services to a number of insurance entities over their financial period. Fees are received to perform these management services, comprised of a fixed fee and an incentive fee, the conditions of which vary between management agreements. The entities are invoiced and fees received on an annual, bi-annual or quarterly basis. The group satisfies its contractual arrangements with the entities as the management services are provided, evenly over the entities' financial period.

1.8 Foreign currencies

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

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2019 (continued)

1.9 Financial Instruments

The company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

(ii) Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives i.e. forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not apply hedge accounting for foreign exchange derivatives.

2. Critical accounting judgements and key source of estimation uncertainty

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

3. Turnover

Turnover by location of client:

	2019 £	2018 £
United Kingdom	87,881,458	82,236,556
Americas	2,472	-
Asia Pacific	5,000	6,697
	<u>87,888,930</u>	<u>82,243,253</u>

All turnover derives from the principal activities of the group.

4. Operating profit

	2019 £	2018 £
This is stated after charging:		
Exchange gains / (losses)	85,692	(112,776)
Auditor's remuneration		
- Audit fees in relation to the audit of the group and company's annual accounts	7,895	7,519

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2019 (continued)

5. Directors' remuneration

The directors of the company include a number of directors who are also directors of other companies within the Thomas Miller Holdings group. The directors do not consider it practicable or appropriate to allocate directors' services between individual subsidiary companies. The directors of the company received aggregate emoluments of £2,920,446 (2018 - £3,852,020) relating to their services to all companies within the Thomas Miller Holdings group.

The value of contributions paid, or treated as paid, by the company in respect of defined contribution schemes was £5,833 (2018 - £10,000).

The number of directors who:

	2019 Number	2018 Number
Are members of a defined benefit scheme	3	3
Are members of a defined contribution scheme	1	1
Exercised options over shares in the ultimate parent company	3	2
Had awards receivable in the form of shares under a long-term incentive scheme	4	4

6. Tax on profit on ordinary activities

The tax charge comprises:

	2019 £	2018 £
Current tax on profit on ordinary activities		
UK corporation tax	223,977	891,273
Total current tax charge for the year	223,977	891,273
Deferred tax		
Current year	138,699	(524,892)
Effect of changes in tax rates	(14,600)	55,252
Total deferred tax charge / (credit) (note 11)	124,099	(469,640)
Tax on profit on ordinary activities	348,076	421,633

There is no deferred tax charge for the year.

The standard rate of tax applied to the reported profit on ordinary activities is 19% (2018 - 19%). The Finance Act 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As this has not been enacted by the balance sheet date, balances as at 31 December 2019 continue to be measured at 17%, the amended tax rate would cause an increase of £14,600 in the deferred tax liability.

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

Profit on ordinary activities before tax	1,908,809	1,928,334
Total tax on profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	362,676	366,381
Effects of:		
Impact of changes in tax rates	(14,600)	55,252
Total tax charge for the period	348,076	421,633

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2019 (continued)

7. Tangible fixed assets

Group and company

	Office machinery fixtures and fittings
	Owned
	£
Cost	
At 1 January 2019	145,510
Additions	<u>3,357,156</u>
At 31 December 2019	<u>3,502,666</u>
Accumulated depreciation	
At 1 January 2019	-
Provided in the year	<u>(186,671)</u>
At 31 December 2019	<u>(186,671)</u>
Net book value	
At 31 December 2019	<u>3,315,996</u>
At 31 December 2018	<u>145,510</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

8. Investments in subsidiaries

Shares in subsidiary undertakings

Company	2019	2018
	£	£
Cost and net book value:		
As at 1 January and 31 December	<u>2,543,514</u>	<u>2,543,514</u>

Details of the investments in which the group or the company holds more than 10% of the nominal value of any class of share capital are shown below. The various undertakings provide services to mutual insurance companies and 100% of ordinary shares and voting rights are held, unless otherwise stated. Unless indicated to the contrary, all investments are held by the company and incorporated in the United Kingdom and registered in England and Wales. Dormant companies have not been included.

Name of company

Marine Response Services Ltd
H.A.P.M. Management Company Limited
Signum Services Ltd.
International Transport Intermediaries Management Company Ltd
Thomas Miller P&I (Europe) Ltd
Thomas Miller Defence Ltd.
Thomas Miller Professional Indemnity (Holdings) Limited
Thomas Miller Professional Indemnity Limited*
S.I.M.I.A. Management Company*
H.A.M.I.A. Management Company*
Bar Mutual Management Company*
Thomas Miller War Risks Services Limited
Through Transport Mutual Services (UK) Limited

Nature of business

Agency services
Management services
Investigation and security services
Management services
Agency and management services
Agency and management services
Investment holding
Management services
Management services
Management services
Management services
Consultancy and management services
Agency and management services

* Held via an intermediate holding company

For the year ended 31 December 2019 and the year ended 31 December 2018, these subsidiaries have taken advantage of section 479a of the Companies Act 2006, the exemption from an audit of their financial statements.

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2019 (continued)

9. Debtors

	Company 2019 £	Group 2019 £	Company 2018 £	Group 2018 £
Amounts owed by parent and fellow subsidiary undertakings	-	21,618,666	-	9,000,885
Trade debtors	-	6,981,038	-	169,384
Other debtors	-	-	-	268
Prepayments	-	-	-	30,000
Accrued income	-	2,472,068	-	2,459,823
Corporation tax	-	2	-	2
	-	31,071,774	-	11,660,362

Amounts due from fellow subsidiary undertakings are repayable on demand.

10. Creditors

	Company 2019 £	Group 2019 £	Company 2018 £	Group 2018 £
Amounts falling due within one year:				
Amounts owed to fellow subsidiary undertakings	3,176,749	3,711,146	144,963	725,623
Corporation tax	-	176,017	-	458,294
Other creditors	-	168,058	-	24,268
Accruals	-	13,077	-	11,873
Deferred income	-	26,996,444	-	7,329,704
	3,176,749	31,064,742	144,963	8,549,762
Amounts falling due after more than one year:				
Deferred taxation (note 6)	124,099	124,099	-	-

11. Deferred tax

Group	2019 £	2018 £
The amounts of deferred taxation in the accounts are as follows:		
Short term timing differences	(124,099)	-
Liability at start of year	-	(469,640)
Current period (charge) / credit	(124,099)	469,640
Liability at end of year	(124,099)	-

12. Share capital

	2019 £	2018 £
Called up, allotted and fully paid of the company:		
Equity interests: 10,608 ordinary shares of £1 each	10,608	10,608

13. Company status

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

THOMAS MILLER (UK) HOLDINGS COMPANY LTD

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2019 (continued)

14. Related parties

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

15. Ultimate controlling parties

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

16. Post balance sheet events

On 11 March 2020, COVID-19 was declared a global pandemic because of the rising rate of infections. The directors of the company consider the impact of the COVID-19 pandemic to be a non-adjusting post balance sheet event because of the disruption it has caused to economic activity, including the recent falls in equity markets and increased market volatility. In compliance with UK Government guidelines, the company has invoked its business continuity arrangements. All members of staff deployed within the business are currently working remotely, and continue to provide a full service to clients. Given the continuing uncertainties, it is not practicable to determine the financial impact of the pandemic on the company, *although it is not expected to be material in the foreseeable future. The company has adequate capital to meet its regulatory requirements and benefits from the support of its parent company.* The directors are not aware of any other significant post balance sheet events that require disclosure in these financial statements.