

Registered number: 04690709

COVERYS MANAGING AGENCY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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COVERYS MANAGING AGENCY LIMITED

COMPANY INFORMATION

DIRECTORS

Erin Brennan Bagley
Michael Bell
Colin David Charles
Arthur Giragos Chopourian (resigned 1 July 2021)
Sarah Ann Davies (appointed 15 January 2021)
Robert Dennis Forster
David William Hipkin
Robin Edward McCoy (resigned 1 July 2021)
Todd Colin Mills
Daniel Thomas Wright (resigned 11 January 2021)

COMPANY SECRETARY

Joanne Marshall

REGISTERED NUMBER

04690709

REGISTERED OFFICE

6th Floor
One Creechurch Place
London
EC3A 5AF

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Statutory Auditor
7 More London
Riverside
London
SE1 2RT

BANKERS

National Westminster Bank
1 Princes Street
PO BOX 12258
London
EC2R 8PA

COVERYS MANAGING AGENCY LIMITED

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COVERYS MANAGING AGENCY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

INTRODUCTION AND BUSINESS REVIEW

During the year the Company, Coverys Managing Agency Limited, acted as managing agent for Lloyd's Syndicates 1975, 1991 and 3330. The Company also provided services to a third party syndicate. The Company made a profit of £6k (2020: £164k loss).

Syndicate 1975's capacity for 2021 and 2022 is £50m. Following approval of the 2022 SBF by Lloyd's, the company and wider Group have decided to cease underwriting through the syndicate after 2022. Our ambitious growth plans require a flexible approach and the ability to plan for the long term. To achieve our goals, we are forming a new platform to allow additional options and capacity for our clients.

Syndicate 1991 was placed into run-off on 6 November 2020. The 2018 and 2019 years of account are left open as at the end of 2021, and that, together with the naturally open 2020 year of account, will continue to be administered by the Company.

On 16 February 2021, Syndicate 1994 (managed by Apollo Syndicate Management Limited) accepted the RITC of the 2018 year of account of Syndicate 3330, removing all the business of the syndicate.

The Company will continue to provide services to the third party syndicate.

SECTION 172(1) STATEMENT

The Company is led by the Board of Directors who must act in accordance with the duties set out in the Companies Act 2006 including a duty to promote the success of the Company. The Directors are briefed annually on their duties under the Companies Act 2006 and more generally.

Whilst certain matters are reserved to the Board, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making downwards. The Board continues to meet, usually, six times per year in accordance with the Company's articles of association and terms of reference. The Board is supported by a committee structure comprising at Board committee level: Executive, Audit, Risk and Capital, Investment and Remuneration and Nomination Committees. The effectiveness of the Company's Board Committees (other than the Remuneration and Nomination Committee) was subject to internal review in 2021 with the positive output reported to the Board in Q3 2021. Executive level committees comprise the Product Oversight Group and Underwriting, Claims, Project and Operations and Reserving Committees.

The Company's policies and procedures support the overall governance arrangements and reinforce the responsibilities of the individual committees and employees across all levels of the Company and promote their day-to-day business interaction and engagement.

Committees act within their terms of reference, including powers delegated by the Board, to ensure that the flow of information from and to the Board is robust and fit for purpose. The information reported to the Board acts as a marker and reassurance that the decisions made by the Directors are based upon appropriate levels of information to facilitate decision-making and achieve the sustainable long-term success of the Company. This ethos is very much at the heart of how the shareholder operates and promoted at Board level by the Group non-executive Directors. The Board comprises two Coverys group non-executive Directors who provide a shareholder perspective as an integral part of the Board's decision-making process.

In 2021, the Chair of the Risk and Capital Committee was appointed the permanent independent non-executive Board chair having served in the interim role since the departure of the outgoing chair in Q3 2020. A third non-executive director was appointed in 2021 and, following regulatory approval in Q2, became chair on the Risk and Capital Committee; the latter having been chaired on an interim basis by a Group non-executive director. In Q3, the Chief Executive Officer was replaced by the Chief Underwriting Officer to facilitate delivery of the Company's strategy. In Q4, the Operations and Claims Director retired. The latter's regulatory responsibilities were assumed by the existing Chief Information Officer and the Company's newly promoted Head of Claims.

The Board is responsible, in conjunction with the wider Coverys group, for setting and ensuring the corporate strategy is delivered and the success and interests of the Company are protected and considered as part of the decision-making process.

COVERYS MANAGING AGENCY LIMITED

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

In Q4, the Board approved the 2022 transition of the business of Syndicate 1975 out of Lloyd's and onto an alternative platform which will benefit from the Group's A rating from A. M. Best. The decision was taken to ensure the long-term future of the business as a key component of the Group's international strategy.

Having taken the decision to place S1991 into run-off in Q4 2020, the Board continued to oversee executive implementation of the run-off in 2021. It did so in the interests of capital providers, whilst being cognisant of the interests of other stakeholders and the continued need to ensure fair customer outcomes in its response to the decision of the Supreme Court in the FCA Test Case.

For the Company and its syndicates under management, relationships with its external stakeholders, such as capital providers, brokers, delegated claims administrators, coverholders, policyholders and third-party suppliers are key to success. In engaging with its external stakeholders, the Company and its syndicates under management adhere to and promote high standards of business conduct to reflect the tone cascaded from the Board downwards. Throughout 2021, work on its outsourcing arrangements has continued to enhance the robustness of the Company's pre-contractual engagement and contractual relationships with its outsourced partners.

The Board recognises that employees are central to the long-term success of the Company. In 2021, the Company undertook its second employee engagement survey with a 67% response rate. The results were reviewed by the Executive Committee and actions developed. The Board reviewed the output as part of a bi-annual cultural dashboard which was developed in 2020. The survey will be repeated in Q1 2022 and is one means by which the Company considers employee interests and engages with and understands their views. Other means have been developed through the continuation of the cultural development programme initiated in 2019. Workstreams include mentoring, coaching, learning packages and feedback mechanisms. To facilitate employee engagement, corporate updates are provided to staff through Company and Group CEO presentations at quarterly Town Hall meetings.

Recognising that culture, values and standards underpin how the Company creates and sustains value, in 2020, it developed with staff consultation, a set of Core Values to help guide the Company's decision-making and thereby promote its success. The Core Values continued to be embedded during 2021 and have been a factor in shaping the Company's ongoing response to the COVID-19 pandemic. In H2 2021, it developed and implemented a Hybrid Working Policy, which recognises and embraces the shift in working patterns to facilitate both in-office and virtual arrangements for staff.

In its decision-making, the Board must also have regard to the impact of the Company's operations on the community and the environment. The investment component of Environmental, Social and Governance (ESG) is reported to the Investment Committee by the Company's outsourced fund managers. The Company's Finance Director is responsible for reporting on the financial risk of climate change to the Executive Committee.

Finally, with a donation by the Company's parent Coverys UK Holding Co Limited, the Company continues in its capacity as a founding member of the Lord Mayor's Appeal. This brings together businesses, employees, neighbouring communities and charities to find solutions to some of London's most pressing societal issues. The Company is also a member of the Lloyd's Patriotic Fund.

COVERYS MANAGING AGENCY LIMITED

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

PRINCIPAL RISKS AND UNCERTAINTIES

Company Risks

As a managing agent at Lloyd's, the majority of the risks to the Company's future cash flows come from its income arising from the management of Lloyd's syndicates. The level of fees and profit commission receivable are largely governed by the future size and profitability of the syndicates. If the results of the syndicates are not considered adequate by the members of these syndicates, support may be reduced along with potential income to the Company.

There is the risk that any losses suffered by the syndicates will potentially reduce the capital available to support the syndicates in future years. In such circumstances, to avoid a reduction in capacity managed, the Managing Agent is dependent upon the existing members finding additional capital or attracting new members to the syndicate.

The Company may be at risk of litigation if capital providers to the syndicate, or other third parties, consider they have suffered a loss due to negligence in the management of the syndicate.

The Company manages the syndicates in return for a managing agency fee and profit commission out of which it must meet retained expenses. The Company is required to hold a minimum amount of regulatory capital. To this end, the Company monitors its financial position by way of quarterly management accounts and weekly cash flow reports and action would be taken to maintain the regulatory capital position where appropriate.

To manage these risks the Company's Board have in place a strong risk management and internal controls framework which supports the delivery of growth and profitability for its managed syndicates.

Syndicate Risks

The principal risks and uncertainties of the managed syndicates are presented below:

Insurance Risk

The Company manages both live and run-off syndicates the nature of which exposes them to the risk of claims arising on business written. To this end, the Company maintains detailed Solvency II compliant policies, procedures and techniques covering underwriting, claims, reserving and reinsurance to manage the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities.

Liquidity Risk

Most of the risk applicable to the Company relates to the syndicates. The syndicates are subject to calls on cash resources in respect of expenses which the Company pays on its behalf and then recharges back to the syndicates. The Company maintains a weekly cash flow report to monitor funds and an expense budget report to ensure that expenses stay in line with expectation.

Credit Risk

The syndicates have an exposure to credit risk in respect of insurance and reinsurance debtors. The Company maintains an internal credit rating policy and a limit setting process has been implemented to mitigate this risk.

Market/Currency Risk

The syndicates write a significant proportion of insurance business in currencies other than sterling, which gives rise to a potential exposure to currency risk. The Company seeks to mitigate this risk by asset and liability matching in currencies within the syndicate funds.

The investment of the syndicates' financial assets is partly managed by external investment managers on behalf of the Company. The performance of the investment managers is regularly reviewed to mitigate risks arising from market fluctuations and to manage liquidity accordingly.

Operational Risk

This is the risk that errors caused by people, processes, systems or external events lead to losses to the syndicates. The Company seeks to manage this risk with detailed policies and procedures addressing each potential source of operational risk and a structured programme of testing of processes and systems by internal audit.

COVERYS MANAGING AGENCY LIMITED

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

Legal and Regulatory Risk

The Company's approval as a Managing Agent of Lloyd's syndicates is subject to continuing approval by Lloyd's, the Financial Conduct Authority and the Prudential Regulation Authority. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to a Lloyd's Managing Agent and the operation of its managed syndicates.

Group Risk

The Company's Board of Directors is responsible for oversight of management of Group Risk. The key elements of the control framework for Group Risk are as follows:

- Cross directorships
- Acknowledgement of Conflicts of Interest Policy by Group companies
- Inter-company liaison/reporting
- Common shareholdings
- Aligned interests

The risk is captured on the Company's risk register and is managed through controls including conflict of interest policy, externally conducted Governance independent reviews and adequate independent non-executive members' representation on the Company's Board.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company's key financial performance indicators during the year are standard for managing agencies within the insurance industry and were as follows

	2021 £000	2020 £000
Turnover	458	1,211
Profit Commission	-	-
Profit / (Loss) Before Tax	6	(164)
Capacity Managed	50,000	163,000

The 2021 capacity under management relates only to Syndicate 1975.

The Balance Sheet shows that the net assets of the Company as at 31 December 2021 were £4,397k (2020: £6,388k).

OTHER KEY PERFORMANCE INDICATORS

The use of non-financial key performance indicators is not considered appropriate in understanding the performance and development of the Company.

This report was approved by the Board and signed on its behalf.

Robert Forster

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Robert Dennis Forster
Director

Date: 3 March 2022

COVERYS MANAGING AGENCY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the Financial Statements for the year ended 31 December 2021.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £6k (2020: £164k loss).

No dividends were paid in 2021 (2020: £nil)

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year were:

Erin Brennan Bagley
Michael Bell
Colin David Charles
Arthur Giragos Chopourian (resigned 1 July 2021)
Sarah Ann Davies (appointed 15 January 2021)
Robert Dennis Forster
David William Hipkin
Robin Edward McCoy (resigned 1 July 2021)
Todd Colin Mills
Daniel Thomas Wright (resigned 11 January 2021)

COVERYS MANAGING AGENCY LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS AND THEIR INTERESTS (CONTINUED)

During the period from 1 January 2021 to (and including) the date of approval of this report, the Company provided its Directors and Officers with a qualifying third party indemnity and cover under an annual Directors and Officers insurance policy.

FUTURE DEVELOPMENTS

Given that Syndicate 1991 was placed into run-off, no managing agency fees will be charged by the Company from this syndicate in the future, which will have an adverse impact on revenue.

The Company will continue to charge managing agency fees to Syndicate 1975 in 2022, but in 2023 these fees will cease to be charged.

COVID-19

In March 2020, COVID-19 was declared as a pandemic. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in UK and global financial markets. These market fluctuations have had no impact on the Company's regulatory capital as the Company's capital is not invested in financial markets. The Company continues to monitor the market movements and their impact on the Company's syndicates under management. The Company continues to maintain stable solvency and liquidity positions and will continue to meet its capital requirements. The Company remains focused on supporting its managed syndicates and clients and business partners.

POST BALANCE SHEET EVENTS

There have been no relevant significant events affecting the Company since the year end.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

PricewaterhouseCoopers LLP will be proposed for re appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf:

Robert Forster

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Robert Dennis Forster
Director

Date: 3 March 2022

COVERYS MANAGING AGENCY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF COVERYS MANAGING AGENCY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Coverys Managing Agency Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

COVERYS MANAGING AGENCY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF COVERYS MANAGING AGENCY LIMITED

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate transactions to increase the assets or reduce the liabilities of the company. Audit procedures performed by the engagement team included:

COVERYS MANAGING AGENCY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF COVERYS MANAGING AGENCY LIMITED

- Discussions with senior management involved in the Risk and Compliance functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of any matters reported on the company's whistleblowing helpline and fraud register and the results of management's investigation of such matters;
- Reading key correspondence with and reports to the Prudential Regulation Authority, the Financial Conduct Authority and / or the Council of Lloyd's in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Audit Committee;
- Testing journal entries where identified in accordance with our risk assessment;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and,
- Testing material transactions entered into outside of the normal course of the company's business where they exist.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

ANDREW BOX

Andrew Box (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 March 2022

COVERYS MANAGING AGENCY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Note	£'000	£'000
Turnover	4	458	1,211
GROSS PROFIT		458	1,211
Administrative expenses		(452)	(1,375)
PROFIT / (LOSS) BEFORE TAX		6	(164)
Tax on (Loss) / Profit	7	-	-
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		6	(164)

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

The notes on pages 13 to 21 form part of these Financial Statements.

COVERYS MANAGING AGENCY LIMITED

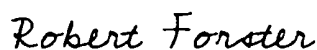
**BALANCE SHEET
AS AT 31 DECEMBER 2021**

			2021	2020
	Note	£'000	£'000	£'000
CURRENT ASSETS				
Debtors	10	4,959	5,074	
Cash and cash equivalents	11	<u>548</u>	<u>499</u>	
		5,507	5,573	
Creditors: amounts falling due within one year	12	(1,110)	(1,182)	
NET CURRENT ASSETS			<u>4,397</u>	<u>4,391</u>
FIXED ASSETS				
Other debtors	10		921	921
Investments	9		-	1,997
NON-CURRENT LIABILITIES	12		(921)	(921)
NET ASSETS			<u>4,397</u>	<u>6,388</u>
CAPITAL AND RESERVES				
Called up share capital	13		400	400
Capital contribution			3,825	5,822
Profit and loss account	14		172	166
			<u>4,397</u>	<u>6,388</u>

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf by:



.....
Michael Bell
Director



.....
Robert Dennis Forster
Director

Date: 3 March 2021

The notes on pages 13 to 21 form part of these Financial Statements.

COVERYS MANAGING AGENCY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Capital contribution	Retained earnings	Total
	£'000	£'000	£'000	£'000
AT 1 JANUARY 2021	400	5,822	166	6,388
Capital contribution repaid	-	(1,997)	-	(1,997)
Profit for the year	-	-	6	6
AT 31 DECEMBER 2021	400	3,825	172	4,397

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

	Share capital	Capital contribution	Retained earnings	Total
	£'000	£'000	£'000	£'000
AT 1 JANUARY 2020	400	3,825	330	4,555
Capital contribution received	-	1,997	-	1,997
Loss for the year	-	-	(164)	(166)
AT 31 DECEMBER 2020	400	5,822	166	6,388

The notes on pages 13 to 21 form part of these Financial Statements.

COVERYS MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated and domiciled in United Kingdom. The address of its registered office is One Creechurch Place, London, EC3A 5AF.

2. ACCOUNTING POLICIES

2.1. Basis of preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently:

2.2. Financial reporting standard 102 reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41, 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Coverys UK Holding Co. Limited as at 31 December 2020 and these financial statements may be obtained from Coverys UK Holding Co. Limited, 6th Floor, One Creechurch Place, London, EC3A 5AF.

2.3. Going concern

The Directors have assessed the position of the Company and it is expected to be able to meet its own liabilities as they fall due. The Directors believe that no material uncertainty exists that may cast significant doubt over the ability of the Company to continue as a going concern. The COVID-19 pandemic referred to in the Directors' report is not expected to have any impact on the Company's ability to continue as a going concern. Therefore the Company's Directors have reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

2.4. Turnover

Turnover comprises managing agency fees and profit commissions.

COVERYS MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

Managing agency fees are recorded in revenue over the period in which they are considered to be earned.

Profit commission from managed syndicates is recognised as the related underwriting profits from the managed syndicates are earned.

2.5. Admin Expenses

All expenses are accounted for on an accruals basis and are charged to the profit and loss.

2.6. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.7. Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, loans to Group Companies and investments in commercial paper, 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 the profit or loss.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group Companies 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. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the Financial Statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

COVERYS MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.8. Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Great British Pounds (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.

2.9. Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.10. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.11. Capital contribution

Capital contributions are classified as equity.

2.12. Taxation

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 balance sheet date in the countries where the Company operates and generates income.

COVERYS MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.13. Valuation of Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

No judgements have been made in applying the entities accounting policies that would have a significant effect on the amounts recognised in these Financial Statements.

(b) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Deferred income provision

Managing agency fees are recorded in revenue over the period in which they are considered to be earned. Fees relating to an underwriting year are deferred over two years in line with the estimated performance of the underlying duties. At 31 December 2021 the Company has deferred £37,500 (2020: deferred £120,000) in respect of these fees; this amount is included within accruals and deferred income.

(ii) Recoverability of debtors

The Company makes an estimate of the recoverable value of trade and other debtors, including amounts owed by Group undertakings. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of debtors and associated impairment provision.

COVERYS MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2021 £000	2020 £000
Managing agency fees	458	1,211
Profit Commissions	-	-
	<u>458</u>	<u>1,211</u>

All turnover arose within the United Kingdom.

5. AUDITORS' REMUNERATION

	2021 £000	2020 £000
Fees payable to the Company's auditors and its associates for the audit of the Company's financial statements	21	25
Tax compliance services	12	-
	<u>33</u>	<u>25</u>

6. DIRECTORS' REMUNERATION

	2021 £000	2020 £000
Wages and salaries	-	-
Cost of defined contribution scheme	-	-
	<u>-</u>	<u>-</u>

All employees, including Directors, were employed and paid by Coverys MA Services Limited during the year. The amount of Directors' remuneration recharged by Coverys MA Services Limited to the Company is disclosed within the Coverys MA Services Limited financial statements.

COVERYS MANAGING AGENCY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. TAXATION

	2021	2020
	£000	£000
CORPORATION TAX		
Current tax on profits for the year	-	-
Group taxation relief	-	-
TOTAL CURRENT TAX	<u>-</u>	<u>-</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2020: same as) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit / (Loss) before tax	<u>6</u>	<u>(164)</u>
Profit / (Loss) before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	<u>1</u>	<u>(31)</u>

EFFECTS OF:

Expenses not deductible for tax purposes	-	-
Transfer pricing adjustments	-	-
Unrecognised deferred tax asset / (liability) in respect of brought forward trading losses	1	(31)
TOTAL TAX CHARGE FOR THE YEAR	<u>-</u>	<u>-</u>

The Company has an unrecognised deferred tax asset of £85k (2020: £84k) in respect of trading losses carried forward.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company's 2021 result is taxed at an effective rate of 19%.

COVERYS MANAGING AGENCY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. DIVIDENDS

	2021 £000	2020 £000
Dividends paid	-	-
	<u>-</u>	<u>-</u>

9. INVESTMENTS

The Company owns 100% of the issued share capital of Coverys 1975 Underwriting Limited and DTW 1991 Underwriting Limited, Companies registered in England and Wales.

The Company owns 100% of the issued share capital of CMAL LLC, a Company registered in Delaware, USA.

The aggregate of the share capital and reserves as at 31 December 2021 for the subsidiary undertakings registered in England and Wales was £2.

On 1 February 2021 the Company's wholly owned subsidiary Coverys MA Services Limited was repositioned within the Group to be a wholly owned subsidiary of Coverys UK Holding Co. Limited, the Company's parent. There was no impact on the profit and loss. The impact on the Balance Sheet in 2021 was return of the £1,997k investment made in 2020 which reduced the investment in subsidiaries balance as well as the capital contribution balance in equity by £1,997k.

10. DEBTORS: Amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	0	114
Other debtors	2	9
Amounts due from Group undertakings	4,632	4,626
Prepayments and accrued income	325	325
	<u>4,959</u>	<u>5,074</u>

Prepayments and accrued income includes £325k (2020: £325k) due from previously managed syndicates in respect of profit commission.

DEBTORS: Amounts falling due after one year

	2021 £000	2020 £000
Other debtors	921	921
	<u>921</u>	<u>921</u>

COVERYS MANAGING AGENCY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. CASH AND CASH EQUIVALENTS

	2021	2020
	£000	£000
Cash at bank and in hand	548	499
	<u>548</u>	<u>499</u>

12. CREDITORS: Amounts falling due within one year

	2021	2020
	£000	£000
Amounts owed to Group undertakings	983	984
Corporation tax	-	-
Trade creditors	-	19
Other creditors	-	-
Accruals and deferred income	127	179
	<u>1,110</u>	<u>1,182</u>

CREDITORS: Amounts falling due after one year

	2021	2020
	£000	£000
Amounts owed to Group undertakings	921	921
	<u>921</u>	<u>921</u>

13. SHARE CAPITAL

	2021	2020
	£000	£000
Allotted, called up and fully paid		
400,000 (2020: 400,000) Ordinary shares of £1 each	400	400
	<u>400</u>	<u>400</u>

There is a single class of Ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

COVERYS MANAGING AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. RESERVES

Profit & loss account

The profit and loss account represents accumulated profits.

Capital contribution

Capital contributions are classified as equity and are made by the Company's parent to fund operational expenses.

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£000	£000
Not later than 1 year	1,024	1,024
Later than 1 year and not later than 5 years	1,280	2,303
	<u>2,304</u>	<u>3,327</u>

16. RELATED PARTY TRANSACTIONS

The company is exempt from disclosing related party transactions as they were only with other Coverys companies that are wholly owned within the Coverys Group.

The Group referred to in these financial statements includes Coverys UK Holding Co Limited, Coverys Managing Agency Limited, DTW 1991 Underwriting Limited, Coverys 1975 Underwriting Limited, and Coverys European Holdings Limited.

Coverys Capital Limited is a related party which participates only on Syndicate 1975 and provides 100% of the syndicate's capacity on all years of account. Transactions between the Company and Syndicate 1975 in 2021 were managing agency fees of £375,000 (2020: £375,000) of which £37,500 (2020: £37,500) was deferred as at year end. As at year end Syndicate 1975 owed the Company £Nil (2020: £Nil).

17. CONTROLLING PARTY

The ultimate Parent undertaking is Medical Professional Mutual Insurance Company, a company registered in Massachusetts, USA.

The immediate parent undertaking is Coverys UK Holding Co. Limited, which is registered in England and Wales.

Group Financial Statements are prepared by the immediate parent undertaking, Coverys UK Holding Co. Limited, a company registered in England & Wales, and can be obtained from Coverys UK Holding Co. Limited, 6th Floor, One Creechurch Place, London, EC3A 5AF.

18. POST BALANCE SHEET EVENTS

There have been no relevant significant events affecting the Company since the year end.