
MILLIMAN FINANCIAL STRATEGIES LIMITED

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



MILLIMAN FINANCIAL STRATEGIES LIMITED

COMPANY INFORMATION

DIRECTORS

K Mungan
S A White (resigned 12 November 2021)
K Kalstrup (resigned 30 November 2021)
M Clare (appointed 1 December 2021)
D Corry (appointed 12 November 2021)

COMPANY SECRETARY

D Corry

REGISTERED NUMBER

06242489

REGISTERED OFFICE

11 Old Jewry
London
EC2R 8DU

INDEPENDENT AUDITOR

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

MILLIMAN FINANCIAL STRATEGIES LIMITED

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MILLIMAN FINANCIAL STRATEGIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

INTRODUCTION

Milliman Financial Strategies Limited ("MFS") is a Financial Conduct Authority ("FCA") authorised BIPRU €50k Limited Licence firm, and business affiliate of Milliman FRM LLC. MFS works with its affiliate Milliman FRM LLC in providing support for hedge strategy management for a range of global insurance clients, as well as investment fund managers. Both MFS and Milliman FRM LLC are recognised leaders and experts in the application of financial risk management techniques in the life insurance industry. They are also increasingly applying their services to clients in the investment fund industry. MFS does not custody assets or hold client money, and only arranges trades on behalf of clients, through recommendations or instructions provided to the client or its selected broker dealers. MFS is also a MiFiD firm.

BUSINESS REVIEW

The directors are satisfied with the progress made to date by the Company in continuing to deliver high quality prudent risk management services to its clients and are optimistic about its future prospects. The results for the Company show an after-tax profit of £197,037 (2020: after-tax loss £76,145) and turnover of £1,895,379 (2020: £1,476,407). As previously predicted, the significant investment of time in specific client engagements that resulted in pre-tax losses in prior years has begun to be recovered and will continue over the length of the contracts.

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting MFS are competition and staff retention. MFS is a wholly owned subsidiary of Milliman Inc. and therefore has the benefit of access to financing and support from its ultimate parent undertaking in the event of liquidity or business risk events. The external commercial environment for new business in 2022 is expected to remain competitive.

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators that management uses to assess the performance of the company are turnover and profitability. These are monitored by reviewing the monthly profit and loss reports that are produced by the internal Milliman Corporate Finance System.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

CAPITAL REQUIREMENT DIRECTIVE

Pillar 3 disclosure policy

The Capital Requirements Directive ("the Directive") and the Capital Requirements Regulation ("CRR") of the European Union established a revised regulatory capital framework across Europe governing how much capital financial services firms must retain in the United Kingdom, this is being implemented by the FCA who created rules and guidance specifically through the creation of the General Prudential Sourcebook ('GENPRU') and the Prudential Sourcebook for Banks, Building Societies and Investment Firms ('BIPRU').

The FCA framework consists of three 'Pillars':

Pillar 1 sets out the minimum capital requirements that the Company needs to retain to meet its credit, market and operational risk.

Pillar 2 requires an assessment to be made on whether the Company needs to hold additional capital against firm-specific risks not covered by Pillar 1, and

Pillar 3 requires the Company to develop a set of disclosures which will allow market participants to assess key information about the Company's underlying risks, risk management controls and capital position.

The Pillar 3 rules in BIPRU 11 set out the need for regulated firms to have a formal disclosure policy. In accordance with the rules of the FCA, the Company will disclose the information set out in BIPRU 11 (the Pillar 3 rule) on at least an annual basis. The Pillar 3 disclosure will be made by way of the audited annual report and accounts as at 31 December.

The Company may omit information it deems as immaterial, in accordance with the rules. Materiality is based on the criterion that the omission or misstatement of any information would be likely to change or influence the decision of a reader relying on that information. Accordingly where the Company has considered an item to be immaterial it has not been disclosed.

In addition, if the required information is deemed to be proprietary or confidential then the Company may take the decision to exclude it from the disclosure. In the Company's view, proprietary information is that which, if it were shared, would undermine its competitive position. Information is considered to be confidential where there are obligations binding the company to confidentiality with its customers, suppliers or counterparties. Where information is omitted for either of these reasons this is stated in the relevant section of the disclosure, along with the justification.

Regulatory Information

The Company is authorised and regulated by the FCA and as such is subject to minimum regulatory capital requirements. It is categorised by the FCA, for capital purposes, as a BIPRU €50k Limited Licence firm and is an investment management firm, it has no trading book exposures.

As explained above, the FCA's prudential regime is split into three Pillars.

Pillar 1 prescribes the minimum financial resources that the Company is obliged to hold. This is the higher of €50k, one quarter of the firm's annual adjusted expenditure (the Fixed Overheads Requirement) or the sum of the prescribed Market Risk and Credit Risk. In the company's case, it is the Fixed Overheads Requirement which determines the minimum financial resources.

The Company's Tier 1 capital resources comprise the audited share capital and reserves, without deduction. All such capital qualifies as Tier 1 capital as defined in BIPRU.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

The Company's Tier 3 capital resources comprises of an approved sub-ordinated loan, without deduction. Such capital qualified as Tier 3 capital as defined in BIPRU.

	£'000
Capital resources - Tier 1	797
Capital resources requirement	277
Surplus	520

In line with Pillar 2 requirements, the Company has carried out an ICAAP review but did not deem it necessary to provide any additional capital as it considered that the risks it identified were adequately mitigated.

Risk management

The directors of the Company determine its business strategy and risk appetite along with designing and implementing a risk management framework that recognises the risks that the business faces. They also determine how those risks may be mitigated and assess on an on-going basis the arrangements to manage those risks. The directors meet on an ongoing basis and discuss current projections for profitability and regulatory capital management, business planning and risk management. The directors manage the Company's risk through a framework of policy and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules) with the aim of operating a defined and transparent risk management framework. These policies and procedures are updated as and when required.

The directors believe that the Company has an operational infrastructure appropriate to its size. The Company carried no market risk other than foreign exchange risk on its accounts receivable (largely US Dollar) and credit risk from fees receivable. The Company follows the standardised approach to market risk and the simplified approach to credit risk. The Company is subject to the Fixed Overheads Requirement and is not required to calculate an operational risk capital charge.

The Company has concluded that its Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

Remuneration Policy

The Company is required by the FCA to provide information on its remuneration arrangements. The company has been categorised as a 'Tier 4 Firm' and is therefore subject to the minimum prescribed levels of disclosure.

As part of the Company's governance procedures, the board considers remuneration at its board meetings at least once annually. The board is responsible for the implementation in any changes to the remuneration policy of the Company.

The Company's remuneration arrangements represent a combination of salary and bonuses. The Company does not use a pre-set formulaic matrix to determine either basis remuneration of variable remuneration. The determination of remuneration is a fully discretionary process, informed by a combination of performance metrics including individual performance, industry peer group remuneration levels and affordability.

Breakdown of remuneration of staff in respect of whom disclosure is required by business area:

Business Area	Total Remuneration
Actuarial advisory services	£1,301,049
Total Staff	Fixed Remuneration
4	£1,301,049

Due to the low number of Code Staff, the company, on the grounds of confidentiality set out in BIPRU 11.3.6, has provided quantitative remuneration data for all full employees of MFS rather than Code Staff.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The board of directors of Milliman Financial Strategies Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2021.

Employees

The directors are committed to promoting a healthy workforce comprising both physical and mental wellbeing. They do not discriminate against qualified individuals with disabilities. Milliman recruits, hires, trains, promotes and considers qualified applicants for employment, in all job titles and shall not discriminate against any individual, or any other characteristic protected by law. The directors of Milliman Financial Strategies Limited keep staff informed of key issues, in conjunction with its other Milliman business affiliates, through regular communication and engagement from its ultimate parent undertaking, Milliman Inc. They promote inclusion in the workplace and also provide training and development opportunities where they are considered of benefit to the company and employees. Using the Company's recruitment and development strategies, the directors seek to attract and retain talented staff.

Clients

The directors commit considerable time, effort and resources into understanding and responding to the needs of our clients with a view to fostering long term mutually beneficial partnerships. We act to service our clients' needs to the highest standards and work quickly to resolve any isolated disagreements that may arise from time to time.

Suppliers

The directors, in conjunction with its other Milliman business affiliates, have established procedures to ensure that external suppliers are in good standing and maintain a zero-tolerance abuse policy in addition to ensuring that they meet the required health and safety, regulatory and financial security standards set by the Company. Milliman Financial Strategies Limited seeks to pay all suppliers any undisputed amounts due and that conform with the Company's billing requirements within agreed terms. The Company has established procedures for dispute resolution in a timely and fair manner.

Community and the environment

The Company takes its role within the community very seriously and promotes and encourages community and charitable contribution. It does this in conjunction with its UK business affiliate Milliman LLP, through its joint Corporate Social Responsibility committee, which organises various fund-raising and community engagement initiatives in the UK. The Company also recognises the importance of its environmental responsibilities. The Company seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities, working in conjunction with the Global Social Responsibility Officer of its ultimate parent Milliman Inc.

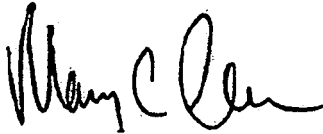
MILLIMAN FINANCIAL STRATEGIES LIMITED

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

Standards and conduct

The Company has a series of defined codes of practice regarding ethical standards and the conduct of business. These are clearly communicated to every staff member and adherence to which is expected and enforced.

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

A handwritten signature in black ink, appearing to read 'M Clare', is written over a horizontal line.

M Clare
Director

Date: 04/25/2022

MILLIMAN FINANCIAL STRATEGIES 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £197,037 (2020 - loss £76,146).

No dividend has been paid or is recommended to be paid to the shareholder in this financial year.

DIRECTORS

The directors who served during the year were:

K Mungan
S A White (resigned 12 November 2021)
K Kalstrup (resigned 30 November 2021)
M Clare (appointed 1 December 2021)
D Corry (appointed 12 November 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

FUTURE DEVELOPMENTS

The Company is actively working to promote its risk-management services in the United Kingdom.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

MATTERS COVERED IN THE STRATEGIC REPORT

The business review, the principal risks and uncertainties, the financial key performance indicators, the Capital Requirement Directive (including financial risk management) and the Section 172 information are disclosed in the Strategic Report.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

AUDITOR

The auditor, Crowe U.K. LLP, has indicated its willingness to continue in office.

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



M Clare
Director

Date: 04/25/2022

MILLIMAN FINANCIAL STRATEGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLIMAN FINANCIAL STRATEGIES LIMITED

OPINION

We have audited the financial statements of Milliman Financial Strategies Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

MILLIMAN FINANCIAL STRATEGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLIMAN FINANCIAL STRATEGIES LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

MILLIMAN FINANCIAL STRATEGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLIMAN FINANCIAL STRATEGIES LIMITED (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.

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:

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and taxation legislation and those associated with the FCA registration and regulatory requirements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities; sample testing on the posting of journals; reviewing accounting estimates for biases and reviewing a sample of engagements to ensure that revenue had been recognised appropriately, specifically around the valuation of accrued income.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.

MILLIMAN FINANCIAL STRATEGIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLIMAN FINANCIAL STRATEGIES
LIMITED (CONTINUED)

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.



Ryan Ketteringham (Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill
London
EC4M 7JW

Date: 26 April 2022

MILLIMAN FINANCIAL STRATEGIES LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	1,895,379	1,476,407
Other external charges		(350,623)	(370,002)
Staff costs		(1,301,049)	(1,194,268)
Depreciation and amortisation		-	(11,758)
Operating profit/(loss)	5	243,707	(99,621)
Interest receivable and similar income		-	935
Interest payable and similar expenses		(188)	(96)
Profit/(loss) before tax		243,519	(98,782)
Tax on profit/(loss)	8	(46,482)	22,636
Profit/(loss) after tax		197,037	(76,146)
Retained earnings at the beginning of the year		100,308	176,454
Profit/(loss) for the year		197,037	(76,146)
Retained earnings at the end of the year		297,345	100,308

There is no other comprehensive income in the current year or the prior year and accordingly no statement of other comprehensive income has been prepared.

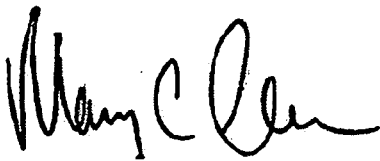
The notes on pages 16 to 25 form part of these financial statements.

MILLIMAN FINANCIAL STRATEGIES LIMITED
REGISTERED NUMBER: 06242489

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	10		-		-
Current assets					
Debtors: amounts falling due within one year	11	417,522		459,476	
Cash at bank and in hand		1,142,581		1,017,885	
		<u>1,560,103</u>		<u>1,477,361</u>	
Creditors: amounts falling due within one year	12	(762,758)		(877,053)	
Net current assets			797,345		600,308
Net assets			797,345		600,308
Capital and reserves					
Called up share capital	15	500,000		500,000	
Profit and loss account	14	297,345		100,308	
		<u>797,345</u>		<u>600,308</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



M Clare
Director

Date: 04/25/2022

The notes on pages 16 to 25 form part of these financial statements.

MILLIMAN FINANCIAL STRATEGIES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	197,037	(76,146)
Adjustments for:		
Depreciation of tangible assets	-	11,758
Interest paid	188	96
Interest received	-	(935)
Taxation charge	46,482	(22,636)
(Increase)/decrease in debtors	(65,332)	89,485
Decrease in amounts owed by group undertakings	60,804	71,358
Increase in creditors	51,140	70,229
(Decrease)/increase in amounts owed to group undertakings	(165,435)	58,339
Corporation tax received/(paid)	-	(60,000)
Net cash generated from operating activities	124,884	141,548
Cash flows from investing activities		
Interest received	-	935
Net cash from investing activities	-	935
Cash flows from financing activities		
Interest paid	(188)	(96)
Net cash used in financing activities	(188)	(96)
Net increase in cash and cash equivalents	124,696	142,387
Cash and cash equivalents at beginning of year	1,017,885	875,498
Cash and cash equivalents at the end of year	1,142,581	1,017,885
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,142,581	1,017,885

The notes on pages 16 to 25 form part of these financial statements.

MILLIMAN FINANCIAL STRATEGIES LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	1,017,885	124,696	1,142,581
	<u>1,017,885</u>	<u>124,696</u>	<u>1,142,581</u>

The notes on pages 16 to 25 form part of these financial statements.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

1. GENERAL INFORMATION

The principal activity of Milliman Financial Strategies Limited is the provision of actuarial and risk management services. The Company is regulated by the Financial Conduct Authority. The Company is a private company limited by shares (registered number 06242489), which is incorporated and domiciled in England. The address of the Company's registered office is: 11 Old Jewry, London, EC2R 8DU, United Kingdom.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

2.2 GOING CONCERN

The Company is financed by issued share capital and profits retained in the business.

MFS's services primarily involve providing support for hedge strategy management and the directors do not foresee any concerns in continuing to provide this service to its clients. In this current climate of market volatility such services are highly valued by clients and client engagements are viewed to be long-term relationships. The directors expect the risk of losing clients to be minimal and therefore have a reasonable expectation that the Company has adequate resources to be able to continue in operational existence for the foreseeable future and believe it appropriate to prepare the financial statements on the going concern basis.

2.3 REVENUE RECOGNITION

Turnover represents the fair value of services provided during the period on client assignments. Turnover is recognised as contract activity progresses and the right to consideration is earned. Fair value reflects the amount expected to be recoverable from clients and is based on the time spent, skills and expertise provided and expenses incurred. Turnover excludes Value Added Tax.

Turnover in respect of contingent fee assignments (over and above any agreed minimum fee which is recognised as above) is recognised in the period when the contingent event occurs and collectability of the fee is assured.

Unbilled turnover on individual client assignments is included as accrued income within debtors. Where individual on-account billings exceed revenue recognised on client assignments, the excess is classified as deferred income within creditors.

Turnover within the investment management business comprises commissions related to the level of funds under management. All revenues arise over time and are received in arrears, none are linked to subsequent performance obligations.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, which range as follows:

Computer equipment - 5-7 years reducing balance

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

2.5 DEBTORS

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

2.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

2.7 FINANCIAL INSTRUMENTS

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

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

2.8 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.9 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.10 PENSIONS

Defined contribution pension plan

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

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

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

2. ACCOUNTING POLICIES (CONTINUED)

2.11 CURRENT AND DEFERRED TAXATION

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

The preparation of the financial statements requires management to make significant judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements include estimation, where applicable, for items relating to revenue recognition and the recoverability of receivables.

4. TURNOVER

The whole of the turnover is attributable to the Company's principal activity, the provision of actuarial and risk management services.

All the turnover is generated in the United Kingdom but charged to clients in other jurisdictions.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

5. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	-	11,758
Defined contribution pension cost	50,488	44,056
	<u>50,488</u>	<u>44,056</u>

6. AUDITOR'S REMUNERATION

All fees payable to the company's auditor have been borne by the ultimate parent undertaking during the current and previous financial year.

7. EMPLOYEES

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	1,109,601	1,014,374
Social security costs	140,961	135,838
Cost of defined contribution scheme	50,488	44,056
	<u>1,301,050</u>	<u>1,194,268</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Professional staff	4	4
	<u>4</u>	<u>4</u>

The directors did not receive any remuneration from the Company during the year or the prior year.

Key management personnel that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, received compensation of £445,338 (2020: £412,565) during the year from the Company.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

8. TAXATION

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	46,033	-
Adjustments in respect of previous periods	488	(20,378)
	<u>46,521</u>	<u>(20,378)</u>
Total current tax	<u>46,521</u>	<u>(20,378)</u>
Deferred tax		
Origination and reversal of timing differences	(39)	(2,258)
Total deferred tax	<u>(39)</u>	<u>(2,258)</u>
Taxation on profit/(loss) on ordinary activities	<u>46,482</u>	<u>(22,636)</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	<u>243,519</u>	<u>(98,782)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	46,269	(18,769)
Effects of:		
Adjustments to tax charge in respect of prior periods	488	(20,378)
Adjustments to tax charge in respect of previous periods - deferred tax	133	-
Adjustments to tax charge in respect of deferred tax	(408)	-
Tax losses carried back	-	16,511
Total tax charge for the year	<u>46,482</u>	<u>(22,636)</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

At the year end, the Company has a deferred tax asset as disclosed in note 9 to the financial statements.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

9. DEFERRED TAXATION

	2021 £
At beginning of year	1,658
Charged to the profit or loss	39
At end of year	1,697

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	652	604
Tax losses carried forward	-	133
Short term timing differences	1,045	921
	1,697	1,658

10. TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 January 2021	212,735
At 31 December 2021	212,735
Depreciation	
At 1 January 2021	212,735
At 31 December 2021	212,735
Net book value	
At 31 December 2021	-
At 31 December 2020	-

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

11. DEBTORS

	2021 £	2020 £
Trade debtors	49,956	42,066
Accrued income	253,447	176,114
Amounts owed by group undertakings	18,921	79,724
Other debtors	82,193	137,296
Deferred taxation	1,697	1,658
Prepayments	11,308	22,618
	<u>417,522</u>	<u>459,476</u>

A bad debt charge of £Nil (2020: £Nil) has been charged to the Statement of Income and Retained Earnings during the financial year.

12. CREDITORS: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	191,041	356,476
Other creditors	4,181	4,846
Accruals	567,536	515,731
	<u>762,758</u>	<u>877,053</u>

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

13. FINANCIAL INSTRUMENTS

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,142,581	1,017,885
Financial assets that are debt instruments measured at amortised cost	404,517	434,889
	<u>1,547,098</u>	<u>1,452,774</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>762,758</u>	<u>872,187</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, accrued income, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, other creditors and accruals.

14. RESERVES

Profit & loss account

The profit and loss account includes all current and prior period retained profits and losses.

15. SHARE CAPITAL

	2021 £	2020 £
Allotted, called up and fully paid		
500,000 (2020 - 500,000) Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

16. CAPITAL MANAGEMENT

The Company's capital comprises of share capital and reserves stated in the Statement of Financial Position. The Company's objective when managing capital is to provide sufficient resources to allow the Company to operate and to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The Company manages capital by regularly monitoring its current and expected liquidity requirements and ensuring any regulatory capital requirements are met. No changes were made in the objectives, policies and processes during the year.

MILLIMAN FINANCIAL STRATEGIES LIMITED

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

17. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £50,488 (2020: £44,056). At the year end, included within other creditors, are unpaid pension contributions totaling £4,181 (2020: £4,846).

18. RELATED PARTY TRANSACTIONS

The directors have taken advantage of the exemption available in FRS 102, Section 33 "Related Party Disclosures" not to disclose details of transactions with its parent undertaking, as the Company is wholly-owned, or with any other wholly-owned members within the group.

19. CONTROLLING PARTY

The Company's immediate parent undertaking is Milliman Econtinent Limited, a company registered in England and Wales, by virtue of its 100% holding of the share capital of the Company.

The directors consider that the ultimate parent undertaking and controlling party is Milliman Inc., a company incorporated in the United States of America. The smallest and largest group financial statements that the Company's results are consolidated into are those produced by Milliman Inc., copies of which can be obtained from the registered office of Milliman Inc. at 1301 Fifth Avenue, Suite 3800, Seattle, WA 98101, U.S.A.