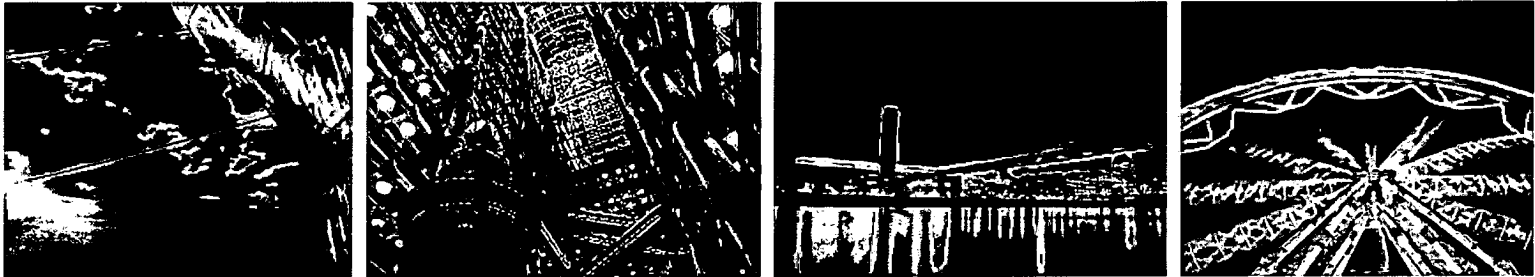




AEGIS LONDON SERVICES LIMITED



Annual Report and Financial Statements

Year Ended 31 December 2018



COMMERCIAL ADVANTAGE. MUTUAL BENEFIT

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Report of the directors

The directors of AEGIS London Services Limited ("the Company") present their annual report and audited financial statements for the year ended 31 December 2018.

The Company is, through intermediate holding companies, a wholly owned subsidiary of Associated Electric & Gas Insurance Services Limited (AEGIS) incorporated in Bermuda.

1. Directors' report

Directors

Executive Director:	D P Croom-Johnson
Non-Executive Chairman:	T G S Busher

The current directors are shown above. T G S Busher was appointed as a Director and Non-Executive Chairman on 10 December 2018.

Results and proposed dividend

The Company made a profit on ordinary activities after taxation of £374.0k (2017 Restated: £281.1k) and has net current assets of £958.2.0k (2017 Restated: £584.2k). There is no dividend proposed for the year ended 31 December 2018 (2017: £nil).

Going concern

Details regarding going concern can be found in the Notes to the Financial Statements (Note 1). The board has satisfied itself that the Company has adequate resources to continue in operation for the foreseeable future.

Use of financial instruments

In relation to the use of financial instruments, see the Strategic Report of the Directors on page 3.

Directors' indemnities

The Company has agreed to indemnify, to the extent permitted by law, the directors against any liability incurred by a director in respect of acts or omissions arising in the course of their office. The indemnities were in force throughout 2018 and remain so. Copies of the deeds of indemnity are available for inspection at the ultimate parent company's registered office, 1 Meadowlands Plaza, East Rutherford, NJ 07073.

Disclosure of information to auditor

Each director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Independent auditor

The auditor for the year ended 31 December 2018 was Deloitte LLP. They have indicated their willingness to be appointed for another term and appropriate arrangements have been put in place for them to be re-appointed.

Report of the directors *continued*

2. Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 the financial reporting standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors of AEGIS London Services Limited and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D P Croom-Johnson', written over a horizontal line.

D P Croom-Johnson
Managing Director
25 September 2019

Strategic report of the directors

Principal activity and review of the business

The Company is an appointed representative of AEGIS Managing Agency Limited, transacting insurance business on behalf of Lloyd's Syndicate 1225. The Company will continue to transact business on behalf of Lloyd's Syndicate 1225 for the foreseeable future. Premium volumes transacted on behalf of Syndicate 1225 increased to £12.2m (2017: £10.2m) driven by the Property class of business, see note 2.

The Company is a private limited company by shares and incorporated under the laws of England and Wales in accordance with the Companies Act 2006 with its registered office at 33 Gracechurch Street, London, EC3V 0BT. Further details of the Company can be found in the Administration section on page 15.

Principal risks and uncertainties

The most significant risk is that the Company will not generate sufficient commission income to cover its operating expenses. The directors consider this risk to be negligible given current business levels.

The subsidiaries of the Company, see Notes to the Financial Statements (Note 8), will continue to provide services to the Company.

Following the triggering of article 50 of the Treaty of Lisbon on 29 April 2017, the Company continues to monitor the ensuing negotiations and other developments. The operational impact of Brexit has been internally assessed and processes have been revised and implemented to ensure that the Company can continue to place business in the European Economic Area (EEA) after the UK leaves the European Union (EU). The Company will continue to work to minimise the impact to our stakeholders and to remediate where issues arise and take advantage of opportunities as they arise.

Use of financial instruments

The Company makes no use of financial instruments in the management of its risk exposures.

Approved by the Board of Directors of AEGIS London Services Limited and signed on its behalf by:



D P Croom-Johnson
Managing Director
25 September 2019

Statement of total comprehensive income

(For the year ended 31 December 2018)

	Notes	2018 £000	2017 Restated £000
Turnover	2	624.4	510.8
Administrative expenses	5	<u>(811.0)</u> (186.6)	<u>(320.5)</u> 190.3
Other operating income	6	652.6	152.1
Profit on ordinary activities before taxation	4	<u>466.0</u>	<u>342.4</u>
Tax charge on profit on ordinary activities	7	<u>(92.0)</u>	<u>(61.3)</u>
Profit on ordinary activities after taxation		<u>374.0</u>	<u>281.1</u>

The total comprehensive income relates to continuing activities.

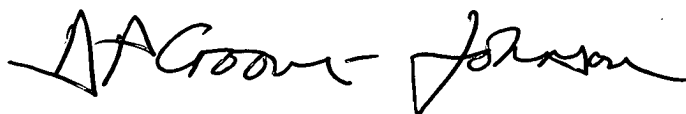
There were no recognised gains or losses other than those reported in the Statement of Total Comprehensive Income for the financial year.

Balance sheet

(As at 31 December 2018)

	Notes	2018 £000	2017 Restated £000
Non-current assets			
Investments	8	-	-
Current assets			
Debtors	9	1,069.1	153.1
Cash at bank and in hand		1,009.2	1,949.0
		<u>2,078.3</u>	<u>2,102.1</u>
Creditors: amounts falling due within one year	10	<u>(1,120.1)</u>	<u>(1,517.9)</u>
Net current assets		<u>958.2</u>	<u>584.2</u>
Net assets		<u>958.2</u>	<u>584.2</u>
Capital and reserves			
Called up share capital	11	50.0	50.0
Profit and loss account		<u>908.2</u>	<u>534.2</u>
Total shareholder's funds		<u>958.2</u>	<u>584.2</u>

The financial statements of AEGIS London Services Limited (registered number: 06872527) were approved by the directors and signed on their behalf by:



D P Croom-Johnson
Managing Director
25 September 2019

Statement of changes in shareholder's funds

(for the year ended 31 December 2018)

2018

	Called up share capital	Profit and loss account	Foreign exchange reserves	Shareholder's funds
	£'000	£'000	£'000	£'000
Brought forward	50.0	534.2	-	584.2
Total comprehensive income	-	374.0	-	374.0
Other comprehensive income – Foreign exchange gain on conversion to presentational currency.	-	-	-	-
Dividend paid	-	-	-	-
Share capital issued	-	-	-	-
Carried forward	50.0	908.2	-	958.2

2017

	Called up share capital	Profit and loss account	Foreign exchange reserves	Shareholder's funds
	£'000	£'000	£'000	£'000
Brought forward	50.0	253.1	-	303.1
Total comprehensive income	-	281.1	-	281.1
Other comprehensive income – Foreign exchange gain on conversion to presentational currency.	-	-	-	-
Dividend paid	-	-	-	-
Share capital issued	-	-	-	-
Carried forward	50.0	534.2	-	584.2

The notes on pages 7 to 11 form an integral part of these financial statements.

Notes to the financial statements

(Forming part of the financial statements)

1. Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. A cash flow statement has not been prepared, as the Company is exempt under FRS 102, being a qualifying entity by virtue of being a subsidiary undertaking where 90% of the voting rights are within the group. The Company's financial statements are fully consolidated within the financial statements of the ultimate parent and controlling company, Associated Electric & Gas Insurance Services Limited (AEGIS), which are publically available and may be obtained at 1 Meadowlands Plaza, East Rutherford, NJ 07073.

AEGIS London Services Limited is a private limited company, limited by shares and incorporated under the laws of England and Wales under the Companies Act. The address and registered office is given on page 14. The nature of the group's operation and its principal activities are set out in the Strategic Report of the Directors on page 3.

The Company has taken exemption from preparing consolidated financial statements under the Companies Act 2006 section 400, as the Company is a wholly owned subsidiary of a consolidated group.

Principal accounting policies

The following accounting policies have been applied consistently in the current and preceding year, in dealing with items which are considered material in relation to the Company's financial statements. There are no key assumptions concerning the future, and other key sources of estimation uncertainty to disclose at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Turnover

Turnover consists of brokerage receivable from Lloyd's Syndicate 1225 in respect of insurance premium placed with the Syndicate. The Company's entire turnover is derived from Lloyd's Syndicate 1225.

Taxation

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

Deferred taxation is provided on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based upon current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Assets and liabilities expressed in foreign currencies are translated into Pound Sterling at year-end rates. Income and expenditure is converted at the average rate of exchange during the year and all differences on the translation of foreign currency amounts are dealt with in the profit and loss account.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and financial statements. Binding authorities remain in place for 2019 with Syndicate 1225, which the Company solely provides insurance related services for.

Notes to the financial statements *continued*

(Forming part of the financial statements)

2. Turnover - segmental analysis

	2018 £000	2017 £000
Property	225.7	188.0
Livestock	27.4	-
Energy	31.9	34.5
Accident and health	43.1	5.2
Hull	264.9	258.4
Casualty	30.7	24.3
Terrorism	0.7	0.4
	624.4	510.8

3. Principal risks and uncertainties

Please refer to the Strategic Report of the Directors on page 3.

4. Profit on ordinary activities before taxation

	2018 £	2017 £
Profit on ordinary activities is stated after charging:		
Auditor's remuneration:		
- Audit of statutory financial statements	5.8	5.6
Non audit fees:		
- Taxation services	7.2	-

There were no non-audit fees paid during the prior year.

5. Administrative expenses

During the financial year the Company was charged £204.9k for salaries, £34.8k for office rent and £77.8k for desktop and computer support, paid for on the Company's behalf by a fellow group company.

No director's remuneration was paid in the financial year (2017: £nil), the director's remuneration was borne by another group company.

The Company employed one employee during the year (2017 Restated: one), all other employees are employed by another group company.

6. Other operating income

Amounts in respect of transfer pricing mark up for one employee.

7. Tax on profit on ordinary activities

a) Analysis of the tax charge in the year

	2018 £000	2017 £000
Current year	87.4	61.3
Adjustment in respect of prior years	4.6	-
Total current taxation	92.0	61.3

Notes to the financial statements *continued*

(Forming part of the financial statements)

7. Tax on profit on ordinary activities *continued*

b) Factors affecting the tax charge for the year

	2018 £000	2017 Restated £000
Profit on ordinary activities before tax	466.0	342.4
Profit on ordinary activities multiplied by the rate of corporation tax 2018: 19% (2017: 19.25%)	88.5	61.3
Group relief	(1.1)	-
Adjustment in respect of prior years	4.6	-
Taxation charge for the year	92.0	61.3

8. Investments

	2018 £	2017 £
Subsidiary undertakings:		
AEGIS London Services (Canada) Inc	6	6
AEGIS London Adjusting (Canada) Inc	6	6
	12	12

Subsidiary undertakings relate to the following group investments:

	Country of incorporation	Principal activity	Holding	%
AEGIS London Services (Canada) Inc	Canada	Service Company	Ordinary shares	100
AEGIS London Adjusting (Canada) Inc	Canada	Service Company	Ordinary shares	100

AEGIS London Services (Canada) Inc, and AEGIS London Adjusting (Canada) Inc. provide insurance related services to Syndicate 1225. The addresses of both companies are 40 King Street West, 2100 Scotia Plaza, Toronto, Ontario M5H 3C2.

9. Debtors

	2018 £000	2017 Restated £000
Amounts falling due within one year:		
Trade debtors	0.1	0.1
Amounts due by group undertakings	869.3	-
Other debtors	199.7	153.0
	1,069.1	153.1

Notes to the financial statements *continued*

(Forming part of the financial statements)

10. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Accruals and deferred income	5.8	5.6
Amounts owed to group undertakings	947.3	1,444.6
Other taxes and social security costs	13.7	13.8
Corporation tax liability	153.3	53.9
	<u>1,120.1</u>	<u>1,517.9</u>

11. Called up share capital

	2018 £000	2017 £000
Allocated, called up and fully paid - 50,000 £1 ordinary shares	<u>50.0</u>	<u>50.0</u>

12. Related party disclosures

The Company has taken advantage of the exemption allowed by FRS 102 not to disclose related party transactions with its parent undertaking and fellow subsidiary undertakings. No contract existed at any time during the year in which a director or key manager was materially interested or which required disclosure as a related party transaction as defined under FRS 102 section 33.

13. Capital and operating lease commitments

There were no capital commitments at 31 December 2018 (2017: £nil).

14. Contingent liabilities

There were no contingent liabilities at 31 December 2018 (2017: £nil).

15. Ultimate parent

The Company's immediate parent is AEGIS London Holdings Limited, incorporated in the United Kingdom, and the ultimate parent and controlling party is Associated Electric & Gas Insurance Services Limited (AEGIS), incorporated in Bermuda. AEGIS is both the largest and smallest group of undertakings for which group accounts are prepared. A copy of the group accounts may be obtained from 1 Meadowlands Plaza, East Rutherford, NJ 07073.

16. Prior year restatement

Prior year restatement has been made to reflect the salary expenses in relation to 1 employee salary and other operating income for the group recharge of the employees salary, resulting in an overall profit of £19.8k. This restatement remains consistent with the 2018 reported figures.

Statement of total comprehensive income	As previously reported	Restatement	2017 Restated
	£000	£000	£000
Administrative expenses	(188.2)	(132.3)	(320.5)
Other operating income	-	152.2	152.2
Profit on ordinary activities before taxation	322.6	19.8	342.4
Profit on ordinary activities after taxation	261.3	19.8	281.1

Notes to the financial statements *continued*

(Forming part of the financial statements)

16. Prior year restatement *continued*

Balance sheet	As previously reported	Restatement	2017 Restated
	£000	£000	£000
Debtors	133.3	19.8	153.1
Profit and loss account	514.4	19.8	534.2

Independent auditor's report to the members of AEGIS London Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of AEGIS London Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of total comprehensive income;
- the balance sheet;
- the statement of changes in shareholder's funds; and
- the related notes 1 to 16.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of AEGIS London Services Limited *continued*

Report on the audit of the financial statements *continued*

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report to the members of AEGIS London Services Limited *continued*

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

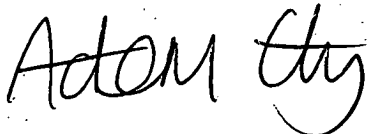
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the syndicate's members, as a body, in accordance with regulation 10 of The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the syndicate'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 syndicate's members as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Ely ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
25 September 2019

Administration

Registered Office: 33 Gracechurch Street, London, EC3V 0BT
Registered Number: 06872527
Telephone: +44 (0)20 7265 2100
Fax: +44 (0)20 7265 2101
Website: www.AEGISLondon.co.uk
E-mail: enquiries@AEGISLondon.co.uk

AEGIS Syndicate 1225 at Lloyd's of London ("Syndicate 1225") commenced operations in 1999. Syndicate 1225 operations are supported by AEGIS Managing Agency Limited ("AMAL"), which provides professional staff and services for Syndicate 1225. AEGIS Electric & Gas International Services Limited ("AISL") is a corporate member of Lloyd's and the main capital provider of Syndicate 1225. AISL, AMAL, AEGIS London Services Limited, AEGIS Electric & Gas International Services 2 Limited, AEGIS Electric & Gas International Services 3 Limited, AEGIS Electric & Gas International Services 4 Limited, and AEGIS Electric & Gas International Services 5 Limited are subsidiaries of AEGIS London Holdings Limited, and ultimately owned by Associated Electric & Gas Insurance Services Limited ("AEGIS").