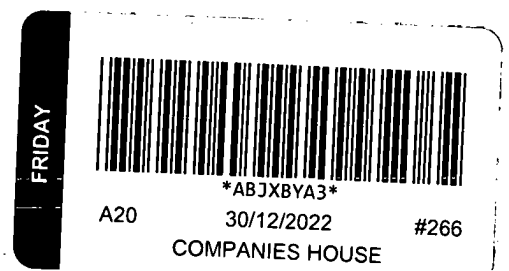


Report of the Directors and
Financial Statements for the Year Ended 31 December 2021
for
Pardus Underwriting Limited



Pardus Underwriting Limited

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for the Year Ended 31 December 2021

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Pardus Underwriting Limited
Company Information
for the Year Ended 31 December 2021

DIRECTORS:

B A King Non-Executive Chairm
K D Thompson
D J Stockman
M E Allen

REGISTERED OFFICE:

C/o PKF Littlejohn
15 Westferry Circus
Canary Wharf
London
E14 4HD

BUSINESS ADDRESS:

Cranbrook Business Centre
High Street
Cranbrook
Kent
TN17 3EJ

REGISTERED NUMBER:

08641930

AUDITORS:

PKF Littlejohn, Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

Pardus Underwriting Limited

Report of the Directors
for the Year Ended 31 December 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

B A King (Non-Executive Chairman)
K D Thompson (Chief Executive Officer)
D J Stockman
M E Allen

FUTURE DEVELOPMENTS

Over the last two years, Pardus has moved to a UK focussed SME commercial insurance MGA based generally on high volume, small premium business. Pardus will expect to provide 100% of the insurance cover for the various products offered. The combination of having long-term underwriting capacity, via Accelerant, and access to business through the retail and wholesale broking community has provided greater opportunity and stability for the Pardus business.

During 2021 Pardus transacted very low volumes premium volumes due to delays in securing a binding authority. It was not until the end of July 2021, that a binding authority was secured with Accelerant Insurance Europe. The gross premiums written for the year was some £1million deriving income of £103,686.

Whilst implementation of the new business strategy has taken longer than the Directors originally envisaged, the business has now established a strong range of UK commercial insurance covers for its broker base and their clients.

In October 2022, Pardus Holdings Limited completed a successful capital raise with the support of existing shareholders and new investors which enabled an injection of funds of some £390,000 to underpin the growth of the Pardus business.

The development of UK business during 2022 is likely to see some £6 million of Gross Premium Income from a combination of Commercial Combined and Property Owners Insurance to Caravan Insurance. Although the Gross Premium is lower than expected it will provide a sound base from which to grow the business in 2023, with the expectation of retaining some 85% of the existing business and continuing to generate new business at the levels experienced in the last quarter of 2022.

Pardus has forged a good relationship with a strong insurer in Accelerant, who wants to support and assist in the development of the Pardus business. The work done during the year to build relationships with key brokers, the strengthening of the underwriting team in August, the increase in submissions for quotes and the ability to turn quotes around in quick time, provides management with confidence that 2023 will see greater growth and the potential for a profitable outcome for the year. This in turn provides the directors with confidence that the Company will be able to meet its financial obligations throughout the next twelve months.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). 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 judgements 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.

Pardus Underwriting Limited

Report of the Directors
for the Year Ended 31 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each 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 auditors are aware of that information.

AUDITORS

The auditors, PKF Littlejohn, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
K D Thompson - Director



.....
D J Stockman - Director

Date: 23 December 2022
.....

Report of the Independent Auditors to the Members of
Pardus Underwriting Limited

Opinion

We have audited the financial statements of Pardus Underwriting Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw your attention to note 2 to the financial statements which shows the assumptions behind the reasons why the directors have adopted the going concern concept for the preparation of the financial statements. There is still a material uncertainty whether the n Binding Authority Agreement can continue to produce increasing volumes of business in 2023 as envisaged by the Directors . See t above note for further details.

Our opinion is not modified in respect of this matter.

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

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.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Pardus Underwriting Limited

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 Report of the Directors.

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, 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 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.

Report of the Independent Auditors to the Members of
Pardus Underwriting Limited

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 a Report of the Auditors 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 Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the Financial Statements. We obtained our understanding in this regard through discussion with the Directors and the application of our knowledge and experience of the sector in which the Company operates in.

We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006 and the Financial Reporting Council regulations.

We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to:

- Discussion with management of any known, or suspected instances, of non-compliance by the company with those laws and regulations;
- discussion with management of any, or suspected, incidence of fraud;
- review of the Financial Statements disclosure and testing to supporting documentation to assess compliance with applicable law and regulation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Report of the Auditors.

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 a Report of the Auditors 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.



Carmine Papa
Senior Statutory Auditor
For and behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 28 December 2022

Pardus Underwriting Limited

Income Statement
for the Year Ended 31 December 2021

	Notes	2021 £	2020 £
TURNOVER		103,686	75,741
Administrative expenses		<u>(725,756)</u>	<u>(1,141,895)</u>
OPERATING LOSS	4	(622,070)	(1,066,154)
Interest receivable and similar income		<u>7</u>	<u>568</u>
		(622,063)	(1,065,586)
Interest payable and similar expenses		<u>(503)</u>	<u>-</u>
LOSS BEFORE TAXATION		(622,566)	(1,065,586)
Tax on loss	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(622,566)</u>	<u>(1,065,586)</u>

The notes form part of these financial statements

Balance Sheet
31 December 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	6	3,562	5,325
CURRENT ASSETS			
Debtors	7	34,831	82,976
Cash at bank		<u>11,581</u>	<u>6,084</u>
		46,412	89,060
CREDITORS			
Amounts falling due within one year	8	<u>(2,381,914)</u>	<u>(2,014,592)</u>
NET CURRENT LIABILITIES		<u>(2,335,502)</u>	<u>(1,925,532)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,331,940)	(1,920,207)
CREDITORS			
Amounts falling due after more than one year	9	<u>(210,833)</u>	<u>-</u>
NET LIABILITIES		<u>(2,542,773)</u>	<u>(1,920,207)</u>
CAPITAL AND RESERVES			
Called up share capital	10	2,500,000	2,500,000
Retained earnings	11	<u>(5,042,773)</u>	<u>(4,420,207)</u>
SHAREHOLDERS' FUNDS		<u>(2,542,773)</u>	<u>(1,920,207)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2022 and were signed on its behalf by:



K D Thompson - Director



D J Stockman - Director

The notes form part of these financial statements

Pardus Underwriting Limited
Notes to the Financial Statements
for the Year Ended 31 December 2021

1. STATUTORY INFORMATION

Pardus Underwriting Limited is a private company limited by shares, incorporated in England. Its registered address is c/o PKF Littlejohn LLP, 15 Westferry Circus, Canary Wharf, London, E14 4HD. Its principal place of business is Cranbrook Business Centre, High Street, Cranbrook, Kent, TN17 3EJ.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements have been prepared in compliance with FRS 102, being applicable UK GAAP accounting standards. The financial statements are prepared under the historical cost convention.

Following the impact of Covid 19 on the group's trading activities, the Directors have implemented a business continuity plan which included the signing of a new Binding Authority Agreement (BAA) by the company in late July 2021. This BAA started to generate income during the last 4 months of 2021. The BAA has continued to generate an increasing volume of business in 2022 and according to the budget and cashflow forecasts, produced by the Directors, is expected to generate sufficient income in 2023 to enable the group to meet its liabilities going forward. This, together with a capital injection, following a successful capital raise by the group (see note 13), should enable the company to generate a profit in 2023 and produce a positive cashflow. On this basis the directors have prepared the financial statements on a going concern basis. The company has received confirmation from its parent undertaking that it will continue with its financial support.

TURNOVER

Commission is recognised when the Company's contractual right to such income is established, and to the extent that the company's relevant obligations under the contracts concerned have been performed. For most of the company's underwriting activities, this means that commission is recognised at the inception of the underlying contract of insurance concerned.

Where the Company has set up delegated authority facilities, income is recognised at the inception of the facility rather than the underlying insurance contracts only to the extent that such income can be reliably estimated, as the Company's obligations have been performed in full at that point.

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

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - Straight line over 3 years

HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions are charged to profit or loss in the period to which they relate.

INSURANCE BALANCES

The Company acts as insurance intermediary in placing the insurable risks of their clients with insurers and, as such, is not liable as a principal for amounts due to underwriters. In recognition of this relationship, the Company does not include debtors, creditors and cash arising from insurance transactions in its own balance sheet. Therefore, other than the commission received and receivable there is no recognition of the insurance transactions in the Company's financial statements.

Pardus Underwriting Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

2. **ACCOUNTING POLICIES - continued**

DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

FOREIGN CURRENCIES

The Company's functional and presentational currency is sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 7 (2020 - 7).

4. **OPERATING LOSS**

The operating loss is stated after charging:

	2021	2020
	£	£
Depreciation - owned assets	<u>2,114</u>	<u>1,996</u>

5. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Pardus Underwriting Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

6. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2021	8,995	92,824	101,819
Additions	<u>-</u>	<u>351</u>	<u>351</u>
At 31 December 2021	<u>8,995</u>	<u>93,175</u>	<u>102,170</u>
DEPRECIATION			
At 1 January 2021	8,088	88,406	96,494
Charge for year	<u>340</u>	<u>1,774</u>	<u>2,114</u>
At 31 December 2021	<u>8,428</u>	<u>90,180</u>	<u>98,608</u>
NET BOOK VALUE			
At 31 December 2021	<u>567</u>	<u>2,995</u>	<u>3,562</u>
At 31 December 2020	<u>907</u>	<u>4,418</u>	<u>5,325</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	29,645	73,199
Prepayments and accrued income	<u>5,186</u>	<u>9,777</u>
	<u>34,831</u>	<u>82,976</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Bank loans and overdrafts	10,000	50,000
Amounts owed to group undertakings	1,919,230	1,683,833
Accrued expenses	<u>452,684</u>	<u>280,759</u>
	<u>2,381,914</u>	<u>2,014,592</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Bank loans - 1-2 years	10,000	-
Bank loans - 2-5 years	25,833	-
Accelerant Loan	<u>175,000</u>	<u>-</u>
	<u>210,833</u>	<u>-</u>

Pardus Underwriting Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2021

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
2,500,000	Ordinary	£1	<u>2,500,000</u>	<u>2,500,000</u>

11. **RESERVES**

	Retained earnings £
At 1 January 2021	(4,420,207)
Deficit for the year	<u>(622,566)</u>
At 31 December 2021	<u>(5,042,773)</u>

12. **POST BALANCE SHEET EVENTS**

Pardus has continued to benefit from the support of Pardus Holdings Limited with an injection of some £390,000 following a successful capital raise completed in October 2022.

Pardus has forged a good relationship with a strong insurer in Accelerant, who wants to support and assist in the development of the Pardus business. The work done during the year to build relationships with key brokers, the strengthening of the underwriting team in August, the increase in submissions for quotes and the ability to turn quotes around in quick time, provides management with confidence that 2023 will see greater growth and the potential for a profitable outcome for the year. This in turn provides the directors with confidence that the Company will be able to meet its financial obligations throughout the next twelve months.

13. **PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company is Pardus Holdings Limited, a company registered in England and Wales. Pardus Holdings Limited prepares group financial statements and copies can be obtained from Companies House.

In the opinion of the Directors there is no single ultimate controlling party