

Asta Underwriting Management Ltd

**Annual Report and Financial Statements for the
Year Ended 31 December 2021**

Registered Number: 09193729

Registered Office: 5th Floor
Camomile Court
23 Camomile Street
London
EC3A 7LL



Asta Underwriting Management Ltd

Annual Report and Financial Statements for the Year Ended 31 December 2021

	Page No
Directors and Officers	2
Strategic Report	3
Directors' Report	10
Statement of Directors' Responsibilities	11
Independent Auditor's Report	12
Statement of Comprehensive Income	16
Statement of Changes in Equity	17
Statement of Financial Position	18
Notes to the Financial Statements	19

Asta Underwriting Management Ltd

Directors and Officers

Directors:

J M Tighe
S P A Norton
S Fisher
J Struck

Secretary:

N Burdett

Registered Office:

5th Floor
Camomile Court
23 Camomile Street
London
EC3A 7LL

Auditors:

Ernst & Young LLP
25 Churchill Place,
London
E14 5EY

Asta Underwriting Management Ltd

Strategic Report for the Year Ended 31 December 2021

The directors present their Strategic Report on Asta Underwriting Management Ltd (AUML) for the year to 31 December 2021.

Review of the business

AUML is a managing general agent regulated by the Financial Conduct Authority (FCA) to act as an agent for underwriting capital providers in the provision of insurance services. AUML's principle activity is to provide underwriting services and oversight, which it does through Appointed Representatives ("AR"), who perform the underwriting under the management control framework provided by AUML. AUML also provides support services on an outsource basis to underwriting businesses who are not ARs. The immediate parent of AUML is Asta Insurance Markets Ltd (AIM).

Results and performance

During 2021, AUML provided services to Arma Underwriting Limited ("Arma"), Beat Capital Partners Limited group ("Beat") and from the second quarter acting as a coverholder underwriting a portfolio of property facultative reinsurance with worldwide exposures. Furthermore, throughout the year AUML serviced two appointed representatives Agora Underwriting Ltd. ("Agora") and David Ashby Underwriting Limited ("DAU") and at the end of the year onboarded another AR, ARTes Specialty Limited ("Artes").

2021 proved to be another successful year in terms of growth, as turnover increased by 40% from the prior year. The provision of outsource services to the Beat entities rose by 24% compared to 2020 and AUML commission income increased to £1,381k (2020 - £782k) driven by a significant increase in the volume of premium written by its ARs and other clients reaching £57m.

The profit on ordinary activities before taxation for the company for the year ended 31 December 2021 rose to £506k (2020: £179k) full details of which are set out in the Statement of Comprehensive Income on page 16 and the related notes. No dividend has been paid during the period.

The key performance indicators for the company are:

	2021 £'000	2020 £'000
Turnover	3,270	2,326
Profit on ordinary activities before taxation	506	179
Net liabilities	(807)	(1,232)

Strategy

The primary objective of AUML is to grow the Asta footprint in the MGA market by developing a 'best in class' service to its appointed representatives and underwriting capital providers and by ensuring that the underwriting is performed in a controlled and well-regulated manner. AUML allows Asta to offer an underwriting solution to those entities whose scale or business model does not warrant entry into Lloyd's, assisting clients to launch their MGA or accelerating their business growth.

It is anticipated that the business expansion will be measured as we look to work with selected MGAs to build underwriting businesses through joint ventures and strategic partnerships with underwriting teams and capital partners.

The business has two main strands:

- as an MGA providing underwriting licences, the oversight framework and a number of ancillary support services to its appointed representatives and
- providing outsourced services to other underwriting entities (the client does not utilise AUML regulatory status).

In the future, AUML intends to continue both strands of its business.

Asta Underwriting Management Ltd
Strategic Report for the
Year Ended 31 December 2021 (cont'd)

Risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, credit risk and liquidity risk. The board of directors consider the exposure to these risks to be minimal. The company also faces operational risks in providing services covering people, systems and external events and as well as the risk that the company does not continue to maintain a healthy volume of clients

Interest risk is minimal, as the company's only material exposure is in regard to the intercompany balances held with other group companies. As the interest rates used for intercompany balances is the Bank of England base rate.

AUML's principal financial assets are trade and other receivables and therefore the company's credit risk is primarily attributable to its trade receivables and intercompany receivables, with a low risk exposure. The credit risk on cash balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk arises if the company cannot meet its liabilities as they fall due, owing to a shortfall in cash. To mitigate this risk the Board reviews cash flow projections regularly and uses intercompany loans from fellow subsidiaries.

Operational risk is the risk that errors caused by people, processes, systems and external events lead to losses for the company. The company seeks to manage this risk through the use of an embedded risk and control framework and a structured programme of testing of processes and systems by internal audit.

Business continuity and disaster recovery plans are in place and are regularly updated and tested through the Asta group. During 2021 these processes have continued to be extensively deployed following the global Covid-19 pandemic, which has impacted all aspects of the economy, businesses and society. Throughout the year, AUML invoked various aspects of the business continuity plan to ensure government guidance has been adhered to. This included working from home for prolonged periods, as well as reduced office capacity, on a Covid secure basis, when attendance was possible. AUML's operations, systems, infrastructure and business processes have continued to be resilient in allowing all staff to work effectively on a remote and hybrid basis.

Reputational risks are those faced by the company if the company's brand is damaged and it is usually correlated to other risks. Reputation damage could have serious consequences to the business. The company has strong relationships with its client base which significantly reduces this risk. The company is very protective of its brand and makes every effort to ensure it has the resources and expertise to be able to deliver an excellent service to its clients thus minimising the exposure to reputational risk.

Client services risk arises if Asta fails to deliver agreed services to third-parties. AUML provides services to a number of clients. Failure to deliver the contracted services may affect AUML's reputation and compromise pipeline opportunities in the future. It could also result in a breach of contract leading to legal action.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. AUML is required to comply with the requirements of the Financial Conduct Authority (FCA). Asta has a director responsible for compliance who has oversight of the compliance function and its role in monitoring regulatory developments and assessing the impact of these on the company's policy.

AUML is a service business and as such its key asset is its people. People risk is defined by AUML as not having the right level of staff, both in terms of expertise and numbers, to deliver a sustained excellent performance to its clients. People risk is minimised in three ways, through training, through remuneration and other staff policies and through succession planning.

Asta Underwriting Management Ltd

Strategic Report for the Year Ended 31 December 2021 (cont'd)

AUML supports a strong culture of training, both in terms of in-house training, external courses and training for professional qualifications. Asta sets a remuneration policy which is competitive and attracts and retains directors and key personnel. AUML also seeks to create a positive working environment in which staff are both valued and challenged in an interesting and ever-changing setting. The Asta group has a remuneration committee, comprised of non-executive directors, to ensure it sets a suitable remuneration policy. Succession planning is also a key part of mitigating people risk and has an internal succession plan which is reviewed annually.

A Culture Committee covering all aspects of Asta's culture including diversity and inclusion, wellbeing, environment, social and governance (ESG) and values was established in 2020. The Culture Committee provides a platform for employees to have input to and influence over Asta's culture, recommends initiatives to develop Asta's culture and champions and raises awareness of diversity and inclusion throughout the business. Asta's CEO, Julian Tighe, chairs the Culture Committee supported by six volunteers from the business.

Business environment

Since the start of 2020 the world economic and business environment has been significantly impacted by the Covid-19 pandemic. The current economic environment is the most uncertain since the financial crash of 2008. With changing levels of Government interventions, rapidly rising inflation rates, the beginning of the end of an unparallel period of low interest rates and the potential for a global recession mean the outlook will remain uncertain for the medium to long term. Asta continues to monitor the changing economic environment and the potential impact on Asta's business as well as that of its clients.

The current environment demands for insurance businesses to diversify their portfolios, and for teams with discontinued lines at insurance businesses to look for underwriting opportunities, with MGA propositions providing an effective opportunity to address both these issues.

Asta believes that its MGA business is well positioned to provide support to such proposals. AUML acts as an independent partner that provides a cost-effective and flexible platform for clients' development and growth.

A number of oversight activities have been and continue to be conducted to assess the potential impact on Asta's clients and on Asta itself which include the assessment of the effect of Covid-19 and the stress testing of future business plans. The directors have considered the effect of Covid and do not believe that there is any impact to the results presented in these financial statements. Further Asta directors do not believe that the effects of Covid-19 will present any threat to the going concern status of the business.

Throughout 2021 Asta has demonstrated operational resilience whilst working on a hybrid basis with a mix of office based and remote working and it continues to assess and monitor the impact of Covid-19 on Asta's Operations including:

- regular reviews by senior management of available resource levels across the business
- deployment of new technology solutions to support home working, collaboration and the sharing of information and
- increased bandwidth to support video conferencing facilities.

The changes to operating procedures introduced in 2020 have continued and will become established processes in the future. These include:

- Increased manager contacts and team interactions
- Frequent monitoring of resource availability and cultural impact
- Regular communications and monthly CEO briefings
- Sections of Asta's Intranet dedicated to Covid-19 updates and staff wellbeing
- Increased focus on wellbeing, promoting use of mental health first aiders, regular webinars, employee assistance programmes etc
- Specific training provided on remote working and technology as well as personal wellbeing
- Increased flexibility in working arrangements and provision of IT equipment at home.

Asta Underwriting Management Ltd

Strategic Report for the Year Ended 31 December 2021 (cont'd)

Asta is committed to ensuring that its operating model continues to develop and remains able to support its current client base as well as potential growth and as such, has invested in significant additional resource and infrastructure in the last two years to support this.

Overall, this demonstrates the resilience of Asta's business model and confirms the directors' opinion that Asta remains a going concern with a strong future.

Future developments

Arma continued to scale up its operations in terms of GWP, particularly its commercial line of business in 2021 and expects to see further growth in 2022, which in turn will increase the income of AUML. Furthermore, Arma with the assistance of Asta is considering setting up its own Syndicate in a box (SIAB) to help secure certainty of capital support in future years and to allow it to write other lines of business currently precluded by Lloyd's regulations. AUML's flexible platform provision allows clients to grow and develop.

Asta continues to provide its MGA platform and comprehensive operational services to the underwriting agency BPBUW Management (BPBUW), a specialist investor in niche MGAs, which are anticipating the launch mid 2022 of another cell.

In addition, AUML will continue to develop its MGA business services by identifying a number of carefully selected innovative opportunities to launch new MGAs in a controlled manner.

In September 2021, it was announced that AUML's parent company, Asta Capital Limited, had been sold to the Davies Group, subject to regulatory approval. It is expected that regulatory approval will be granted in early 2022. Asta will work closely with the new owners to further develop the strategy and to bring a wider range of quality services and solutions to its clients. The Davies Group intends to continue to grow the business by developing the MGA solutions for the foreseeable future.

During February 2022, Russia instigated military action in Ukraine. This event is still developing as at the date of the Financial Statements but has been assessed by the Directors as an event that will increase risk and uncertainty globally in the foreseeable future. The directors will continue to monitor developments and endeavour to mitigate these risks where possible.

Section 172 statement

The directors in line with their duties under Section 172 (s172) of the Companies Act 2006, have acted in a way that they considered, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to the:

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

During the year the directors considered the views of affected stakeholders and the consequences of its decisions in the long term. The AUML board (the Board) understands that building strong relationships with its stakeholders will aid the company in delivering its long-term strategy. The directors consider that the AUML's key stakeholders include its employees; its shareholder and ultimate parent company, its third-party capital providers; its Clients: Appointed Representatives, Underwriting Entities to which outsources services are provided and Managing General Agents (MGAs); and the bodies that regulate the company's activities including the Financial Conduct Authority.

Asta Underwriting Management Ltd

Strategic Report for the Year Ended 31 December 2021 (cont'd)

During the year, the sale of Asta to The Davies Group was agreed, subject to regulatory approval and this has been communicated to all stakeholders.

The Board has considered the impact of its decisions, and the interests and views of the group's stakeholders throughout the year. This includes that the Board has sufficient oversight of relevant factors including stakeholder engagement during its decision-making process to comply with its duties under section 172 of the Companies Act 2006.

Employees and engagement

Asta aims to attract, develop, inspire and reward its people by creating an environment in which they can perform at their very best and thrive in a culture where everyone feels they belong and has an equal opportunity to build a successful career.

The company places considerable value on the involvement and engagement of its employees and has continued to keep them informed on the strategy of the company, matters affecting them as employees and on the various factors affecting the performance of the group throughout the year. This is achieved through the executive team holding regular employees' presentations providing updates on business development, financial performance and operations. The Asta group's intranet, 'the Hive', is continually maintained and provides employees with key information through regular news updates and internal announcements and also provides information on culture matters including wellbeing initiatives. The Asta executive team welcomes direct and indirect feedback from all employees.

Shareholder engagement

As a wholly owned subsidiary of the Asta Capital Limited group, compliance is required with all internal policies and regulations. The Board ensures that the ultimate shareholder is informed of our activities on matters such as strategy, performance and governance and to assist in this process a Non-Executive director of Asta Capital Limited (ACL) also sits on the AUML board as a Non-Executive Director. Quarterly board meetings are held for ACL and there are monthly catch-up calls in between to ensure the ACL directors are kept abreast of all key developments within the subsidiaries and the group. The AUML board reviews and approves on an annual basis the company's strategy and the company's key risk appetites and tolerances. The company's strategic objectives target results over the long term with performance being measured on a quarterly basis.

Client engagement

As part of its core services, the company assists its clients, in planning their strategic and financial outlook. In this way the board has regard for the long-term interests of its shareholder. The Board views the interests of its clients as central to its operations and the delivery of services is agreed with each managed client using Asta's Register of Services. The Board reviews the performance of the services provided to each client through quarterly reporting to the Board and its committees. A new Client Management team was established in 2021 to provide dedicated liaison points for each client. In addition, the executive team engage regularly with managed clients and Asta also conducts client surveys to receive feedback on its services, expertise and experiences. This feedback is used to enhance existing and/or to develop future services.

Engaging with our regulators

There is an open and ongoing dialogue with the company's regulators and FCA - keeping them informed of the key activities and strategic developments of the company. The Board receives regular updates on engagement with regulators principally through the reports from the CEO, the CRO and the compliance function. Furthermore, individual members of the Board communicate and engage with the regulators whenever they are requested to do so or consider it is appropriate, to do so.

Suppliers engagement

The company is committed to high standards of business conduct and agrees payment terms at the start of business with each supplier and pays creditors promptly and in accordance with contractual and other legal obligations. The Board monitors the relationship and engagement with suppliers primarily through reporting received at Board meetings. All material contracts are subject to rigorous review at executive level and any key risks are highlighted to the Board.

Asta Underwriting Management Ltd

Strategic Report for the Year Ended 31 December 2021 (cont'd)

Community and environment

AUML is committed to making a positive contribution to the environmental, social and economic communities in which our stakeholders participate. Asta has a Charity Committee which oversees the investment of the group's charitable donations through active engagement with staff and charities. The group also encourages its employee's workforce to engage in volunteer activities that make an impact on the local community and has a Volunteering Policy in place to support this.

Principal decisions

In discharging their section 172 duties the directors recognise the importance of relevant stakeholder interests when making decisions. The following decisions made during 2021 considered the interests of all group stakeholders:

Corporate Governance

AUML is committed to the highest standards of corporate governance and to applying robust and effective governance to safeguard the long-term interests of the company, and the benefits this brings to all stakeholders. The Board leads and controls the affairs of AUML and determines the overall strategic direction of the company. The Board also sets AUML's values and standards seeks to ensure that the culture of the company is aligned to these and are understood by all stakeholders. The roles of the Chair and CEO are segregated with a documented division of responsibilities for each, one non-executive director and one independent non-executive director.

Covid-19 pandemic

During 2021, Covid-19 has continued to impact all aspects of the economy, business and society, as well as each of AUML's stakeholders. The most direct impact of the pandemic has been the continued working from home for employees for a large part of the year as Asta followed government guidance on office closure and home working arrangements. The company's business model has continued to successfully adapt to hybrid working, and a mix of remote and in office presence over the year has had limited impact on business deliverables or service levels.

Whilst the office remained closed, Asta increased the frequency of employee communication and engagement through monthly staff presentations and regular executive team communications. Employee wellbeing was a key priority throughout the year, and a monthly wellbeing newsletter was supplemented by regular wellbeing seminars and social activities, both virtual and in person as permitted. AUML has remained engaged with all other stakeholders regularly on a remote basis with little impact on the day to day working relationships. The group's governance structure has continued to operate effectively on a hybrid basis, with strong Board engagement across all matters of business as well as the ongoing Covid-19 pandemic impact.

Culture and Employment policies

The Asta group considers that our employees are our most valuable asset and is committed to ensuring that all staff are treated equally and with respect. We attract and retain talented individuals through offering competitive remuneration packages, family friendly policies and having an open and transparent culture.

Asta is committed to promoting a diverse and inclusive culture and was an early signatory to both the Lloyd's D & I Charter and the Inclusive Behaviours in Insurance Pledge and is also a member of the Employer's Network for Equality and Inclusion and support various market initiatives, including the annual Dive In Festival, raising awareness of D & I issues. The executive team have chosen to calculate and share Asta's gender and ethnicity pay gap figures with our employees even though there is no statutory requirement for us to do so.

Asta has a set of three core corporate values; Excellence, Collaboration and Adaptability, and these are clearly communicated to all staff to make clear the standards of behaviours expected. Performance against the values for each employee is assessed when determining individual performance and bonus levels.

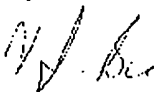
The group has established a learning and development framework and is committed to offering employees every opportunity to reach their maximum potential for their own benefit and that of the

Asta Underwriting Management Ltd
Strategic Report for the
Year Ended 31 December 2021 (cont'd)

group. This commitment is achieved through policies and procedures which provide opportunities for development which are fair and non-discriminatory. The commitment to training and the provision of facilities and support for employees taking professional examinations remains central to the group's philosophy.

Asta Insurance Markets Ltd also has a comprehensive health and safety policy which is publicised to employees through its handbook and on employees notice Boards. Asta Insurance Markets Ltd, a company registered in England and Wales, is the immediate holding company of AUML. Its accounts are available to the public and may be obtained from 5th Floor, Camomile Court, 23 Camomile Street, London, EC3A 7LL.

By Order of the Board



N Burdett
Company Secretary
25 April 2022

Asta Underwriting Management Ltd

Directors' Report for the Year Ended 31 December 2021

Registered No. 09193729

The directors have pleasure in submitting their annual report and the audited financial statements, together with the Auditor's Report for the year ended 31 December 2021.

Risk management

The risks faced by the business are discussed in the Strategic Report.

Future developments

Likely future developments in the business are discussed in the Strategic Report.

Going concern basis

The principal risks and uncertainties of the business have been addressed within the Strategic Report. The company has considered budgets and forecasts to determine its financial resources and the directors believe that the company is well placed to manage its business risks successfully and continue in operational existence for the foreseeable future, therefore supporting the going concern basis for AUML. Further, following Covid-19 the company has re-projected the business plans for the next 3 years and has performed stress testing on these plans to reflect the uncertainty that Covid-19 introduces to these plans. The Statement of Financial Position shows a net deficit, but management have chosen to adopt a going concern basis as the subordinated loan from Asta Insurance Markets Ltd (AIM) is not repayable on demand. The subordinated loan was made in agreement with the FCA to meet regulatory requirements, and the loan can only be repaid out of AUML's reserves or if it has been replaced with external capital. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts for the next 12 months, as the company expects to be profitable.

Directors

The current directors of the company are shown on page 2 of these accounts.

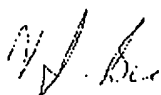
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

The company has elected to dispense with its obligation to appoint the auditor and accordingly, Ernst & Young LLP shall be deemed reappointed as auditor for 2022.

By order of the board



N Burdett
Company Secretary
25 April 2022

Asta Underwriting Management Ltd

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 those financial statements, the directors are required to:

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

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

Asta Underwriting Management Ltd

Independent Auditor's Report to the Members of Asta Underwriting Management Ltd

Opinion

We have audited the financial statements of Asta Underwriting Management Limited for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position and the related notes 1 to 16, 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 FRS 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 period 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included an assessment of the reasonableness of the Company's going concern assessment. The going concern assessment period used by Asta Underwriting Management Ltd. was twelve months from the date of the approval of the financial statements. We assessed the appropriateness of the approach and forecast used by management when performing their going concern assessment.

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

Asta Underwriting Management Ltd

Independent Auditor's Report to the Members of Asta Underwriting Management Ltd (cont'd)

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 this 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 the 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 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 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 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 11, 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.

Asta Underwriting Management Ltd

Independent Auditor's Report to the Members of Asta Underwriting Management Ltd (cont'd)

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the relevant laws and regulations related to elements of company law, tax legislation and the financial reporting framework. Our considerations of other laws that may have a material effect on the financial statements included permissions and supervisory requirements of the Financial Conduct Authority ('FCA')
- We understood how Asta Underwriting Management Ltd. is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and regulatory bodies, reviewed minutes of the Board of Directors and gained an understanding of the Company's approach to governance demonstrated by the Board's approval of the governance framework
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manipulate profitability or influence the perceptions of investors and stakeholders
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of those charged with governance and management for their awareness of any non-compliance with laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees; inquiring about the Company's methods of enforcing and monitoring compliance with such policies; and inspecting significant correspondence with the FCA.

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

Asta Underwriting Management Ltd
Independent Auditor's Report to the
Members of Asta Underwriting Management Ltd (cont'd)

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.



Stuart Wilson (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
25 April 2022

Asta Underwriting Management Ltd

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	2	3,270	2,326
Administrative expenses	3	<u>(2,660)</u>	<u>(2,032)</u>
Profit on ordinary activities before investment income, interest and taxation	4	610	294
Interest receivable and similar income		-	1
Interest payable and similar charges	7	<u>(104)</u>	<u>(116)</u>
Profit on ordinary activities before taxation		506	179
Tax on profit on ordinary activities	8	<u>(81)</u>	<u>(30)</u>
Profit for the financial period		<u>425</u>	<u>149</u>

All transactions are derived from continuing operations.

There are no recognised gains or losses other than those included in the Statement of Comprehensive Income for the period, and accordingly no separate Statement of Other Comprehensive Income is given.

Asta Underwriting Management Ltd

Statement of Changes in Equity for the Year Ended 31 December 2021

	Called- up capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2020	-	(1,381)	(1,381)
Profit for the period	-	149	149
At 31 December 2020	<u>-</u>	<u>(1,232)</u>	<u>(1,232)</u>
Profit for the year	-	425	425
At 31 December 2021	<u>-</u>	<u>(807)</u>	<u>(807)</u>

Asta Underwriting Management Ltd

Statement of Financial Position at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	9	78	136
Investments	10	-	-
		<u>78</u>	<u>136</u>
Current assets			
Debtors: Amounts falling due within one year	11	3,696	1,198
Cash at bank and in hand		<u>2,215</u>	<u>1,542</u>
		5,911	2,740
Creditors: Amounts falling due within one year	12	<u>(5,066)</u>	<u>(2,444)</u>
Net current assets / (liabilities)		845	296
Total assets less current liabilities		<u>923</u>	<u>432</u>
Debtors: Amount falling due after one year	11	43	16
Creditors: Amounts falling due after one year	12	(1,773)	(1,680)
Net Liabilities		<u>(807)</u>	<u>(1,232)</u>
Capital and reserves			
Profit and loss account		<u>(807)</u>	<u>(1,232)</u>
		<u>(807)</u>	<u>(1,232)</u>



S P A Norton
Director

5th Floor, Camomile Court, 23 Camomile Street, London, EC3A 7LL
Company Registration Number: 09193729
25 April 2022

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021

1. Accounting policies

Statement of compliance

Asta Underwriting Management Ltd is a limited liability company incorporated in England. The Registered Office is 5th Floor, Camomile Court, 23 Camomile Street, London, EC3A 7LL.

The financial statements have been prepared in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), as it applies to the financial statements of the company for the year ended 31 December 2021 and in accordance with the provisions of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations.

Basis of preparation

The financial statements of Asta Underwriting Management Ltd were authorised for issue by the board of directors on 8 March 2022. The Statement of Financial Position shows a net deficit, but management have chosen to adopt a going concern basis as the subordinated loan from Asta Insurance Markets Ltd (AIM) is not repayable on demand. The subordinated loan was made in agreement with the FCA to meet regulatory requirements, and the loan can only be repaid out of AUML's reserves or if it has been replaced with external capital. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts for the next 12 months, as the company expects to be profitable. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000 and in accordance with applicable accounting standards

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The following are the company's key source of estimation uncertainty:

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

Rendering of services

Revenue from fees recoverable for services provided is recognised on an accruals basis, and when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

Significant accounting policies

Intangible assets

Costs relating to the development of computer software for internal use is carried at cost less accumulated amortisation and any recognized impairment loss.

These costs are amortised in equal annual amounts over the estimated useful life of the software, which is in line with computer equipment (3 years). Management judgement is involved in determining the appropriate internal costs to capitalise and the amount involved.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Dividends

Revenue is recognised when the company's right to receive payment is established.

Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- where there are differences between amounts that can be deducted for tax for assets and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the date of the Statement of Financial Position.

Equity investments

Equity investments are recognised initially at fair value which is normally the transaction price. Subsequently they are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. The cash at bank is only recognised when the entity is entitled to the risks and rewards associated.

Short-term debtors and creditors

Debtors and creditors, with no stated interest rate either receivable or payable, within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement, in other operating expenses.

Pensions and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions to the defined contribution scheme are recognised in the statement of comprehensive income in the period in which they become payable.

Interest-bearing loans

Equity investments are recognised initially at fair value which is normally the transaction price. Subsequently they are recognised at cost less impairment until a reliable measure of fair value becomes available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

Cashflow

Under FRS paragraph 1.11 and 1.12, the company is exempt from the requirement to prepare a cash flow statement on the grounds that ACL, a company registered in the United Kingdom, publishes consolidated financial statements which include the affairs of this company (see note 16).

Related parties

The company has taken advantage of section 33.1A contained in FRS 102 not to disclose related party transactions or balances with wholly owned entities which form part of the group. The consolidated financial statements of ACL within which this company's affairs are included, can be obtained from the address shown in note 16 on page 29.

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

2. Turnover

Turnover represents the aggregate of external fee income and management fees charged for the provision of goods and services to other companies in the group.

Fee income is reflected net of value added tax and is billed in accordance with the terms of the contractual agreement with clients on a basis applicable to specific terms and conditions of individual contracts.

Credit is taken for fee income in the period in which it is chargeable to clients.

Income is recognised on an accruals basis and comprises commission and fees for services provided.

	2021 £'000	2020 £'000
Turnover comprises:		
Commission income	1,381	1,652
Expense recovery	451	624
Other income	30	50
Outsource Income	1,408	-
	<u>3,270</u>	<u>2,326</u>

All turnover arises from business conducted in the United Kingdom.

3. Administrative Expenses

	2021 £'000	2020 £'000
Administrative Expenses comprises:		
Salaries and other related costs	1,358	1,015
Office Rent, Rates and Services	185	149
Computer Costs	788	573
Depreciation of owned assets	-	4
Depreciation recharged from another group company	47	34
Amortisation of intangible assets	58	55
Sundry Expenses	224	202
	<u>2,660</u>	<u>2,032</u>

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

4. Operating Profit

	2021 £'000	2020 £'000
This is stated after charging:		
Amortisation of intangible assets	58	55
Depreciation of owned assets and group recharged	47	38
Auditor's remuneration for audit services	7	7
Auditor's remuneration for non-audit services	-	-
	<u>610</u>	<u>294</u>

5. Staff costs

All staff are employed by AIM. The average monthly number of employees (including executive directors) was:

	2021 No.	2020 No.
Management	1	1
Operations	<u>10</u>	<u>9</u>

The aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	992	731
Other pension costs	97	82
Social security costs	<u>85</u>	<u>67</u>
	<u>1,174</u>	<u>880</u>

Staff Costs includes employees disclosed in other Asta group member accounts but charged to these accounts and capitalised staff costs.

Other pension costs include only those items included within operating costs. Items reported elsewhere have been excluded.

Pension costs of £7k were accrued at 31 December 2021 (2020: £6k).

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

6. Directors' remuneration

	2021 £'000	2020 £'000
Non-Executive remuneration	51	51

J M Tighe and S P A Norton were paid in respect of their services to the Asta group as a whole. J M Tighe and S P A Norton's remuneration is disclosed in the accounts of ACL and charged in the accounts of Asta Managing Agency Ltd.

S Fisher's remuneration is disclosed and charged in these accounts.

7. Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable on inter-company loans	104	116

8. Taxation on profit on ordinary activities

(a) Tax on profit on ordinary activities
The tax charge is made up as follows:

	2021 £'000	2020 £'000
Current tax:		
Corporation tax at 19% (2020: 19%)	122	49
Tax underprovided in previous years	(8)	(3)
Total tax (credit) / charge	114	46

	2021 £'000	2020 £'000
Deferred tax:		
Origination and reversal of timing differences	(26)	(15)
Effect of decreased tax rate on deferred tax balance	(9)	(1)
Prior year adjustment	2	-
Deferred tax	(33)	(16)

	2021 £'000	2020 £'000
Current tax	114	46
Deferred tax	(33)	(16)
Tax charge / (credit) on ordinary activities	81	30

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

8. Taxation on profit on ordinary activities (cont'd)

(b) Factors affecting the total tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £'000	2020 £'000
Profit/(Loss) on ordinary activities before tax	506	179
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%).	96	34
Expenses not deductible for tax purposes	-	-
Prior year under provision	(8)	(3)
Deferred fixed assets – prior year	2	(1)
Effect of rate change on deferred tax	(9)	-
Total tax charge / (credit)	81	30

The UK corporation tax rate applicable for the year is 19% (2020: 19%). In the Budget on 3 March 2021 it was announced that the corporation tax rate would be increasing to 25% from 1 April 2023, legislated on 10 June 2021.

Deferred tax disclosures have been measured using the enacted tax rate applicable for the period in which they are expected to unwind.

9. Intangible assets

	Computer Software Development Expenditure £'000	Total £'000
Cost		
At 1 January 2021	352	352
Additions during the period	-	-
At 31 December 2021	352	352
Amortisation		
At 1 January 2021	216	216
Charge for the period	58	58
At 31 December 2021	274	274
Net Book Value		
At 31 December 2021	78	78
At 31 December 2020	136	136

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

9. Intangible assets (cont'd)

These assets arise on the internal development of computer software being amortised evenly over 3 years in line with the estimated useful life of the software.

Management analyse staff and contractors' costs with the use of their staff recording system to determine the appropriate internal costs to capitalise.

10. Investments

	2021 £'000	2020 £'000
Subsidiary undertakings	-	-

Details of the investments in which the company held 20% or more of the nominal value of any class of share capital during the year are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings			
Asta Blue Line Services Ltd (ABL)	Ordinary shares	100%	Dormant company

On 30 May 2017, AUML invested in 100 ordinary shares at a value of £1 in ABL. Its registered office address is 5th Floor, Camomile Court, 23 Camomile Street, London, England, EC3A 7LL. The company was incorporated on the day of the investment and therefore no assets, liabilities or goodwill was acquired.

11. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	2,417	475
Amount owed by subsidiary undertaking	1	4
Corporation tax	-	25
Prepayments and accrued income	1,130	681
Sundry Debtors	141	12
Deferred tax	7	1
	<u>3,696</u>	<u>1,198</u>
Amounts falling due after one year:		
Deferred tax	43	16

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

11. Debtors (cont'd)

Reconciliation of deferred tax	2021 £'000	2020 £'000
Deferred tax asset in respect of fixed assets timing difference		(1)
Deferred tax asset in respect of remuneration timing difference	(50)	(16)
Opening balance for the period	(17)	(1)
Origination and reversal of timing differences	(26)	(15)
Effect of decreased tax rate on deferred tax balance	(9)	-
Prior year adjustments	2	(1)
Closing balance for the period	<u>(50)</u>	<u>(17)</u>

12. Creditors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Amounts owed by parent undertaking	309	250
Amounts owed to fellow subsidiary undertakings	2,493	2,086
Other creditors	2,072	8
Accruals and deferred income	192	100
	<u>5,066</u>	<u>2,444</u>
Amounts falling due after one year:		
Subordinated Loan	1,600	1,600
Accruals	173	80
	<u>1,773</u>	<u>1,680</u>

The subordinated loan is an intercompany loan from Asta Insurance Markets Ltd (AIM) to meet FCA regulatory requirements. The interest rate charged is set at a 3.6% margin above the Barclays bank base rate.

13. Retirement Benefit Schemes

Defined contribution schemes

A defined contribution scheme is in operation with contributions from both the company and the employee via salary sacrifice. Employees are offered Company contributions ranging from 10% to 17% and can be dependent on the age of the employee and the level of contributions that the employee voluntarily makes. All contributions are fully expensed to the statement of comprehensive income as they become due.

The pension cost charge for the year to the defined contribution scheme, amounted to £97k (2020: £82k).

Pension costs of £8k were accrued at 31 December 2021 (2020: £6k).

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

14. Related party transactions

During the year AUML entered into transactions, in the ordinary course of business, with other related parties not wholly owned by the business.

Since 2019, AUML has provided outsource services to Beat Capital Partners Limited and its subsidiaries (the "Beat Group"). At year end, Paraline Group Limited hold 11.9% of the share capital of Beat Capital Partners Ltd. Paraline Group Limited is the immediate parent of Paraline International Limited, a shareholder in ACL.

ACL, the ultimate parent company of AUML, has significant influence on Arma Fusion Ltd, and its wholly owned subsidiary Arma Underwriting Ltd.

In 2020, ACL acquired 12.5% equity stake in BPB UW Management Ltd. for no cash consideration, in exchange of AUML's set up costs.

Transactions entered and trading balances outstanding at 31 December 2021 were as follows:

	Total Value of transactions £'000	Balances outstanding and provided to AUML £'000
Arma Fusion Ltd and Arma Underwriting Ltd		
2021	607	592
2020	614	525
Beat Group		
2021	1546	760
2020	1288	372
BPB		
2021	624	346
2020	414	206

Terms and conditions of transactions with related parties

Sales and purchases between related parties external to the group are made on an arm's length basis. Outstanding balances with entities are unsecured and no interest is charged on these balances but are expected to be settled within 30 days. The group has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2021, the group has made a provision for doubtful debts relating to amounts owed by related parties of £Nil (2020: £nil).

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered key management personnel. Total remuneration in respect of these individuals is £51k (2020: £51k).

Certain key management personnel were paid in respect of their services to the Asta group as a whole. Their remuneration is disclosed in other group company accounts (see note 6).

Intra-group related transactions

The company has taken advantage of the exemption under FRS102 33.1A from having to disclose intra-group related party transactions for any subsidiaries which are wholly owned.

Asta Underwriting Management Ltd

Notes to the Financial Statements at 31 December 2021 (cont'd)

15. Events after the reporting period

During February 2022, Russia instigated military action in Ukraine. This event is still developing as at the date of the Financial Statements but has been assessed by the Directors as an event that will increase risk and uncertainty globally in the foreseeable future.

The directors will continue to monitor developments and endeavour to mitigate these risks where possible.

16. Controlling party

The company's immediate parent company is Asta Insurance Markets Ltd (AIM), a company incorporated in Great Britain and registered in England and Wales.

The results of the company are consolidated in ACL, a company registered in the United Kingdom. At the Statement of Financial Position date, ACL was AUML's ultimate parent company, and the parent of the smallest and largest group into which the company's results are consolidated.

The ACL accounts to 31 December 2021 are available to the public and may be obtained from 5th Floor, Camomile Court, 23 Camomile Street, London, EC3A 7LL.

ACL is controlled by a consortium comprising Paraline International Limited, Skuld Investments Limited and ACHP plc. In September 2021, it was announced that AUML's parent company, ACL, had been sold to the Davies Group, subject to regulatory approval. It is expected that regulatory approval will be granted during the first half of 2022.