

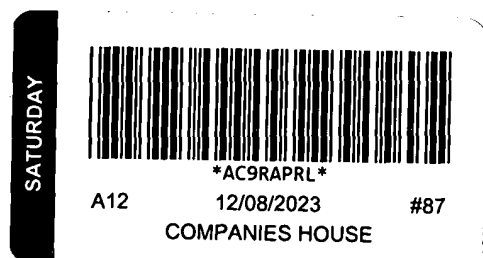
Michael Else and Company Limited

Directors' Report and Financial Statements

Year Ended

31 March 2022

Company Number 01345933



Michael Else and Company Limited

Company Information

| | |
|-----------------------------|---|
| Directors | M Else C J Else G J Ritchie E P Turner L K Wilson |
| Registered number | 01345933 |
| Registered office | 65 Leadenhall Street London EC3A 2AD |
| Independent auditors | BDO LLP 55 Baker Street London W1U 7EU |

Michael Else and Company Limited

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Michael Else and Company Limited

Directors' report For the Year Ended 31 March 2022

The directors present their report and the audited financial statements for the year ended 31 March 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 year.

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; 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.

Principal activity

The principal activity is that of a managing general agent (MGA) in the provision of specialized marine insurance products.

Business review

Michael Else and Company Ltd owns the brand and the intellectual property associated with the products that it manages. The brands include:

- The Charterers P&I Club;
- Transmarine;
- Carina;
- MECO Marine;
- True North

Development

In June 2022 the Company rebranded its small craft P&I insurance, Carina, to Aurora which going forward will be underwritten by Great Lakes Insurance SE (GLISE), a wholly owned subsidiary of the Munich Re Group, under a combined underwriting management agreement with the MECO Group that includes the Charterers P&I Club (CPIC), and Transmarine. GLISE has been the underwriter of CPIC since 2009.

Michael Else and Company Limited

Directors' report (continued) For the Year Ended 31 March 2022

Directors

The directors who served during the year were:

M Else
C J Else
G J Ritchie
E P Turner
L K Wilson
J M T Skinner (resigned 24 May 2021)

Charitable contributions

The Company made total charitable donations of £Nil (2021 - £450) during the year ended.

Directors indemnity insurance

Appropriate directors' and officers' liability insurance cover is in place in respect of all the Company's directors.

COVID-19

As we enter the fourth year of the pandemic the Company continues to operate at a functional level. The investment we have made in systems over the years has paid dividends and the business has functioned normally throughout.

Dubai has operated as normal other than a brief closure early in 2020. The Shanghai office continues to perform well this is despite the 'Zero Tolerance Policy' being followed within China and the inability for staff to travel in and out of the country.

The shipping and commodity markets have boomed in the second year of the pandemic and this has had a positive impact on income, but we are now closely monitoring claims activity.

Marketing has proven problematic over the last two years and we need to ensure that we refill the supply chain of new business as soon as we can. We also need to ensure that we provide a work place where junior staff can thrive and develop and reopen the office so they can interact with colleagues at least three days a week.

With the move from pandemic to endemic disease we believe we can achieve these goals in 2022.

Disclosure of information to auditors

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

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

Post balance sheet events

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

Michael Else and Company Limited

Directors' report (continued) For the Year Ended 31 March 2022

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Company is exempt from the requirement to prepare group accounts for the financial year under the Companies Act 399(2A)(a)(i) as the group headed by the Company qualifies as small.

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



L K Wilson
Director

Date:

9th August 2023

Michael Else and Company Limited

Independent auditors' report to the members of Michael Else and Company Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Michael Else and Company Limited ("the Company") for the year ended 31 March 2022 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the 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).

Basis for opinion on the financial statements

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

Independence

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.

Conclusions relating to going concern

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

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

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

Michael Else and Company Limited

Independent auditors' report to the members of Michael Else and Company Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements, 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. 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.

Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 material misstatements in the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1 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.

Michael Else and Company Limited

Independent auditors' report to the members of Michael Else and Company Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory framework applicable to the Company's operations and the control environment in monitoring compliance with the laws and regulations;
- Review of correspondence with the Financial Conduct Authority (FCA);
- Our responses to significant audit risks (revenue recognition and management override of controls) are intended to sufficiently address the risk of fraudulent manipulation;
- Review of minutes of board meetings throughout the period; and
- Agreement of the financial statement disclosures to underlying supporting documentation.

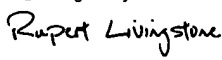
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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.

DocuSigned by:



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Rupert Livingstone (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date: 10 August 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Michael Else and Company Limited

Statement of Comprehensive Income For the Year Ended 31 March 2022

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Turnover | 6,137,094 | 7,321,381 |
| Gross profit | 6,137,094 | 7,321,381 |
| Administrative expenses | (6,073,065) | (7,419,597) |
| Other operating income | 15,555 | 280,477 |
| Operating profit | 79,584 | 182,261 |
| Interest receivable and similar income | 36 | 330 |
| Interest payable and expenses | (3,110) | (3,144) |
| Profit before tax | 76,510 | 179,447 |
| Tax on profit | (27,327) | (25,285) |
| Profit for the financial year | 49,183 | 154,162 |
| Other comprehensive income for the year | | |
| Cashflow hedge movement | (257,200) | 441,588 |
| Other comprehensive income for the year | (257,200) | 441,588 |
| Total comprehensive income for the year | (208,017) | 595,750 |

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of comprehensive income

The notes on pages 10 to 18 form part of these financial statements.

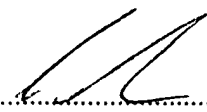
Michael Else and Company Limited
Registered number: 01345933

Statement of Financial Position
As at 31 March 2022

| | Note | 2022 £ | 2021 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Investments | 5 | 627 | 627 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 6 | 11,495,782 | 12,075,491 |
| Cash at bank and in hand | | 1,406,156 | 858,407 |
| | | <u>12,901,938</u> | <u>12,933,898</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 7 | (8,688,527) | (8,350,945) |
| Net current assets | | <u>4,213,411</u> | <u>4,582,953</u> |
| Total assets less current liabilities | | <u>4,214,038</u> | <u>4,583,580</u> |
| Creditors: amounts falling due after more than one year | 8 | (800,617) | (962,142) |
| Net assets | | <u><u>3,413,421</u></u> | <u><u>3,621,438</u></u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 42,060 | 42,060 |
| Foreign exchange reserve | | (12,451) | 244,749 |
| Profit and loss account | | 3,383,812 | 3,334,629 |
| Total equity | | <u><u>3,413,421</u></u> | <u><u>3,621,438</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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


.....
L K Wilson
Director

Date: 9th August 2022

The notes on pages 10 to 18 form part of these financial statements.

Michael Else and Company Limited

Statement of Changes in Equity For the Year Ended 31 March 2022

| | Called up share capital £ | Foreign exchange reserve £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|-------------------------------------|---------------------------------|-------------------|
| At 1 April 2020 | 42,060 | (196,839) | 3,180,467 | 3,025,688 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 154,162 | 154,162 |
| Cash flow hedge | - | 441,588 | - | 441,588 |
| Total comprehensive income for the year | - | 441,588 | 154,162 | 595,750 |
| At 1 April 2021 | 42,060 | 244,749 | 3,334,629 | 3,621,438 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 49,183 | 49,183 |
| Cash flow hedge | - | (257,200) | - | (257,200) |
| Total comprehensive income for the year | - | (257,200) | 49,183 | (208,017) |
| At 31 March 2022 | 42,060 | (12,451) | 3,383,812 | 3,413,421 |

The notes on pages 10 to 18 form part of these financial statements.

Michael Else and Company Limited

Notes to the financial statements For the Year Ended 31 March 2022

1. General information

The financial statements are presented in Pounds Sterling (GBP), the Company's functional currency. They comprise the financial statements of the Company for the year ended 31 March 2022 and are presented to the nearest pound.

The Company's principal activity is that of a managing general agent (MGA) in the provision of specialised marine insurance products.

The Company is a United Kingdom private limited company limited by shares and is incorporated in England and Wales. It's registered number is 01345933. The address of its registered office is 65 Leadenhall Street, London, EC3A 2AD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

The directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Turnover

Turnover represents commission receivable on a time on risk basis, management fees from insurance operations for which the Company has managerial responsibility and the net movements in any Profit Commission receivable/payable on these products.

The Profit Commission receivable by the Company is recalculated for the entire period of the policy at each year end. The basis of each calculation differs, but the Company will only include the amounts due once it is confident that there will be no further adverse movement of claims.

2.4 Financial instruments

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

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

Michael Else and Company Limited

Notes to the financial statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.5 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at cost, including transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at cost, including transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Hedge accounting

The Company's activities expose it to the financial risks of changes in foreign exchange rates.

The use of financial derivatives is governed by the Company's policies approved by the directors, which provide principles on the use of financial derivatives consistent with the Company's risk management strategy.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. The Company designates certain derivatives as hedges of the variability in cash flows that is attributable to highly probable forecast transactions ("cash flow hedges"). Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

At each reporting date to the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve.

Any ineffective portions of those movements are recognised in the Statement of comprehensive income for the year.

Michael Else and Company Limited

Notes to the financial statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting 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 Statement of comprehensive income.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the funds in respect of the year.

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.15 Taxation

Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Michael Else and Company Limited

Notes to the financial statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.16 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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

There are two main areas in which the Company is required to exercise significant judgement that impact the Turnover stated in the financial statements:

- **Profit commission**
The Profit commission that the Company earns includes a deduction for the claims incurred and, until the last claim is closed, there is no certainty that this is correct, since there is always the risk that the outstanding reserve is not correctly stated. To mitigate and minimise this risk all open (live) claims are required to be reviewed regularly and updated to reflect the current understanding/view and the file only closed when the claims handler is certain that it will not need to be reopened. It is also policy of management not to recognise the first Profit Commission calculation for a policy year until it is confident that the overall adverse movement claims as stopped.
- **Deferral for claims handling**
The Company receives a commission to handle the entire policy and claims cycle for its brands, so included within the Turnover calculation is an adjustment for management of the claims for each product. This calculation involves allocating the commission payment to income and claims, then estimating what percentage of the time in handling those files has already been completed.

4. Employees

The average monthly number of employees, including directors, during the year was 41 (2021 - 41).

Michael Else and Company Limited

Notes to the financial statements For the Year Ended 31 March 2022

5. Investments

| | Unlisted Investments £ |
|--------------------------|------------------------------|
| Cost or valuation | |
| At 1 April 2021 | 627 |
| At 31 March 2022 | <u>627</u> |

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

| Name | Registered office | Class of shares | Holding |
|-------------------------------------|-------------------|--------------------|---------|
| Michael Else & Company (HK) Limited | Hong Kong | Ordinary | 100% |

6. Debtors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 3,078,100 | 3,684,705 |
| Amounts owed by group undertakings | 7,842,000 | 7,457,260 |
| Other debtors | 504,049 | 617,144 |
| Corporate tax receivables | 62,500 | 62,500 |
| Deferred taxation | 9,133 | 9,133 |
| Financial instruments | - | 244,749 |
| | <u>11,495,782</u> | <u>12,075,491</u> |

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

Michael Else and Company Limited

Notes to the financial statements For the Year Ended 31 March 2022

7. Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 126,909 | 229,626 |
| Amounts owed to group undertakings | 5,643,557 | 4,976,002 |
| Corporation tax | 221,628 | 194,301 |
| Other taxation and social security | 86,278 | 180,740 |
| Other creditors | 613,216 | 569,468 |
| Accruals and deferred income | 1,984,488 | 2,200,808 |
| Financial instruments | 12,451 | - |
| | <u>8,688,527</u> | <u>8,350,945</u> |

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

8. Creditors: amounts falling due after more than one year

| | 2022 £ | 2021 £ |
|------------------------------|----------------|----------------|
| Accruals and deferred income | <u>800,617</u> | <u>962,142</u> |

9. Financial instruments

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | <u>1,406,156</u> | <u>1,103,156</u> |

Financial assets measured at amortised cost comprise cash at bank and in hand.

Michael Else and Company Limited

Notes to the financial statements For the Year Ended 31 March 2022

10. Deferred taxation

| | 2022 £ | 2021 £ |
|----------------------|--------------|--------------|
| At beginning of year | 9,133 | 9,133 |
| At end of year | <u>9,133</u> | <u>9,133</u> |

The deferred tax asset is made up as follows:

| | 2022 £ | 2021 £ |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | <u>9,133</u> | <u>9,133</u> |

11. Share capital

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Authorised, allotted, called up and fully paid 42,060 Ordinary shares of £1.00 each | <u>42,060</u> | <u>42,060</u> |

12. Pension commitments

The Company makes contributions to various defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £241,176 (2021 - £272,626). At year end the amount owed to the fund was £100,947 (2021 - £43,677).

13. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2022 £ | 2021 £ |
|-----------------------|---------------|----------------|
| Less than 1 year | 44,193 | 192,556 |
| Between 2 and 5 years | - | 44,193 |
| | <u>44,193</u> | <u>236,749</u> |

Amounts relating to commitments under operating leases are for long term car rental lease agreements between Hitachi Capital (UK) PLC (trading as Hitachi Capital Vehicle Solutions) and Michael Else & Company Limited of £3,051. Subsequent to the year end the lease was extended for 2 years.

Michael Else and Company Limited

Notes to the financial statements For the Year Ended 31 March 2022

14. Related party transactions

During the year, the Company incurred a management fee from its wholly owned subsidiary Michael Else & Company (HK) Limited of £580,000 (2021 - £500,000) for claims services carried out on behalf of the Company. Staff costs and other office expenses of £Nil (2021 - £22,126) were incurred by the Company on behalf of its subsidiary. At the year end a balance of £5,546,407 (2021 - £4,976,002) was owed to Michael Else & Company (HK) Limited.

A further management fee of £50,000 (2021 - £50,000) was paid to the Company's ultimate parent, The MECO Group Ltd. During the year, the Company paid professional fees and the Corporation Tax Liability on behalf of its parent totalling £Nil (2021 - £Nil). In addition the Company provided its ultimate parent with an interest free loan during the prior year in order to facilitate the incorporation of the DIFC, this amounted to USD300,000. At the year end a balance of £3,246,868 (2021 - £3,288,876) was owed by The MECO Group Ltd.

A further management fee of £Nil (2021 - £Nil) was owed to The MECO Group DMCC (formerly Sextant Marine Risk Management DMCC) a company which was under common control but was dissolved in the period. Staff costs and other office expenses of £Nil (2021 - £25,905) were incurred by the Company on behalf of The MECO Group DMCC. At the year end a balance of £Nil (2021 - £Nil) was owed to The MECO Group DMCC.

A further management fee of £1,458,878 (2021 - £1,347,000) was paid to The MECO Group DIFC a company under common control. Staff costs and other office expenses of £945,456 (2021 - £1,465,254) were incurred by the Company on behalf of The MECO Group DIFC. At the year end a balance of £97,150 owed to Group DIFC (2021 - £114,953) was owed by The MECO Group DIFC.

At the year end, an amount of £128,256 (2021 - £128,256) is owed by the Company's Immediate parent Michael Else and Company (Holdings) Limited.

At the year end, an amount of £4,466,868 (2021 - £3,925,174) is owed by the Michael Else & Co Shanghai Representative office. Staff costs and other office expenses of £83,375 (2021 - £457,805) were paid by the Company on behalf of the Shanghai Representative Office.

An amount of £250,000 (2021 - £250,000) is owed by Christopher Else, a director. The loan amount is repayable on demand and the loan accrues interest of 4% per annum. Interest income of £10,000 (2021 - £10,000) is included within other operating income.

At the year end a balance of £113,496 (2021 - £Nil) was owed to True North Global Ltd. During the year management charges totalling £479,817 were charged to True North Global Ltd.

15. Debenture facility

The Company entered into a debenture agreement on 2 February 2016 which provides a guarantee to Lloyds Bank Plc in respect of any future loans or liabilities arising from forward contracts entered into. The debenture provides a floating charge over all group assets on all their assets. At 31 March 2022 there was no amount payable on this agreement.

16. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party at the year end was The MECO Group Limited, the parent of both the smallest and largest group of which the Company was a member. Copies of the financial statements of The MECO Group Limited can be obtained from the registered office of the Company.

The controlling party of the group was C Else Esq.

Michael Else and Company Limited

Notes to the financial statements For the Year Ended 31 March 2022

17. Post balance sheet events

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