Registration number: 01898192

Thomas Miller & Co. Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Thomas Miller & Co. Limited

Contents

Thomas Miller & Co. Limited

Company Information

Directors	F Cowie
	K P Halpenny
	A J Taylor
Company Secretary	K P Halpenny
Registered office	90 Fenchurch Street London EC3M 4ST
Statutory Auditor	Deloitte LLP Statutory Auditor London United Kingdom

The Directors present their strategic report for the year ended 31 December 2021.

Principal activity
The principal activity of the Company is the provision of services to its fellow subsidiary undertakings. The main activities of these undertakings have been the provision of agency services to managers of mutual insurance companies and acting as managers of mutual insurance companies. The main operations of the Company were carried out from offices in the United Kingdom. The Company also operates through a branch office in China. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Fair review of the business
The primary business indicators that the Company uses to control the business are linked to cost control. Expenditure is reviewed against budgets for each cost centre, by month and by account code and variances are analysed and explained. Budgets are reviewed twice a year. Income arises from recharges of costs to other group companies based on those companies' usage of resource. The Company's Directors believe that review of costs against budgets is the key performance indicator necessary for an understanding of the development, performance and financial position of the business. Monthly variance analyses and quarterly group management accounts indicate that direct business costs and shared service costs were below budget.

Turnover increased by 1% from 2020 to 2021, while administrative expenses increased by 7%. In the majority of cases, costs are recharged to fellow subsidiary undertakings as part of the management agreements with those subsidiary undertakings. Profit on ordinary activities before taxation decreased by 39%. This is mainly attributable to: (i) a one-time charge of £2.5m in respect of legacy software costs, (ii) an increase in wages and salaries (including bonuses), with 11 more Full Time Equivalent ("FTE") in 2021 compared to 2020, and (iii) increased redundancy costs (by £0.5 million).

At 31 December 2021, in relation to the Company's funded and unfunded defined benefit pension schemes (calculated using FRS102 Section 28 "Employee benefits"), the balance sheet showed a pension surplus of £31.1 million (2020 - £15.6 million). Normal contributions into the schemes were £3.8 million in total (2020 - £11.4 million). These contributions, in accordance with Section 28 of FRS 102, are not recognised as a cost within administrative expenses. The changes in the overall pension surplus/liability are explained in note 24. The balance sheet position is impacted during the year by: (i) contributions paid by the Company over the year; (ii) the increase in the discount rate during the year, which decreases the value of pension obligations; (iii) slightly offset by the increase in inflation during the year; and (iv) asset returns being lower than assumed. From 31 December 2016, the Company adopted an alternative approach in determining a discount rate that is applied when calculating the pension liability, following a review of the evidence and methods used. The discount rate is required to be set based on the market yield available on high quality corporate bond yields (assumed to be AA rated corporate bonds). In determining the yield curve on which the discount rate is derived, the new approach assumes flat forward rates from 30 years onwards, resulting in a higher discount rate and a lower value being placed on the pension liabilities.

The Balance Sheet shows the Company's financial position at the year end. The improvement in the shareholder's funds arises primarily due to an increase in the pension surplus as discussed above and the profit for the financial year.

Principal risks and uncertainties
Financial risk management including principal risks and uncertainties

Financial risk management objectives
The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from financial liabilities as they fall due. The most important components of this financial risk are interest rate risk, currency risk, credit risk and liquidity and cash flow risk.

The Group Financial Controller, advised by the Treasury Advisory Committee, monitors and aims to reduce exposure to the various components of financial risk. Through the Committee, the Group Financial Controller takes advice to ensure that he acts in line with the terms of reference approved by the Board of Thomas Miller Holdings Ltd.

The Company is also exposed to the above risks through the operation of the final salary pension scheme and also its obligations under the unfunded defined benefit schemes. The strategy for dealing with the associated risks is managed by the Board with close liaison with the Pension Trustee Board.

Taking into account the company's current position and its principal risks, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over at least the next 12 months. The Directors continue to monitor the risks associated with COVID-19. In assessing the prospects of the Company, the Directors noted that such assessment is subject to a degree of uncertainty that can be expected to continue, looking out over time and, accordingly, future outcomes cannot be guaranteed or predicted with certainty. The Directors' assessment has taken into account the resources of the Company and that of the wider Thomas Miller Group under the parent company Thomas Miller Holdings Ltd. Where necessary Thomas Miller Holdings Ltd has indicated it will provide further liquidity or regulatory capital to the Company.

The Directors' assessment has taken into account the resources of the Company and that of the wider Thomas Miller Group under the parent company, Thomas Miller Holdings Ltd. Where necessary, Thomas Miller Holdings Ltd. has indicated it will provide financial support for a period of not less than 12 months after the date of the approval of these financial statements.

The Company does not use derivative financial instruments for speculative purposes.

Interest rate risk
The main interest rate exposure relates to the interest rate used to calculate the defined benefit pension scheme liabilities. It is estimated that every reduction of 0.5% in the yield on AA rated corporate bonds increases the gross defined benefit pension scheme liability by approximately 9% although the impact is partially offset by the diversification of the pension investments. The scheme is reviewed by an external firm of actuaries and the company board and trustees meetings are held four times a year.

Interest rate risk also exists from the Company's exposure to adverse movements in interest rates in relation to cash balances and deposits. The Treasury Advisory Committee monitors the risk and reduces the Company's exposure by utilising a choice of available funds with different interest rate characteristics. The Committee takes advice from investment specialists within the Company and acts in line with the Company's investment policy.

Currency risk
The Company manages its currency risk in respect of its income streams. Currency risk exists from the Company's residual exposure to adverse movements in exchange rates in respect of its foreign currency income and expenditure as well as foreign currency assets and liabilities. This risk is managed within the Group by collecting management fees in currencies which match the costs of the overseas Group Companies and through balancing the levels of currency assets and liabilities which may involve the use of forward exchange contracts. Foreign exchange differences are charged to the profit and loss account.

All of the Company's income from services provided to fellow UK subsidiary undertakings is in sterling as are the majority of the Company's costs. Currency risk arises from the cost of services provided to the Company from fellow subsidiary undertakings based in the USA, Hong Kong, Australia and Singapore who charge for services provided in their respective local currencies. The relevant fellow subsidiaries charge the Company for the sterling equivalent of these costs. The risk is managed within the Group by collecting management fees in currencies that match the costs of these overseas companies and through balancing the levels of currency assets and liabilities which may involve the use of forward exchange contracts. Foreign exchange differences are charged to the profit and loss account.

Credit risk
Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- amounts due from fellow subsidiaries and other customers; and
- cash balances held with financial institutions.

The Company, through the Treasury Advisory Committee, places limits on the level of cash balances held at any financial institution dependent on its credit rating. Amounts due to the company are actively monitored by the finance department and Treasury Advisory Committee.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Company has no significant concentration of credit risk, with the majority of exposure being with fellow Group Companies.

Liquidity and cash flow risk
Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The investment policy sets limits on cash balances to ensure that funds are available to cover anticipated liabilities and unexpected levels of demand. Again, cash flow is actively monitored by the finance department and Treasury Advisory Committee.

Brexit
We continue to monitor the risks associated with the UK's exit from the Brexit transition period as of 31st December 2021. We do not consider there to be an impact on the company results due to the nature of its business activities - which have been largely unaffected during the year.

Section 172(1) statement

Risk management
We provide business-critical services to our clients, often in highly regulated environments. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties, and how we manage our risk environment, please see the section above.

Our people
The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, investors, communities and society as a whole. People are at the heart of our services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

Business relationships
Our strategy prioritises business growth and bringing new clients into the company. To do this, we need to develop and maintain strong client relationships. We value all of our suppliers and have multi-year contracts with our key suppliers.

Community and environment
The Company's approach to this area is set at a Group level by the ultimate parent company, Thomas Miller Holdings Ltd. which from a position of strength creates a positive change for the people and communities with which it interacts. The Group's expertise enables colleagues to support the communities around us.

Culture and values
The Board recognises the importance of having the right corporate culture. Our long-term success depends on achieving our strategic goals in the right way, so we look after the best interests of our clients, people and other stakeholders.

Shareholders
The Board is committed to regularly engaging with the Board of our ultimate parent company, Thomas Miller Holdings Ltd. as we recognise the importance of a continuing effective dialogue. It is important to us that our strategy and objectives are understood, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

Further details can be found in the Corporate Governance report contained within financial statements of the ultimate parent company, Thomas Miller Holdings Ltd.

Duties
The directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

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

As part of their induction, a new Director of the Company is briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees all of whom are employed by Thomas Miller & Co. Further details can also be found in the Corporate Governance Report of the ultimate parent company Thomas Miller Holdings Ltd.

Approved and authorised by the Board on 11 May 2022 and signed on its behalf by:

....

K P Halpenny
Company Secretary

The Directors present their report and the financial statements for the year ended 31 December 2021.

Dividends
No dividends were declared during the year and up to the date of signing (2019 - £nil).

Directors of the Company
The Directors who held office during the year were as follows:

F Cowie

J M Goldthorpe (ceased 30 June 2021)

K P Halpenny

S Slingsby (ceased 1 September 2021)

A J Taylor (appointed 1 September 2021)

Employment of disabled persons
Thomas Miller & Co. Limited ("Thomas Miller") is committed to providing equal opportunities to all employees, irrespective of their gender, sexual orientation, marital status, race, nationality, ethnic origin, disability, age or religion. Thomas Miller is an inclusive employer and values diversity in its employees and seeks to achieve diversity through recruitment and selection, training, career development, flexible working arrangements, promotion and performance appraisal. In the event of employees becoming disabled, every effort is made to ensure that their employment with Thomas Miller continues and to provide specialised training where this is appropriate. Information on employee matters is available on an intranet site and via periodic publications.

Employee involvement
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company's intranet website. Employees are consulted regularly on a wide range of matters affecting their current and future interests. The employee share schemes have been running successfully since their inception. The Executive Share Option Plan was introduced in 1999, the Share Incentive Plan introduced in 2003, the Long-Term Share Acquisition Plan introduced in 2006 and the Save As You Earn Scheme introduced in 1999. The Service Award scheme was also introduced in 1999. The Share Incentive Plan, the Save As You Earn Scheme and the Service Award Scheme are open to all employees of the company and the major features of the scheme are outlined in the Share-based payments note to the financial statements. The other schemes are only open to employees at director level or above and the major features of those schemes are also outlined in the Share-based payments note.

Streamlined energy and carbon reporting
The UK government's Streamlined Energy and Carbon Reporting ("SECR") policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force.

Thomas Miller meets SECR qualification criteria in the UK. Thomas Miller has opted to use the Operational Control boundary definition to define its carbon footprint boundary. The reporting period for the compliance is 1 January 2021 to 31 December 2021. Included within that boundary are Scope 1 and 2 emissions, as well as Scope 3 emissions from gas, electricity, company fleet and grey fleet in the UK. The Greenhouse Gas ("GHG") Protocol Corporate Accounting; Reporting Standard and UK Government's GHG Conversion Factors for Company Reporting have been used as part of carbon emissions calculation.

Streamlined energy and carbon reporting

The results show that Thomas Miller's total energy use and total gross Greenhouse Gas ("GHG") emissions amounted to 2,007,151 kWh and 408 tonnes of CO_2e respectively in the 2021 financial year in the UK. Within the financial year, Thomas Miller purchased 100% green electricity backed by Renewable Energy Guarantees of Origin's ("REGO's"). As a result Thomas Miller's Gross (Market-based) Emissions were reduced by 260 tonnes of CO_2e resulting in Total Net Emissions of 148 tonnes of CO_2e.

Emissions	Activity	Energy use kWh	Gross emissions tCO_2e	% of total gross emissions (tCO_2e)
Direct (Scope 1)	Natural Gas	695,220	128	31.3%
	Company fleet	43,163	10	2.4%
		738,383	138	33.7%
Indirect (Scope 2)	Electricity	1,255,413	260	63.7%
Indirect Other (Scope 3)	Grey fleet	43,355	10	2.6%
	Total energy use (kWh)			2,007,151
	Total gross emissions (tCO2e)			408
	Renewable electricity (tCO2e)			260
	Total net emissions (eCO2e)			148
	Number of full time employees ("FTE")			459
	Tonnes of gross CO2e per FTE			1

Thomas Miller has implemented a number of energy saving measures in the 2021 financial year including;
- Replaced a further 10% of the office lighting with energy efficient LED lighting
- Adjusted Building Management System global set point to 21c to maximise overall energy efficiency
- Reduced plant run time in line with occupancy profile
- The current Energy Performance Certificate is a D rating. We will continue to review and invest in further energy saving initiatives over the remaining life of the lease.

Supplier payment policy
The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensuring that suppliers are made aware of the terms of payment and abide by the terms of payment.

Donations
Charitable donations paid amounted to £80,000 (2020 - £132,000). The Company did not make any political donations during the current and previous financial year.

Future developments
Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

Financial risk management objectives and policies
Details of financial risk management objectives and policies can be found in the Strategic Report and form part of this report by cross-reference.

Directors' liabilities
The ultimate parent company Thomas Miller Holdings Ltd. has made qualifying third party indemnity provisions for the benefit of its subsidiaries' Directors which remain in force at the date of this report.

Auditors
Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
(2) the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the Board on 11 May 2022 and signed on its behalf by:

....
K P Halpenny
Company Secretary

Thomas Miller & Co. Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Independent Auditor's Report to the Members of Thomas Miller & Co. Limited

Report on the audit of the Financial Statements

Opinion

In our opinion the Financial Statements of Thomas Miller & Co. Limited (the 'Company'):
• give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:
• the Profit and Loss account;
• the Statement of Comprehensive Income;
• the Balance Sheet;
• the Statement of Changes in Equity;
• the related notes 1 to 27

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

Basis for opinion

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

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

Conclusions relating to going concern

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.

Independent Auditor's Report to the Members of Thomas Miller & Co. Limited (continued)

Other information
The other information comprises the information included in the Annual Report, other than the Financial Statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

Independent Auditor's Report to the Members of Thomas Miller & Co. Limited (continued)

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:
• had a direct effect on the determination of material amounts and disclosures in the financial statements; and
• do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.
In addition to the above, our procedures to respond to the risks identified included the following:
• reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
• enquiring of Management and Legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
• reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:
• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
• the Financial Statements are not in agreement with the accounting records and returns; or
• certain disclosures of Directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of Thomas Miller & Co. Limited (continued)

Use of our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Rawlings (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
...............12 May 2022

Thomas Miller & Co. Limited

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Turnover	3	103,781	102,324
Gross profit		103,781	102,324
Administrative expenses		(98,421)	(91,971)
Operating profit	4	5,360	10,353
Loss on disposal of parent company shares	22	(296)	(2,097)
Other interest receivable and similar income	5	186	361
Interest payable and similar expenses	6	-	(12)
		(110)	(1,748)
Profit before tax		5,250	8,605
Taxation	10	(5,908)	(2,256)
(Loss)/profit for the financial year		(658)	6,349

The above results were derived from continuing operations.

Thomas Miller & Co. Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £ 000	2020 £ 000
(Loss)/profit for the year	(658)	6,349
Remeasurement gain/(loss) on defined benefit pension schemes	11,351	(2,768)
Total comprehensive income for the year net of income tax	10,693	3,581

The notes on pages 19 to 44 form an integral part of these financial statements.

Thomas Miller & Co. Limited

(Registration number: 01898192)
Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	12	2,290	3,493
Investments	13	3,108	3,773
Other financial assets	14	1	12
		5,399	7,278
Current assets			
Debtors	15	70,168	66,301
Other financial assets	14	9	192
Cash at bank and in hand		1,818	6,200
		71,995	72,693
Creditors: Amounts falling due within one year	17	(58,973)	(60,783)
Net current assets		13,022	11,910
Total assets less current liabilities		18,421	19,188
Creditors: Amounts falling due after more than one year	17	(29)	-
Provisions for liabilities	18	(8,333)	(3,305)
Net assets excluding pension assets/(liabilities)		10,059	15,883
Retirement benefits and similar assets	24	31,689	15,584
Retirement benefits and similar liabilities	24	(610)	(1,022)
Net pension assets		31,079	14,562
Net assets		41,138	30,445
Capital and reserves			
Called up share capital		500	500
Profit and loss account		40,638	29,945
Total equity		41,138	30,445

The financial statements of Thomas Miller & Co. Limited (registered number 01898192) were approved by the board of directors and authorised for issue on 11 May 2022. The were signed on its behalf by:

Fiona Cowie

.... Director F Cowie

Andrew Taylor

.... Director A J Taylor

The notes on pages 19 to 44 form an integral part of these financial statements.

Thomas Miller & Co. Limited

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

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	500	29,945	30,445
Loss for the year	-	(658)	(658)
Other comprehensive income/(expense)	-	11,351	11,351
Total comprehensive income	-	10,693	10,693
At 31 December 2021	500	40,638	41,138

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	500	26,364	26,864
Profit for the year	-	6,349	6,349
Other comprehensive income/(expense)	-	(2,768)	(2,768)
Total comprehensive income	-	3,581	3,581
At 31 December 2020	500	29,945	30,445

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom with limited liability and registered in England and Wales.

The address of its registered office is:
90 Fenchurch Street
London
EC3M 4ST

These financial statements were authorised for issue by the Board on ....

The company is a private company limited by share capital, incorporated in the United Kingdom with limited liability and registered in England and Wales.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Summary of disclosure exemptions
The company as a "qualifying entity"; is exempt from producing a cash flow statement in accordance with FRS 102.1.12(b). The full voting rights of the company are owned by its ultimate parent undertaking whose published, publicly available, accounts include a consolidated cash flow statement.

Name of parent of group
These financial statements are consolidated in the financial statements of Thomas Miller Holdings Ltd.

The financial statements of Thomas Miller Holdings Ltd. may be obtained from the Company Secretary, Thomas Miller Holdings Ltd., 90 Fenchurch Street, London, EC3M 4ST.

2 Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within the strategic report.

The financial position of the company is described within the directors' report and strategic report. In addition, the strategic report describes the liquidity position of the Company including the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Company is in a "net assets" position. The annual cash contributions made by the Company to the Thomas Miller & Co. Limited Retirement Benefits Scheme ("the scheme"), which closed to the future accruals of benefits on 1 October 2004, are designed to eliminate the pension deficit by 31 December 2023. This was confirmed in a full valuation and review of the scheme, carried out as at 30 June 2020 and was updated to 31 December 2021 by external actuaries and whereby the recovery plan period remained unchanged. The cash contributions made are in accordance with an agreement made with the trustees of the Scheme to eliminate that deficit. The annual contributions are re-charged to fellow subsidiary undertakings, in accordance with the service agreements between the Company and those fellow subsidiary undertakings.

The Thomas Miller Group has performed a liquidity stress test for the 20 month period ending December 2023 including the cessation of certain business and the loss of a major contract. This stress test indicates there is headroom before any mitigating actions. The Group has identified possible mitigating actions which could be taken, including reducing costs, deferring capital expenditure and suspending dividends. Taking account of these potential mitigating actions, this analysis demonstrates that the Group could continue as a going concern for at least the next year given the financial and liquidity strength of the insurance companies managed by Thomas Miller and the notice periods contained in the underlying management contracts. Accordingly, Thomas Miller considers the results of this test support the view that the Group is able to continue as a going concern for the next twelve months.

The Directors' assessment has taken into account the resources of the Company and that of the wider Thomas Miller Group under the parent company, Thomas Miller Holdings Ltd. Where necessary, Thomas Miller Holdings Ltd. has indicated it will provide financial support for a period of not less than 12 months after the date of the approval of these financial statements.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. This is a key source of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See the Pension and Other Schemes note for the disclosures relating to the defined benefit pension scheme.

For the discount rate, the defined benefit obligation is calculated applying a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. Please refer to the sensitivity analysis in the Pension and Other Schemes note for further information. As noted above, from 31 December 2016, the Company has adopted an alternative approach in determining a discount rate that is applied when calculating the pension liability. In determining the yield curve on which the discount rate is derived, the new approach assumes flat forward rates from 30 years onwards, resulting in a higher discount rate and a lower value being placed on the pension liabilities.

Revenue recognition

Turnover, which excludes value added tax, represents the value of service fees attributable to the accounting year. Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring services to its clients. The company recognises revenue as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

Foreign currency transactions and balances

Transactions denominated in foreign currencies are translated into Sterling at the exchange rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Forward exchange contracts may be used to hedge foreign exchange exposures arising on forecast receipts and payments in foreign currencies of a fellow subsidiary. Gains or losses arising on these contracts have been recognised in the profit and loss account in the year and also when the contract matures.

2 Accounting policies (continued)

Tax

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

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 taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Over the estimated useful life up to a maximum of 20 years with the charge pro-rated in the year of acquisition, from the date of acquisition. Provision is made for any impairment.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

2 Accounting policies (continued)

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight-line over period to next lease break clause
Office machinery, furniture and fittings	Owned assets are straight-line over 3 to 17 years. Leased assets are by equal instalments over period of lease or expected useful economic life if shorter

Investments
Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Leases
Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Company as lessee
At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement. Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

2 Accounting policies (continued)

Share capital
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

The Thomas Miller Healthcare Trust
The Thomas Miller Healthcare Trust Scheme ("Healthcare Scheme") was set up on 1 July 2010 to provide certain benefits relating to medical treatment for employees of Thomas Miller & Co. Limited ("Thomas Miller") and other persons who are eligible to participate in the Healthcare Scheme. The benefits payable are the actual cost of the treatment up to the maximum (if any) specified in the trust deeds benefits table applicable at the time treatment was received (subject to any excess or benefit limitation which may be stipulated in the rules). The Healthcare Scheme will pay benefits only for expenditure that a member has incurred during the scheme year for which contribution from Thomas Miller or another applicable employer has been made into the Healthcare Scheme.

The fund amount cannot in any circumstances be transferred to any person or body who is or has at any time been an employer.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit pension obligation
Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

2 Accounting policies (continued)

Share based payments
The equity instruments granted are in relation to shares in its parent company, Thomas Miller Holdings Ltd.

The parent company awards share-based payments to certain employees of the Company. The Company accounts for these as cash settled share-based payments. Share option awards are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the services received is recognised at and remeasured based on the current fair value determined at each balance sheet date for cash settled share-based payment awards, with any changes in fair value recognised in profit or loss.

For cash settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

The Company also awards employees bonuses on completion of three years' service. Employees can choose to take the bonus in shares or shares and cash (the cash being used to settle the employee tax liability). The Company records an expense, based on the amount it expects to vest, taking into account estimated staff turnover, on a straight-line basis over the vesting period.

2 Accounting policies (continued)

Financial instruments
Recognition and measurement
The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

(ii) Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives i.e. forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not apply hedge accounting for foreign exchange derivatives.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021 £ 000	2020 £ 000
United Kingdom and Europe	103,781	102,324

4 Operating profit

Arrived at after charging/(crediting)

	2021 £ 000	2020 £ 000
Depreciation expense	1,351	1,159
Foreign exchange losses	410	192
Operating lease expense - other	3,065	3,122

5 Other interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest income on financial assets	(40)	43
Other finance income	226	318
	186	361

6 Interest payable and similar expenses

	2021 £ 000	2020 £ 000
Interest expense on other finance liabilities	-	11
Other finance costs	-	1
	-	12

7 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	48,768	44,598
Social security costs	6,235	6,556
Pension costs, defined contribution scheme	5,554	5,301
Redundancy costs	900	448
	61,457	56,903

7 Staff costs (continued)

The average number of people employed by the Company by geographical area:

	2021 No.	2020 No.
United Kingdom and Europe	468	456
Asia	8	9
	476	465

8 Directors' remuneration

The Directors of the Company include a number of Directors who are also Directors of other Companies within the Thomas Miller Holdings Group. The Directors do not consider it practicable or appropriate to allocate Directors' services between individual subsidiary Companies. The Directors of the Company received aggregate emoluments of £1,755,765 (2020 - £1,830,964) relating to their services to all Companies within the Thomas Miller Holdings Group.

The value of contributions paid, or treated as paid, by a person other than the Director to whom retirement benefits are accruing in respect of directors' qualifying services to the extent that the contributions might lead to money purchase benefits being payable was £61,197 (2020 - £68,074).

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Received or were entitled to receive shares under long term incentive schemes	5	4
Exercised share options	1	1
Accruing benefits under defined benefit pension scheme	1	2
Accruing benefits under money purchase pension scheme	3	3

9 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of the company's financial statements	47	42
Audit of its fellow UK subsidiary undertakings	198	182
	245	224

Other fees to auditors

	2021 £ 000	2020 £ 000
All other non-audit services	220	178

10 Taxation

Tax charged/(credited) in the Profit and Loss

	2021 £ 000	2020 £ 000
Current taxation		
Current period charge/(credit)	1,697	(44)
Adjustment to prior periods	367	138
	2,064	94
Deferred taxation		
Current period charge/(credit)	1,610	1,923
Arising from changes in tax rates and laws	2,166	343
Adjustment to prior periods	68	(104)
Total deferred taxation	3,844	2,162
Tax expense in the Profit and Loss	5,908	2,256

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	5,250	8,605
Corporation tax at standard rate	998	1,635
Effect of revenues exempt from taxation	(109)	(35)
Effect of expense not deductible in determining taxable profit (tax loss)	92	371
Deferred tax expense relating to changes in tax rates or laws	2,166	343
Deferred tax expense/(credit) from unrecognised temporary difference from a prior period	68	(104)
Increase in UK and foreign current tax from adjustment for prior periods	367	138
Tax increase/(decrease) from other short-term timing differences	985	(54)
Tax decrease from effect of exercise of employee share options	-	(38)
Tax increase arising from group relief	1,341	-
Total tax charge	5,908	2,256

On 24 May 2021, legislation was substantially enacted in the UK to increase the corporate tax rate to 25% (from 19%) with effect from 1 April 2023. As a result of the change, the deferred tax balances have been re-calculated at 25% at year end.

10 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

2021	Asset £ 000	Liability £ 000
Depreciation in excess of capital allowances	130	-
Deferred tax arising in relation to retirement benefit obligations	-	7,616
Other short term timing differences	813	126
	943	7,742

2020	Asset £ 000	Liability £ 000
Depreciation in excess of capital allowances	245	-
Deferred tax arising in relation to retirement benefit obligations	-	2,961
Other short term timing differences	859	-
	1,104	2,961

Tax relating to items recognised in other comprehensive income or equity

	2021 £ 000	2020 £ 000
Current tax related to items recognised as items of other comprehensive income	-	731
Deferred tax related to items recognised as items of other comprehensive income	(1,099)	350

11 Intangible assets

	Goodwill £ 000	Total £ 000
Cost or valuation		
At 1 January 2021	759	759
At 31 December 2021	759	759
Amortisation		
At 1 January 2021	759	759
At 31 December 2021	759	759
Carrying amount		
At 31 December 2021	-	-
At 31 December 2020	-	-

12 Tangible assets

	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2021	3,359	12,378	15,737
Additions	149	-	149
Disposals	(18)	(812)	(830)
At 31 December 2021	3,490	11,566	15,056
Depreciation			
At 1 January 2021	921	11,323	12,244
Charge for the year	619	732	1,351
Eliminated on disposal	(18)	(811)	(829)
At 31 December 2021	1,522	11,244	12,766
Carrying amount			
At 31 December 2021	1,968	322	2,290
At 31 December 2020	2,438	1,055	3,493

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

13 Investments in subsidiaries, joint ventures and associates

	2021 £ 000	2020 £ 000
Investments in associates	69	69
Investment in parent company shares	3,039	3,704
	3,108	3,773

Associates	£ 000
Cost	
At 1 January 2021	69
Carrying amount	
At 31 December 2021	69
At 31 December 2020	69

13 Investments in subsidiaries, joint ventures and associates (continued)

Investment in parent company shares	2021 £ 000	2020 £ 000
At 1 January	3,704	5,067
Net acquisition of parent company shares by Thomas Miller Employee share Trust No. 1	2,761	3,357
Cost of shares transferred to employees under the various share schemes operated within the Group	(3,426)	(4,720)
At 31 December	3,039	3,704

Investment in parent company shares represents shares in Thomas Miller Holdings Ltd. held through the various employment benefit trusts operated by the Company. Further details of the various trusts and the uses to which the shares can be put are set out in the Share-based payments note.

14 Other financial assets (current and non-current)

Forward foreign currency contracts
Forward foreign currency contracts are valued using quoted forward exchange rates and revalued at the closing exchange rate, with any gains and losses accounted for within the profit and loss account.

	Current 2021 £ 000	2020 £ 000	Non current 2021 £ 000	2020 £ 000
Assets				
Forward foreign currency contracts	(9)	(192)	28	(12)
Liabilities				
Forward foreign currency contracts	-	-	-	-

15 Debtors

	Note	2021 £ 000	2020 £ 000
Trade debtors		389	204
Amounts owed by related parties	25	66,042	60,509
Other debtors		349	1,977
Prepayments		2,561	2,647
Accrued income		175	364
Income tax asset	10	652	600
		70,168	66,301

15 Debtors (continued)

Amounts due from fellow subsidiary undertakings are repayable on demand.

16 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	1,818	6,200

17 Creditors

	Note	2021 £ 000	2020 £ 000
Due within one year			
Trade creditors		491	2,332
Amounts due to related parties	25	44,871	43,414
Other payables		653	1,681
Accruals		12,958	13,284
Deferred income		-	72
		58,973	60,783
Due after one year			
Other non-current financial liabilities		29	-

Amounts due to fellow subsidiary undertakings are repayable on demand.

18 Provisions for liabilities

	Deferred tax £ 000	Dilapidations £ 000	Total £ 000
At 1 January 2021	1,857	1,448	3,305
Additional provisions	3,843	86	3,929
Provisions used	1,099	-	1,099
At 31 December 2021	6,799	1,534	8,333

The dilapidations provision relates to the potential cost of complying with obligations contained within the lease of the Company's premises at 90 Fenchurch Street. These obligations relate to reinstatement, repair, redecoration and other statutory covenants.

Deferred tax assets are recognised at the rates of tax which are expected to apply to the reversal of the timing difference. Deferred tax liabilities have been offset against deferred tax assets where there is a legally enforceable right to do so.

19 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	500	500	500	500

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £ 000	2020 £ 000
Not later than one year	3,356	3,432
Later than one year and not later than five years	7,635	11,047
	10,991	14,479

21 Financial instruments

Financial assets measured at fair value
Cash and bank balances

The fair value is £1,818,000 (2020 - £6,200,000) .

Fixed asset investment - Investment in parent company shares
Equity instruments at cost less impairment
The fair value is £3,108,000 (2020 - £3,773,000) .

Trade and other debtors
Measures at undiscounted amount receivable
The fair value is £70,168,000 (2020 - £66,301,000) .

Financial liabilities measured at fair value
Trade and other creditors
Measured at undiscounted amount payable

The fair value is £58,957,000 (2020 - £60,783,000).

Total interest expense for financial liabilities
Measured at undiscounted amount payable

The fair value is £1,000 (2020 - £12,000).

Fair value gains and losses
On derivative financial assets classified as held for trading

The fair value is £26,000 (2020 - £204,000).

22 Employee Share Ownership Plans (ESOP)

The Thomas Miller Employee Share Ownership Plans were established to acquire shares in order to make them available to employees under profit sharing schemes, share option schemes, an employee share ownership plan and other schemes as they become available. The details of the various schemes are disclosed in note 23. Thomas Miller & Co. Limited is the principal employer of the beneficiaries of the schemes. .

Unvested shares held in trust
In addition to the above the trusts hold shares which are not specifically vested in employees:

Number of shares 2021	Market value 2021 £ 000	Average cost 2021 £ 000	Number of shares 2020	Market value 2020 £ 000	Average cost 2020 £ 000
337,997	3,718	3,704	469,098	5,535	5,067

22 Employee Share Ownership Plans (ESOP) (continued)

Loans have been made by Thomas Miller & Co. Limited to Apex Financial Services (Trust Company) Ltd (Formerly Link Market Services Trustees Limited) to enable the purchase of these shares. The Trustees of the Thomas Miller Employee Benefit Trust ("EBT") waived their rights to dividends payable. The company provided a loan of £2,802,741 to the trust to enable it to acquire shares in the December 2021 share market (2020 - £3,474,611).

	Parent company shares 2021 £ 000	Parent company shares 2020 £ 000
Balance at the beginning of the year	3,704	5,067
Proceeds received on exercise of options by employees	(969)	(711)
Loss on ESOP shares acquired by employees	(324)	(2,163)
Purchase of shares in the market	3,352	4,351
Proceeds on sale of shares in the market	(459)	(844)
Value of shares awarded to employees under share schemes	(2,160)	(1,911)
Profit on shares awarded to employees under share schemes	28	66
Other disposals	(132)	(151)
Balance at the end of the year	3,040	3,704

The shares held by the EBT are to be used to settle share awards under the various share schemes operated by the group. The remaining shares are intended to be used to satisfy share options, to distribute as bonuses and to distribute to employees on reaching three years continuous service with the group. As at 31 December 2021, the cost of the shares held by the EBT exceed the anticipated proceeds from the exercise of outstanding options and other share awards by £340,000 (2020 - £347,000). If the current number of shares held is insufficient to satisfy all outstanding options, further shares will be acquired in the market to satisfy any option exercises if necessary.

Parent company shares

279,555 parent company shares were purchased by Thomas Miller Employee Share Trust No.1 during the year.

	Price per share	Cost £ 000
146,963 shares purchased in July 2021	£11.80	1,734
132,592 shares purchased in December 2021	£12.20	1,618
		3,352

The 1 June 2021 price of £11.80 was determined by the parent company's valuer at that time, Alvarez & Marsal Valuation Services LLP, for a single share in accordance with the company's bye-laws. The share price at 1 November 2021 of £12.20 was determined on the same basis by the parent company's valuer.

23 Share-based payments

Employee share option schemes and other share-based plans

Share option schemes

(i) The Thomas Miller Executive Share Option Scheme
The Group awards share options to certain employees under the Thomas Miller Executive Share Option Scheme enabling them to acquire ordinary shares in Thomas Miller Holdings Ltd. at their market value at the date of grant. Options are generally exercisable from three years after the date of grant and up to ten years less one day from the date of grant. Options are forfeited when an employee leaves the Group unless by reason of retirement or redundancy, in which case, the employee has up to six months to exercise the option.

(ii) The Thomas Miller UK Savings Related Share Option Scheme
The Group operates a savings related option scheme under which employees save a fixed amount per month over either a three year or five year period under a Save As You Earn contract operated by a third party administrator. On completion of the savings contract employees have the choice, within six months of the vesting date, of either exercising their option or taking the amount saved in cash. The options automatically lapse six months after vesting. This scheme is a scheme approved by the UK tax authorities.

Details of the share options outstanding during the year are as follows:

	Executive share option		Savings related share option		Total	
	Number of options	Weighted average exercise price (in £)	Number of options	Weighted average exercise price (in £)	Number of options	Weighted average exercise price (in £)
Year ended 31 December 2021						
Outstanding at beginning of period	402,690	9.81	257,112	10.11	659,802	9.93
Granted during the period	112,216	11.00	55,923	11.00	168,139	11.00
Forfeited during the period	(26,750)	10.30	(37,260)	10.24	(64,010)	10.26
Exercised during the period	(68,489)	80.08	(70,504)	9.08	(138,993)	8.59
Outstanding at the end of the period	419,667	10.38	205,271	10.68	624,938	10.48
Exercisable at the end of the period	195,768	9.93	10,430	-	206,198	9.93

23 Share-based payments (continued)

	Executive share option		Savings related share option		Total	
	Number of options	Weighted average exercise price (in £)	Number of options	Weighted average exercise price (in £)	Number of options	Weighted average exercise price (in £)
Year ended 31 December 2020						
Outstanding at beginning of period	465,188	9.74	262,867	9.42	728,055	9.63
Granted during the period	600	11.20	54,901	11.80	55,501	11.79
Forfeited during the period	(35,998)	10.25	(11,093)	10.15	(47,091)	10.23
Exercised during the period	(27,100)	8.04	(49,563)	8.31	(76,663)	8.22
Outstanding at the end of the period	402,690	9.81	257,112	10.11	659,802	9.93
Exercisable at the end of the period	(102,818)	8.07	(8,105)	8.58	(110,923)	(8.07)

The fair value of the share options at the date of grant was calculated using the Black-Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

The company recognised total expenses in respect of share-based payments as follows:

	2021 £ 000	2020 £ 000
Share option schemes	117	147
Executive Directors' Long-term Incentive Plan	826	1,264
Shares awarded under bonus schemes (including LTSAP)	1,339	1,287
Cash-settled share option schemes	187	(27)
Charges in respect of service award scheme	72	69
	2,541	2,740

All share-based payment expenses are cash-settled. The carrying value of the associated liabilities for these cash-settled share-based payments was £212,852 at 31 December 2021 (2020 - £297,195).

23 Share-based payments (continued)

Other share-based plans

(i) The Thomas Miller Share Incentive Plan
The scheme trustees are Link Market Services Trustees Limited. Employees subject to UK income tax are eligible to participate in this plan. The plan has tax advantages for employees who choose to hold shares in the parent company. All the shares held by this trust are held on behalf of named employees.

(ii) The Thomas Miller Bonus Share Schemes
The company makes annual bonus payments to staff as part of their remuneration. Certain staff have the option to enhance their bonus by electing to take part of the bonus in restricted shares in the parent company, other more senior staff are required to take a proportion of their bonus in shares. The shares cannot be sold for at least three years. No awards were made in the current year.

(iii) The Thomas Miller Long-Term Share Acquisition Plan ("LTSAP")
The group operates an additional bonus scheme for senior staff which is dependent on meeting pre-determined financial targets for profitability. Any shares awarded to employees under this scheme cannot be sold for a minimum of five years. The provision for the LTSAP scheme is included within "accruals" (note 17).

Commencing 1 January 2014 (for awards to be payable in 2015), the revised target is the achievement of corporate plan profit targets for the year concerned, the corporate plan targets having been agreed by the Board of Thomas Miller Holdings Ltd.

(iv) 2017 Executive Directors' Long-term Incentive Plan ("LTIP")
The LTIP was aimed at key executives who strongly influence the results of the group. The LTIP commenced on 1 July 2017 and the performance period ran to 31 December 2022. Notional units are awarded to LTIP participants every six months which are convertible into options over shares in Thomas Miller Holdings Ltd. once the performance period has ended. The plan was closed in 2020.

24 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £5,554,000 (2020 - £5,301,000).

Defined benefit pension schemes

Funded scheme

The Thomas Miller & Co. Limited Retirement Benefits Scheme ("the Scheme") is a funded final salary pension scheme. The Scheme is operated under trust with the trustee being the TMC Trustee Company Limited. The Scheme is registered with HM Revenue & Customs and is subject to the funding requirement set out under UK legislation. Assets are held separately from the Company.

Future benefit accrual ceased on 30 September 2004 for active members of the scheme.

Benefits accrued up to 30 September 2004 continued to be linked to members' salaries where appropriate up to 30 June 2011. Around 50% of the value of the pension obligations are in respect of benefits that are currently in payment. The weighted average duration to payment of all expected cash flows is 16 years.

24 Pension and other schemes (continued)

Contributions are set based upon funding valuations carried out every three years. Following the valuation as at 30 June 2020, the Company has agreed a contribution schedule that aims to remove the funding deficit in the Scheme by the end of 2023. The contributions that the Company has agreed are £3.7m per annum until 2022 with a final payment of £3.5m by 31 March 2023. The Company has paid total deficit contributions of £3.7m during 2021. The next funding valuation is due to be carried out as at 30 June 2023.

There is a risk to the Company that adverse experience (e.g. asset volatility, longevity experience) could lead to a requirement for the Company to make additional contributions to recover any deficit that arises.

The Company provides the personnel required for the conduct of the business activities of fellow subsidiary undertakings and charges those companies accordingly. Fellow subsidiary undertakings are charged a fixed proportion of the annual pension contribution made by the Company to the Scheme, in order to eradicate the past service deficit. The trustee board of the scheme can at any time increase the contributions required for that purpose and, in the event of winding up of the scheme, require that that the fellow subsidiary undertakings pay the same proportion of any wind up deficit.

The Company considers that were a pension asset to be realised in respect of this scheme after all member benefits have been paid and after the Scheme is wound up, this would be fully recoverable by the Company in line with the rules of the Scheme. In the meantime, in the ordinary course of business the Trustee has no rights to unilaterally wind up the Scheme or otherwise augment the benefits payable to members. Therefore, any pension surplus is recognised in full under current accounting standards.

Unfunded scheme

The Company has also assumed a liability to pay annuities to those former partners of Thos R. Miller & Son who were entitled to partnership annuities on retirement prior to 1989. This is an unfunded final salary scheme. Before the incorporation of the business into the Company, the annuity payments were payable out of the profits of the partnership. Following incorporation, the annuities became contractual obligations of the Company. Such annuities are no longer on offer to staff of the Company. The total unfunded liability has been calculated according to standard actuarial methods using an assumption of future investment returns of 1.9% (2020 - 1.3%).

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2021 %	2020 %
Discount rate	1.90	1.30
Future inflation-linked pension increases	3.30	2.90
Inflation measured by RPI	3.40	2.90
Inflation measured by CPI *	2.60	2.00

* As at 31 December 2021 the CPI assumption is derived by deducting 1.0% from RPI prior to 2030 and 0.1% thereafter. The weighted average deduction based on the Scheme's CPI liability is 0.8%.

24 Pension and other schemes (continued)

Post retirement mortality assumptions

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	25.20	25.20
Current UK pensioners at retirement age - female	27.00	26.90
Future UK pensioners at retirement age - male	26.50	26.60
Future UK pensioners at retirement age - female	28.30	28.30

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2021 £ 000	2020 £ 000
Fair value of scheme assets	235,042	235,131
Present value of defined benefit obligation	(203,964)	(220,569)
Net asset recognised in the balance sheet	31,078	14,562
Present value of unfunded obligations	611	1,022
Defined benefit pension scheme surplus	31,689	15,584

24 Pension and other schemes (continued)

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2021 £ 000
Present value at start of year	220,569
Interest cost	2,830
Actuarial gains and losses	(13,663)
Benefits paid	(5,772)
Present value at end of year	203,964

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2021 £ 000
Fair value at start of year	235,131
Interest income	3,056
Actuarial gains and losses	(1,212)
Contributions by scheme participants	3,839
Benefits paid	(5,772)
Fair value at end of year	235,042

The employer, Thomas Miller & Co. Limited, expects to contribute £3.7 million to both defined benefit schemes in 2022 (2021 - £3.8 million).

Analysis of assets

The major categories of scheme assets are as follows:

	2021 £ 000	2020 £ 000
Cash and cash equivalents	2,848	1,470
Equity instruments	24,997	26,363
Liability driven investments	165,092	136,475
Other growth assets - absolute return fund	22,336	22,291
Other growth assets - diversified growth fund	19,766	39,520
Other growth assets - emerging market multi-asset fund	-	9,008
Insurance policies	3	4
	235,042	235,131

24 Pension and other schemes (continued)

The Scheme's assets are invested in a diversified range of assets as highlighted above, with the majority of these quoted in an active market. These assets include liability driven investments which aim to match the benefits to be paid to Scheme members from the Scheme and therefore remove the investment inflation risk in relation to those liabilities.

The holding of these investments is part of an overall hedging strategy. The current strategy is to hedge approximately 100% of the interest rate risk and approximately 100% of the inflation risk against the Scheme's liabilities. This strategy is subject to a regular review.

The Scheme does not invest directly in financial securities issued by the Company or in property or other assets used by the Company.

Sensitivity analysis of the principal assumptions used to measure scheme liabilities:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 0.5%	Decrease by 7%
	Decrease by 0.5%	Increase by 8%
Rates of inflation	Increase by 0.5%	Increase by 3%
	Decrease by 0.5%	Decrease by 3%
Rate of mortality	Increase life expectancy by 1 year	Increase by 5%

The above sensitivities relate to the main retirement benefit scheme operated by the Company, the Thomas Miller & Co. Limited Retirement Benefits Scheme.

The "impact on scheme liabilities" sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice - for example, a change in the rate of inflation is unlikely to occur without any movement in the value of assets held by the Scheme.

25 Related party transactions

The Company is exempt, under Financial Reporting standard 102 (FRS 102) para 33.1A, from disclosing related party transactions as they are with other companies that are wholly owned within the Group.

26 Parent and ultimate parent undertaking

The company's immediate parent is Thomas Miller Holdings Ltd., incorporated in Bermuda.

The most senior parent entity producing publicly available financial statements is Thomas Miller Holdings Ltd.. These financial statements are available upon request from the Company Secretary, 90 Fenchurch Street, London, EC3M 4ST.

Thomas Miller Holdings Ltd. is the parent undertaking of the smallest and largest group in which the company is consolidated.

27 Non adjusting events after the financial period

Ukraine Crisis
On 24 February 2022, Russian troops began the invasion of Ukraine. Multiple nations have since imposed significant economic sanctions on Russian business interests and some of its nationals.

In addition to complying with all sanctions imposed, the Thomas Miller group continues to monitor the emerging risks, in what is a very fluid situation, through its Audit and Risk Committee.

An ongoing impact assessment is being maintained, and, to date, we anticipate that the imposed sanctions will have a limited financial and operational impact on the group and its subsidiaries.

The Audit and Risk Committee will continue to monitor the situation and work closely with the Thomas Miller businesses and managed clubs.