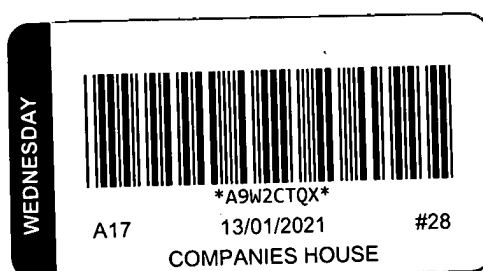


Company Registration No. 03332314 (England and Wales)

COMPASS UNDERWRITING LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019



COMPASS UNDERWRITING LIMITED

COMPANY INFORMATION

Directors	O T D Barnes C Beach A Briant
Secretary	Bricketts Nominees Limited K Yanai
Company number	03332314
Registered office	Brierly Place New London Road Chelmsford Essex CM2 0AP
Accountants	Azets 2nd Floor Regis House 45 King William Street London EC4R 9AN

COMPASS UNDERWRITING LIMITED

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COMPASS UNDERWRITING LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the period ended 31 December 2019.

Principal activities

The principal activity of the company in the year under review was that of underwriting, marketing and servicing UK and international life, accident & health, unemployment and travel insurance business on behalf of UK authorised insurers.

Directors

The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

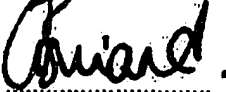
O T D Barnes
C Beach
A Briant

Going Concern

The directors have considered the potential emerging impact of the COVID-19 virus on the future viability of the company. At the date of signing these financial statements, the full impact on the business cannot be quantified. However, the directors remain confident of the future prospects of the company given the strength of its balance sheet, its customer base and the demand for its services. Consequently, the directors have a reasonable expectation that the company will have enough resources to continue to meet its liabilities as they fall due for the foreseeable future and therefore have prepared the financial statements on a going concern basis.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



A Briant
Director

Date: 16 December 2020

COMPASS UNDERWRITING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2019

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

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

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.

COMPASS UNDERWRITING LIMITED

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF COMPASS UNDERWRITING LIMITED FOR THE PERIOD ENDED 31 DECEMBER 2019

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Compass Underwriting Limited for the Period ended 31 December 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

This report is made solely to the Board of Directors of Compass Underwriting Limited, as a body, in accordance with the terms of our engagement letter dated 8 October 2018. Our work has been undertaken solely to prepare for your approval the financial statements of Compass Underwriting Limited and state those matters that we have agreed to state to the Board of Directors of Compass Underwriting Limited, as a body, in this report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Compass Underwriting Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Compass Underwriting Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Compass Underwriting Limited. You consider that Compass Underwriting Limited is exempt from the statutory audit requirement for the Period.

Scope of work

We have not been instructed to carry out an audit or a review of the financial statements of Compass Underwriting Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Azets

.....16/12/2020

Azets
2nd Floor
Regis House
45 King William Street
London
EC4R 9AN

COMPASS UNDERWRITING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2019

	Period ended 31 December 2019 £	Year ended 30 June 2018 £
Turnover	1,905,349	1,066,241
Administrative expenses	(2,696,393)	(1,714,812)
Other operating income	5,099	1,469
Operating loss	<u>(785,945)</u>	<u>(647,102)</u>
Interest payable and similar expenses	(49,326)	(50,185)
Loss before taxation	<u>(835,271)</u>	<u>(697,287)</u>
Tax on loss	-	-
Loss for the financial Period	<u><u>(835,271)</u></u>	<u><u>(697,287)</u></u>

COMPASS UNDERWRITING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	3		-		49,536
Tangible assets	4		128,473		189,565
			<u>128,473</u>		<u>239,101</u>
Current assets					
Debtors	5	7,876,854		5,083,714	
Cash at bank and in hand		2,870,340		2,718,232	
		<u>10,747,194</u>		<u>7,801,946</u>	
Creditors: amounts falling due within one year	6	(10,564,524)		(7,753,036)	
Net current assets			<u>182,670</u>		<u>48,910</u>
Total assets less current liabilities			<u>311,143</u>		<u>288,011</u>
Creditors: amounts falling due after more than one year	7		(250,000)		(286,738)
Provisions for liabilities	9		(5,453)		(10,311)
Net assets/(liabilities)			<u>55,690</u>		<u>(9,038)</u>
Capital and reserves					
Called up share capital	11	3,700,000		2,800,000	
Profit and loss reserves		(3,644,310)		(2,809,038)	
Total equity			<u>55,690</u>		<u>(9,038)</u>

For the financial Period ended 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the Period in question in accordance with section 476.

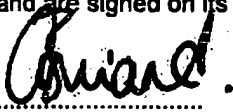
These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

COMPASS UNDERWRITING LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on 16 December 2020 and are signed on its behalf by:



.....
A Briant
Director

Company Registration No. 03332314

COMPASS UNDERWRITING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 July 2017		2,800,000	(2,111,751)	688,249
Period ended 30 June 2018:				
Loss and total comprehensive income for the period		-	(697,287)	(697,287)
Balance at 30 June 2018		2,800,000	(2,809,038)	(9,038)
Period ended 31 December 2019:				
Loss and total comprehensive income for the period		-	(835,271)	(835,271)
Conversion of loan to shares	11	900,000	-	900,000
Balance at 31 December 2019		3,700,000	(3,644,310)	55,690

COMPASS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Compass Underwriting Limited is a private company limited by shares incorporated in England and Wales. The registered office is Brierly Place, New London Road, Chelmsford, Essex, CM2 0AP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors consider that the company has reasonable financial resources as well as a relatively stable client base, including longer term contracts with underwriters. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

Accordingly the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As such the going concern basis of accounting has been adopted in preparing the annual financial statements of the company.

1.3 Reporting period

The company had extended its year from 30 June 2019 to 31 December 2019. The reason for the lengthening of the period was to bring the year end in-line with other company information and procedures. The comparative figures represented in the financial statements are not entirely comparable, as they represent a 12 month period.

1.4 Turnover

Turnover represents commissions earned, fees earned and profit commission. Credit is taken for commissions on the inception date of the policy and on premium adjustments as and when such adjustments are made. Credit is taken for fees when the services are provided. Credit is taken for commission only when actually earned and settled to us.

Provision is made for the value of revenue estimated to be repayable in the event of cancellation of policies based on past experience and for the value of revenue estimated to relate to contractual placement services to be performed in future periods.

COMPASS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses.

At each reporting date, tangible fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in profit or loss.

Depreciation has been computed to write off the cost of the tangible fixed assets over their useful expected lives using the following rates:

Plant and Machinery etc - 20%/25%/33% on cost

1.6 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less

1.7 Financial instruments

Trade and other receivables

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

Trade and other payables

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

1.8 Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

COMPASS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

1.9 Provisions

Provisions are recognised when the company has a present obligation, either legal or constructive, as a result of a past event and it is probable that the company will be required to settle the obligation and a reliable estimate can be made.

Where the effect of the time value of money is material, the obligation is recognised at the present value adopting a pre-tax discount rate. The unwinding of the discount is treated as a finance cost in the income statement in the period in which it arises.

1.10 Employee benefits

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

Short term employee benefits, including holiday entitlement and other non-monetary benefits, and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.12 Foreign exchange

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

1.13 Insurance debtors and creditors

The company acts as underwriting agent in relation to the insurable risks of its clients and is not liable as principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationships with clients and underwriters and since, in practice, premium and claim monies are usually accounted for by insurance intermediaries, the company has followed generally accepted accounting practice by showing cash, debtors and creditors relating to the insurance business as assets and liabilities of the company itself.

COMPASS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

2 Employees

The average monthly number of persons (including directors) employed by the company during the Period was:

	2019 Number	2018 Number
Total	21	17

3 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2018 and 31 December 2019	369,951
Amortisation and impairment	
At 1 July 2018	320,415
Amortisation charged for the Period	49,536
At 31 December 2019	369,951
Carrying amount	
At 31 December 2019	-
At 30 June 2018	49,536

4 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 July 2018	667,579
Additions	66,353
At 31 December 2019	733,932
Depreciation and impairment	
At 1 July 2018	478,014
Depreciation charged in the Period	127,445
At 31 December 2019	605,459
Carrying amount	
At 31 December 2019	128,473
At 30 June 2018	189,565

COMPASS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

5 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	6,406,602	3,440,941
Other debtors	971,267	1,143,788
	<u>7,377,869</u>	<u>4,584,729</u>
Amounts falling due after more than one year:		
Deferred tax asset	498,985	498,985
	<u>498,985</u>	<u>498,985</u>
Total debtors	<u>7,876,854</u>	<u>5,083,714</u>

6 Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	-	43,262
Trade creditors	9,175,775	6,040,463
Taxation and social security	158,403	158,365
Other creditors	1,230,346	1,510,946
	<u>10,564,524</u>	<u>7,753,036</u>

7 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Other creditors	250,000	286,738
	<u>250,000</u>	<u>286,738</u>

8 Loans and overdrafts

	2019	2018
	£	£
Bank overdrafts	-	43,262
Other loans	1,209,398	1,540,467
	<u>1,209,398</u>	<u>1,583,729</u>
Payable within one year	959,398	1,296,991
Payable after one year	250,000	286,738
	<u>1,209,398</u>	<u>1,583,729</u>

COMPASS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

8 Loans and overdrafts

(Continued)

On 21 January 2008 a debenture charge was created over the company's assets in respect of all monies and liabilities due to the company's bankers. This charge was satisfied on 5 November 2019. At the time of signing this report, there were no charges over the company's assets.

9 Provisions for liabilities

	2019 £	2018 £
Clawback provision	5,453	10,311

10 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2019 £	Assets 2018 £
Balances:		
Accelerated capital allowances	(15,238)	(12,915)
Tax losses	514,223	511,900
	498,985	498,985

There were no deferred tax movements in the Period.

The net deferred tax asset tax asset balance arises in respect of tax losses and accelerated capital allowances. The net balance is included within debtors and has been calculated at 19% (2018: 17%).

11 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
3,024,910 Ordinary of £1 each	3,024,910	2,124,910
675,090 Ordinary B of £1 each	675,090	675,090
	3,700,000	2,800,000

During the period the company converted £900,000 in relation to a shareholder loan into share capital. A total of 900,000 £1 Ordinary shares were issued, therefore increasing share capital by £900,000 to make it £3,700,000 in total.

COMPASS UNDERWRITING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

12 Events after the reporting date

The pandemic COVID-19, which is a non-adjusting post balance sheet event, lead to a significant lockdown of the economy except for some essential services. Whilst the directors are unable to quantify the impact that COVID-19 will have on the business, the company continues to have good cash reserves and strong equity position. Management continues to consider the potential implications of the COVID-19 pandemic, and at this stage it has not had a material impact on any of the balances reported in the company's financial statements.

Post balance sheet date, the company converted a further £500,000 of loan notes into ordinary share capital, thus taking the total share capital up to £4,200,000.

13 Related party transactions

Mr O Bares is considered to be the Company's ultimate controlling party.

At the balance sheet date, the company owed Mr O Barnes £250,000 (2018: £250,000) in respect of a subordinated loan provided to the company and which carried interest at 5%.

At the start of the year a further loan of £1,214,346 was outstanding to Mr O Barnes. During the year, £630,000 was provided to the company and £900,000 converted to capital, leaving a balance of £944,346 outstanding at the year end. The loan is interest free and repayable on demand.

During the year, interest in respect of the outstanding loan payable to Mr O Barnes, totalling £29,411 (2018: 18,420) was charged to the profit and loss account. Amounts outstanding and included within accruals at the balance sheet date totalled £157,706 (2018: £128,295).

At the year end, £726,509 (2018: £726,509) was owed by Quaestor Capital Limited, a company controlled by Mr O Barnes.

At the year end C Beach owed £Nil (2018: £1,179) in relation to a travel loan.

At the year end A Briant owed £2,100 (2018: £362) in relation to a travel loan.