

Company Registration No. 03332314 (England and Wales)

**COMPASS UNDERWRITING LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# COMPASS UNDERWRITING LIMITED

## COMPANY INFORMATION

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

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# **COMPASS UNDERWRITING LIMITED**

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# COMPASS UNDERWRITING LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their annual report and financial statements for the period ended 31 December 2020.

### 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

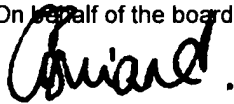
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

O T D Barnes  
C Beach  
A Briant

### Small companies exemption

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: 20th September 2021  
.....

# **COMPASS UNDERWRITING LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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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 YEAR ENDED 31 DECEMBER 2020

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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 year ended 31 December 2020 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 year.

### Scope of work

We have not been instructed to carry out an audit 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

20 September 2021  
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Azets  
2nd Floor  
Regis House  
45 King William Street  
London  
United Kingdom  
EC4R 9AN

# COMPASS UNDERWRITING LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Turnover	907,538	1,905,349
Administrative expenses	(1,603,822)	(2,696,393)
Other operating income	66,756	5,099
	<hr/>	<hr/>
Operating loss	(629,528)	(785,945)
Interest payable and similar expenses	(23,066)	(49,326)
	<hr/>	<hr/>
Loss before taxation	(652,594)	(835,271)
Tax on loss	-	-
	<hr/>	<hr/>
Loss for the financial year	<u>(652,594)</u>	<u>(835,271)</u>

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# COMPASS UNDERWRITING LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	6		91,272		128,473
<b>Current assets</b>					
Debtors	7	3,476,366		7,876,854	
Cash at bank and in hand		3,298,805		2,870,340	
		6,775,171		10,747,194	
<b>Creditors: amounts falling due within one year</b>	8	(6,507,894)		(10,564,524)	
<b>Net current assets</b>			267,277		182,670
<b>Total assets less current liabilities</b>			358,549		311,143
<b>Creditors: amounts falling due after more than one year</b>	9		(250,000)		(250,000)
<b>Provisions for liabilities</b>	11		(5,453)		(5,453)
<b>Net assets</b>			103,096		55,690
<b>Capital and reserves</b>					
Called up share capital	13	4,400,000		3,700,000	
Profit and loss reserves		(4,296,904)		(3,644,310)	
<b>Total equity</b>			103,096		55,690

For the financial year ended 31 December 2020 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 year 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.



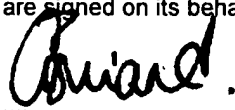
# COMPASS UNDERWRITING LIMITED

## BALANCE SHEET (CONTINUED)

**AS AT 31 DECEMBER 2020**

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The financial statements were approved by the board of directors and authorised for issue on 20th September 2021  
are signed on its behalf by:



.....  
A Briant  
Director

Company Registration No. 03332314

# COMPASS UNDERWRITING LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2018</b>		2,800,000	(2,809,039)	(9,039)
<b>Period ended 31 December 2019:</b>				
Loss and total comprehensive income for the period		-	(835,271)	(835,271)
Conversion of loan to shares	13	900,000	-	900,000
<b>Balance at 31 December 2019</b>		3,700,000	(3,644,310)	55,690
<b>Year ended 31 December 2020:</b>				
Loss and total comprehensive income for the year		-	(652,594)	(652,594)
Conversion of loan to shares	13	700,000	-	700,000
<b>Balance at 31 December 2020</b>		4,400,000	(4,296,904)	103,096

# COMPASS UNDERWRITING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 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, United Kingdom, 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 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 YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

##### 1.4 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

##### 1.5 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

##### 1.6 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.

##### 1.7 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 YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

##### **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.

#### 1.8 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.

#### 1.9 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.

#### 1.10 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.

#### 1.11 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 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.

# COMPASS UNDERWRITING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

#### 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.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Other operating income

Other income includes government grants, relating to the job retention scheme as a direct result of the COVID-19 pandemic totalling £45,198 (2019: £Nil). These are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

### 4 Employees

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

	2020 Number	2019 Number
Total	18	21

### 5 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2020 and 31 December 2020	369,951
<b>Amortisation and impairment</b>	
At 1 January 2020 and 31 December 2020	369,951
<b>Carrying amount</b>	
At 31 December 2020	-
At 31 December 2019	-

**COMPASS UNDERWRITING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**6 Tangible fixed assets**

	<b>Plant and machinery etc £</b>
<b>Cost</b>	
At 1 January 2020	733,932
Additions	49,931
	<u>783,863</u>
At 31 December 2020	783,863
<b>Depreciation and impairment</b>	
At 1 January 2020	605,459
Depreciation charged in the year	87,132
	<u>692,591</u>
At 31 December 2020	692,591
<b>Carrying amount</b>	
At 31 December 2020	<u>91,272</u>
At 31 December 2019	<u>128,473</u>

**7 Debtors**

	<b>2020 £</b>	<b>2019 £</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	1,930,423	6,406,602
Other debtors	1,046,958	971,267
	<u>2,977,381</u>	<u>7,377,869</u>
	<b>2020 £</b>	<b>2019 £</b>
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset	498,985	498,985
	<u>498,985</u>	<u>498,985</u>
<b>Total debtors</b>	<u>3,476,366</u>	<u>7,876,854</u>

**COMPASS UNDERWRITING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**8 Creditors: amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	5,141,146	9,175,775
Taxation and social security	154,114	158,403
Other creditors	1,212,634	1,230,346
	<u>6,507,894</u>	<u>10,564,524</u>

**9 Creditors: amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other creditors	<u>250,000</u>	<u>250,000</u>

**10 Loans and overdrafts**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other loans	<u>1,108,741</u>	<u>1,209,398</u>
Payable within one year	858,741	959,398
Payable after one year	<u>250,000</u>	<u>250,000</u>

**11 Provisions for liabilities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Clawback provision	<u>5,453</u>	<u>5,453</u>



# COMPASS UNDERWRITING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 12 Deferred taxation

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

	<b>Assets 2020 £</b>	<b>Assets 2019 £</b>
<b>Balances:</b>		
Accelerated capital allowances	(15,238)	(15,238)
Tax losses	514,223	514,223
	<u>498,985</u>	<u>498,985</u>

There were no deferred tax movements in the year.

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% (2019: 19%). No additional deferred tax asset has been recognised on the losses arising in the current period. Total gross losses are £4,811,127.

#### 13 Called up share capital

	<b>2020 Number</b>	<b>2019 Number</b>	<b>2020 £</b>	<b>2019 £</b>
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary of £1 each	3,024,910	3,024,910	3,724,910	3,024,910
Ordinary B of £1 each	675,090	675,090	675,090	675,090
	<u>3,700,000</u>	<u>3,700,000</u>	<u>4,400,000</u>	<u>3,700,000</u>

During the period the company converted £700,000 in relation to a shareholder loan into share capital. A total of 700,000 £1 Ordinary shares were issued, therefore increasing share capital by £700,000 to make it £4,400,000 in total.

# COMPASS UNDERWRITING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 14 Related party transactions

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

At the balance sheet date, the company owed Mr O Barnes £250,000 (2019: £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 £944,346 was outstanding to Mr O Barnes. During the year, £615,000 was provided to the company and £700,000 converted to capital, with fees payable of £605, leaving a balance of £858,741 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 £20,867 (2019: 29,411) was charged to the profit and loss account. Amounts outstanding and included within accruals at the balance sheet date totalled £178,573 (2019: £157,706).

At the year end, £726,509 (2019: £726,509) was owed by Quaestor Capital Limited, a company controlled by Mr O Barnes.

At the year end A Briant owed £Nil (2019: £2,100) in relation to a travel loan.

# COMPASS UNDERWRITING LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020	Period ended 31 December 2019
	£	£
<b>Turnover</b>		
Commission income	804,148	1,785,171
Other income	103,390	120,178
	<u>907,538</u>	<u>1,905,349</u>
<b>Other operating income</b>		
Coronavirus job retention scheme grant	45,198	-
Sundry income	<u>21,558</u>	<u>5,099</u>
	66,756	5,099
<b>Administrative expenses</b>		
Wages and salaries	463,053	732,081
Social security costs	69,659	115,563
Temporary staff	32,055	67,359
Rent and rates	129,970	298,758
Staff welfare	9,307	7,175
Staff training	6,280	21,244
Staff pension costs defined contribution	13,528	27,315
Redundancy costs - staff	4,059	1,870
Directors' remuneration	250,666	379,167
Directors' pension costs - defined contribution scheme	28,890	29,100
Rent re operating leases	1,422	51,898
Cleaning	6,422	20,217
Power, light and heat	907	-
Property repairs and maintenance	20,073	10,833
Computer running costs	255,096	412,314
Travelling expenses	5,276	24,882
Professional subscriptions	23,521	52,596
Legal and professional fees	76,661	54,824
Audit fees	8,910	13,297
Charitable donations	-	298
Bank charges	12,276	19,304
Insurances	46,721	50,138
Printing and stationery	14,620	22,648
Advertising	2,787	27,210
Office costs	25,351	35,157
Telecommunications	4,401	24,868
Entertaining	4,779	19,237
Amortisation	-	49,536
Depreciation	87,132	127,445
Profit or loss on foreign exchange	-	59
	<u>(1,603,822)</u>	<u>(2,696,393)</u>

# COMPASS UNDERWRITING LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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	Year ended 31 December 2020		Period ended 31 December 2019	
	£	£	£	£
<b>Operating loss</b>		(629,528)		(785,945)
<b>Interest payable and similar expenses</b>				
Bank interest on loans and overdrafts	20,867		19,915	
Interest payable - not financial liabilities	2,199		29,411	
		(23,066)		(49,326)
<b>Loss before taxation</b>	71.91%	(652,594)	43.84%	(835,271)

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