THOMAS
MILLER

Annual report and accounts 2020

Contents

Financial calendar

Annual General Meeting	June 2021
Final 2020 dividend payable	June 2021
Interim results for 2021	October 2021
Interim 2021 dividends payable	October 2021 and March 2022
Final results for 2021 announced	June 2022

Who we are

The Thomas Miller Group is an international provider of market leading insurance services.

Many of the businesses we own or manage are acknowledged leaders in their chosen markets.

At Thomas Miller, we lead the way in defining excellence across insurance, professional and investment services. We currently have around 800 employees across 12 countries and 24 offices.

We can trace our roots back to 1885. Thomas Miller's origins are in the provision of management services to mutual organisations, particularly in the international transport and professional indemnity sectors, where today we manage a large percentage of the foremost insurance mutuals. We apply our knowledge and expertise to the development of specialist insurance services businesses.

At Thomas Miller, we build long-term relationships. Our culture, values and governance ensure we keep our clients at the heart of all we do.

Principal activities include:

- Management services for transport and professional indemnity insurance mutuals
- Managing general agency
- Professional services including technical services, legal services, captive and claims management
- Investment management for institutions

Officers and Professional Advisers

Thomas Miller Holdings Ltd. is a company incorporated in Bermuda, registration number EC26282.

Directors

H J Wynn-Williams	Chairman
B M Kesterton	Chief Executive
C E Fenton	
J M Goldthorpe	
A J Taylor	Appointed 11 February 2020
S P Trickett	Non-executive, Senior Independent Director
R T Cowdell	Non-executive, Independent Director
A E Grant	Non-executive, Independent Director
P A Wogan	Representative Director Resigned 20 February 2021

Company Secretary

K P Halpenny

Statutory Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Legal Advisors

Appleby
22 Victoria Street
Hamilton
HM 10
Bermuda

Registered Office

Victoria Place, 5th Floor
31 Victoria Street
Hamilton
HM 10
Bermuda

Focus on the numbers

Financial Highlights for the year ended 31 December 2020

	2020	2019
Revenue (including discontinued operations)	**£155.38 million**	**£149.62 million**
Profit on ordinary activities before taxation (including discontinued operations)	£19.56 million	£25.58 million
Tax on profit on ordinary activities before taxation	£3.86 million	£2.63 million
Profit on ordinary activities after taxation	£15.70 million	£22.95 million
Basic earnings per ordinary share	**141.6p**	**210.9p**
Special dividend paid	**–**	**31.0p**
First interim dividend paid	12.5p	12.5p
Second interim dividend payable	12.5p	12.5p
Final dividend payable	24.0p	22.0p
Total	**49.0p**	**47.0p**
Share price at 31 December	£11.00	£11.80

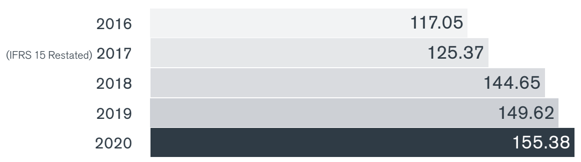
In January 2021, the directors approved a second interim dividend of 12.5p per share (2019 – 12.5p) to be paid to shareholders in the register as at 31 January 2021. The directors propose that a final dividend of 24.0p per share (2019 – 22.0p) will be paid to shareholders in the register on 31 May 2021. The total estimated dividend to be paid is £2.71 million (2019 – £2.41 million). This dividend, together with the second interim dividend, has not been included as a liability in these financial statements.

Highlights in detail

Financial Highlights for the year ended 31 December 2020

Thomas Miller manages over $1.3 billion of gross written premium for the Transport, Specialty, and Professional Services industries in the mutual, MGA and captive markets.

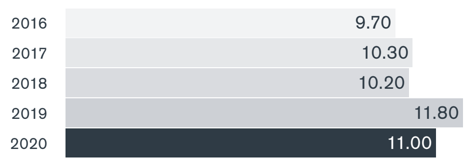
Revenue / £ Million



£155.38m

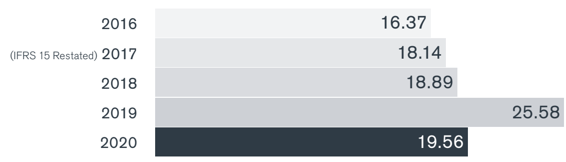
(Includes discontinued operations)

Share price / £



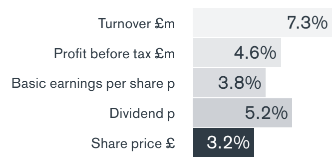
£11.00

Profit before tax / £ Million



£19.56m

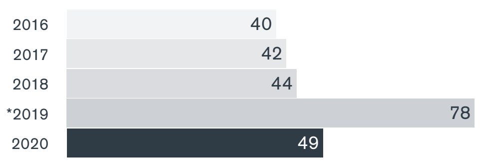
Compound average growth rate 2016-2020



4.6%

Profit before tax £m

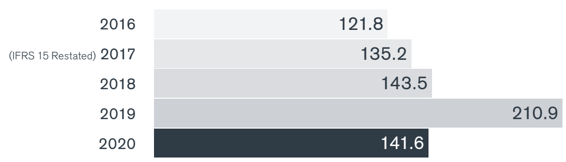
Dividend / p



49p

*(includes a special dividend of 31p)

Basic earnings per share / p



141.6p

Increase in revenue 2019-2020

3.8%

Increase in adjusted operating profit before profit on sale of discontinued operations and other gains 2019-2020

89%

At a glance

Thomas Miller is a group of specialist international insurance, professional services and investment businesses.

Managed Businesses

ukpandi.com
One of the world's leading mutual insurer of third party liabilities for ocean-going merchant ships.

ttclub.com
The leading provider of insurance and risk management services to the transport and logistics industry.

ukdefence.com
The leading provider of freight, demurrage and defence (legal costs) insurance to the maritime industry.

ukwarrisks.com
The largest British war risks club, insuring a UK and international membership.

hellenicwarrisks.com
The war risks insurer for over 70% of all Greek-owned ships.

itic-insure.com
The world's leading professional indemnity insurer of service providers in the transport and energy industries.

BAR MUTUAL

barmutual.co.uk
Provides professional indemnity insurance to all self-employed barristers in England & Wales.

pamia.co.uk
Provides professional indemnity insurance to over 95% of UK and Irish patent and trade mark attorneys in private practice.

Specialty

thomasmillerspecialty.com
Provides leading global insurance and related risk management services across a number of sectors including marine and offshore.

blpinsurance.com
Specialists in construction defects insurance covering commercial and mixed-use developments in the UK and internationally.

thomasmillerlegal.com
Provides due diligence and claims management services to commercial After the Event insurers and litigation funders.

thomasmiller.com
A leading independent provider of captive insurance management services.

opdu.com
Market leading insurance, claims and risk management services for trustees and sponsoring employers of pension schemes with scheme assets in trust of approximately £116 billion.

thejudgeglobal.com
TheJudge is the leading specialist broker of After-the-Event litigation insurance with access to competitive litigation funding products for law firms and their clients.

Professional Services

brookesbell.com
International marine technical, scientific and surveying consultancy to the marine and energy sectors, providing multi-disciplinary services, including expert witness and litigation support.

tmlawltd.com
A fresh alternative to large, traditional firms in the marine legal sector, offering the full range of English marine and transport law services.

thomasmillerclaims.com
Professional claims handling of uninsured or below-deductible claims through to complete claims outsourcing.

Investment

tminvestment.com
Thomas Miller Investment is a leading investment manager for institutional clients.

Chairman's Statement

As I reflect on the twelve years that it has been my honour to chair Thomas Miller, I am very confident that the firm is well positioned to succeed and prosper whatever the nature of the post-pandemic world.

For the second year in succession I find myself writing the Chairman's Statement in 'lockdown'. As we look back on the past year in this Annual Report there can be no doubt that 2020 will be remembered as the year COVID-19 swept the world, leaving no individual unaffected, no country insulated from its impact, and many businesses irrevocably changed by the economic havoc the pandemic unleashed.

I could not begin my annual statement therefore without reflecting on the impact that the pandemic has had on everyone connected with our firm, from our families and friends to our business partners across the world. Our sympathy goes out particularly to those in our extended family who have experienced personal loss or who have had to overcome the effects of COVID-19. On behalf of the Board, I want to extend my personal thanks to all our staff for their dedication, resilience and flexibility as they adapted to the new realities of pandemic working – and continued to deliver the excellent service and performance our members and clients expect.

Resilience

Despite these evident challenges, I am delighted to report that we achieved our Corporate Plan profit target of £19.56 million. These results, while representing a drop from last year's record profit of £25.5 million (which was enhanced by the exceptional profit of £11 million on the sale of the Private Wealth business), are an impressive testament to the strength of our businesses at a time of extraordinary global uncertainty and upheaval. The fact we were able to achieve this result was in large part down to additional income derived from the incentive element of the mutual management fees, which align the interests of the Management companies with the success of the managed Clubs.

This trend was most clearly seen in the Transport divisions with TT posting an outstanding profit of £8 million. P&I, ITIC and the War Clubs also posted increased profits. Elsewhere, the Professional Indemnity division performed well and despite some mixed results in parts of the business, Specialty had good results from Marine UK and Offshore.

Brookes Bell was the part of the group most adversely impacted by the pandemic. We had forecast profits of over £1 million but the shutdown of international travel networks severely restricted Brookes Bell's ability to undertake on-site casualty work around the world. As a result, the forecast profit became a £1.6 million loss. It is a credit to the team at Brookes Bell that, as the scale of travel restrictions became evident, they adapted their working practices and reduced costs to deliver a robust performance despite the challenges they faced. They were also able to complete the construction of their new Laboratory and Technology Centre in Birkenhead, which opened in January. The laboratory will be a market leading facility in the fields of metallurgy, paints and fuels.

Results

In addition to posting a profit of £19.56 million, the strength of the Group's balance sheet is demonstrated by the continued growth of our net assets, from £39.7 million in 2018 to £48.3 million in 2019, and then to £56 million in 2020. Our earnings per share dipped to 141.6p last year from 211p in 2019, reflecting the lower level of Group profit in 2020.

We also have financing in place to support our continuing plans to grow, with the completion in December 2020 of a Revolving Credit Facility that provides £7.5 million of committed and £12.5 million of uncommitted financing from HSBC. This facility ensures we have flexibility for our working capital requirements and for potential future acquisitions.

We have continued with our commitment to reduce the risk profile of the pension schemes across the Group. An agreement has been reached on the triennial valuation of the UK Defined Benefit Pension Scheme with a revised payment plan that will reach an actuarial breakeven point by 2023, ahead of the schedule outlined in the previous valuation.

In the United States, we closed the US Defined Benefit Pension Scheme after the year end with lump sums or annuities paid to its members, and in the first part of 2021 we expect to be able to close the Bermuda Pension Scheme.

Good Citizens

Our continuing strength and resilience depends on our people, the partners we work with and the communities we support. Our aim is to be good corporate citizens and ensure we make a positive impact on society.

This ethos extends throughout the organisation and underpins our 'Be The Difference' campaign. We continued to deliver on our campaign pledges and I am proud of the significant number of employees who found ways to raise money last year in COVID safe ways. I am also proud of the many colleagues who volunteered to serve in their local communities, supporting the most vulnerable through the pandemic. In April 2020 we celebrated the 21st Anniversary of Thomas Miller Holdings. Sadly, pandemic restrictions prevented us from celebrating this milestone in person, but I was delighted that we marked the occasion by donating £30,000 to five different charities nominated by our offices around the world. All the chosen charities were involved in mitigating the impact of the pandemic in some way.

Governance

My thanks as usual go to our non-executive Directors for the calm and efficient way with which they dealt with the challenges we posed for them during the year. This year we said farewell to Paul Wogan, the UK Club's Representative Director, who stepped down from the Board in February 2021. His position will be taken by another UK Club nominee in the near future. In addition, Alan Grant will be retiring from the Board after the AGM. I would like to thank Alan for his significant contribution not only to our Board and as Chairman of the Risk Committee but also for his invaluable input into our Specialty Division, where he chaired the regulated Board during its formative years.

Lastly, as I mentioned at last year's AGM, Charles Fenton will be taking over as chairman following this year's meeting.

Growth

Throughout the challenges of the past year we maintained our focus on the objectives of our Corporate Plan strategy. A key pillar of the plan is growth through acquisitions. Following a number of acquisitions last year, we completed the purchase of 3D Marine through Brookes Bell in January 2021. 3D Marine is a technical consultancy based in Houston, specialising in all aspects of marine transportation. The acquisition supports our strategy for Brookes Bell to grow its global footprint.

Impact of COVID-19

The impact of COVID-19 on the global economy, our ways of working, and our business is going to reverberate for many years. At an operational level, we adapted quickly and decisively by switching to remote working across our entire office network. We created our Crisis Management Team to co-ordinate and oversee strategy in a rapidly changing situation. Our IT, technology and communications systems were put under considerable pressure as every part of the Group around the world shifted to remote working simultaneously. Nobody envisaged a scenario like this before, making it all the more impressive that our systems stood up to the challenge and we were able to maintain our service levels.

There is, of course, no substitute for face-to-face meetings (and the occasional lunch or dinner!) to maintain those all-important business relationships, but we have found ways to maintain contact through a myriad of virtual platforms. However, like everyone else, we now all yearn for an end to the restrictions and a return to something approaching normality. There is a limit to the number of meetings, catch-ups with colleagues and Zoom drinks that the spirit can bear and we look forward to reconnecting in person when it is both safe and permissible to do so.

Beyond the Pandemic

We began last year thinking that Brexit would be the biggest challenge for us and our partners. While we ended 2020 with a UK-EU trade deal in place, we have yet to see whether a deal on financial services can be reached. Thankfully, the steps we took to establish insurance companies and offices in the Netherlands, Cyprus and Germany has meant that we have been able to offer seamless cover and service for our EEA clients and the members of the Clubs. This comes with an increased regulatory burden which is unlikely to change whatever the nature of the deal that is eventually reached.

I also feel that 2020 will be seen as the point when the climate crisis ceased to be a theoretical risk even for the hardened sceptic. Thomas Miller is taking climate change seriously, not least because it is a key issue for our commercial clients and the Clubs and their members.

We will continue to ensure that the Clubs we manage keep pace with the emerging industry response. Compared to our Clubs and their members, the climate impact of Thomas Miller itself is relatively modest but we aim to minimise our own environmental footprint and adopt a Sustainability agenda that will dovetail with the activities already taking place within the Clubs. I have no doubt that dealing with the impact of climate change will be a major focus for the firm and our clients in future years.

Looking Ahead

It would be all too easy to succumb to despondency and exhaustion following the trials and tribulations of the past year, but our performance demonstrates that Thomas Miller can continue to thrive even in the most trying circumstances.

As I reflect on the twelve years that it has been my honour to chair Thomas Miller, I am very confident that the firm is well positioned to succeed and prosper whatever the nature of the post-pandemic world.

Hugo Wynn-Williams
Chairman
Thomas Miller Holdings
6 May 2021

Leading the way with Brookes Bell

Despite the general backdrop of adversity caused by the pandemic, throughout 2020 Brookes Bell continued the global expansion of its services and technical expertise offered to clients.

In the last few years Brookes Bell has made several acquisitions including Associated Petroleum Consultants (APC). With over 30 years' experience in the investigation of disputes and claims arising from the various technical aspects in the quantity and quality control of bulk liquid oil transport, the addition of APC's specialist knowledge and expertise in petroleum and related fields have significantly enhanced Brookes Bell's already comprehensive range of services.

The development and completion of an 8,000 square foot laboratory and technology centre in January 2021 now offers its clients an even greater service and enhanced skill set, with advanced testing and inspection facilities, a modern laboratory, engineering workshop space, flexible training facilities and offices.

Brookes Bell Laboratory

Chief Executive's Statement and Review of the Year

The last year has been a unique challenge for every individual, family, and business around the globe, and the Thomas Miller Group is no different. In our case, we were fortunate to enter 2020 in a strong position, both financially and strategically, and following on from an impressive performance in 2019.

We have consistently delivered on the agreed focus of the Corporate Plan, notably growing our Specialty Division

Looking back at 2020, key themes are evident: strong performance across the business and the robust foundations of the Group.

The economic outlook for the current year and beyond will remain challenging, with the hardening reinsurance environment impacting the Clubs we manage and indications that primary rates are also hardening, with Club-specific consequences. The variability of the global economic recovery from the pandemic will affect different markets in different ways. A generally subdued response will inevitably reduce activity in the transport markets, with further effects on our partners and business, although thus far we tend to be seeing consequential low levels of attritional claims.

The Group enjoys a strong overall balance sheet and enviable financial flexibility as we pursue our Corporate Plan. We can call on a cash generative business model and an enhanced Revolving Credit Facility from HSBC.

Following a strong performance for the 2020 year, in which we have:

- Not furloughed any of our employees,
- paid normal bonuses and salary increase,
- made the agreed payments in to our various pension funds,
- improved our operational profitability,
- achieved our base Corporate Plan profit target,
- remained debt free, and most importantly
- delivered service to our clients at the level they expect, despite the constraints of largely working from home.

The Board has determined to continue our Progressive Dividend policy and pay a final dividend in June of 24 pence per share to those shareholders on the register at 31 May 2021. With interim dividends of 12.5 pence in each of November and March this makes a total dividend from the results of 2020 of 49 pence, compare to 47 pence last year.

Sadly, we have not been immune to the impact of the financial markets' volatility, which is a factor in the reduction of our share price, from £11.80 to £11.00 and has meant that the Financial Year's shareholder return – taking into account 49 pence of dividends – has been negative by 2.6%, compared to last year's positive 20% return. We hope to return to positive territory in the current year.

Business Performance

Mutual Clubs

Across our core mutual engine, we are seeing very strong performance and the benefits of new fee agreements concluded with most of the Clubs. A new fee was agreed with UK War Risks in January 2021 and we are working to reach an agreement shortly with Hellenic War Risks.

The strong performance by the mutuals has been driven by the transport Clubs, notably the TT Club. Through 2020, TT turned in one of its strongest performances in recent years. The Club posted a surplus on the back of good underwriting, strong claims performance, an 85.2% Combined Ratio and a 3% investment return (a bounce back from the 2% loss seen in early 2020). In consequence, the financial surplus-driven management fee delivered a record £8 million profit.

Our management of the UK P&I Club saw profits grow slightly on 2019, reflecting the incentive fee award and good cost control.

ITIM also posted another good year. This performance is based on strong premium growth and investment returns which, with a low Club combined ratio, ensured that ITIM achieved its full Combined Ratio incentive fee. The ITIC board has nominated Tom Irving as successor to Stuart Munro as the Club Manager and Club CEO later this year. Stuart's tenure has seen ITIC grow very successfully, while generating increasing financial surpluses (returned via the Club's Continuity Credit programme).

Profits at the PI Division dipped slightly during 2020. This still represents reliable and steady cash generation, especially when factoring in the loss of SIMIA and the decline of HAMIA. New ventures in the PI Division should offset these losses in future years, including the establishment of PAMIA in Canada in 2022.

Specialty Division

Our Specialty Division now encompasses a breadth of businesses, the existing activities in Specialty Marine and Offshore being joined by BLP – now renamed TMS Construction - , TheJudge, Captives and OPDU. The Division overall has improved its financial performance, benefiting from a full year's contribution from TheJudge.

TheJudge generated a £2.8 million profit in 2020, a commendable performance considering the significant disruption to the legal system imposed by COVID-19, and in line with the forecasts that backed our share purchase at the end of 2019. In the previous year there was a £3.3 million remeasurement gain associated with the revaluation of our stake, following our purchase of the remaining 76% we did not own.

Within the overall Specialty Division results, it is encouraging that the core Marine and Offshore business has moved into profit. In particular, the Offshore business has seen a strong increase in Gross Written Premium. The Offshore team has built its premium base remarkably well since the team was brought on board in 2016.

OPDU, ATE and Litigation Funding through Thomas Miller Legal showed increased business during 2020. However, parting company with BLP's carrier entailed a restructure of the organisation and a write-down on some of the software costs associated with products related to the previous carrier. A new carrier for TMS Construction is in the process of appointment as I write this report, and the previous business is in run-off.

Our German Marine Specialty operations recorded losses on the year due to re-underwriting the book and a need to restructure the business' cost base.

Professional Services Division

The Professional Services Division incurred a worse than forecast performance, recording a loss of £1.3 million, down from a £200,000 loss in 2019. Brookes Bell was the business most affected by COVID-19, as travel restrictions have severely reduced the team's ability to undertake their work. Performance picked up in late 2020 but could not recover the losses seen earlier in the year. In a more positive vein, we have seen high levels of business in the first part of 2021 for the Brookes Bell offices in locations emerging first from pandemic restrictions, such as Shanghai.

Thomas Miller Claims Management delivered an encouraging profit on strong revenues. The claims business has seen cruise line income hold up better than expected, with a steady flow of COVID-19 PCR tests arranged for cruise and offshore firms supporting its income streams. Law income has been improved through attracting new clients as well as referrals through other Thomas Miller entities.

Investments

We realised higher than expected deferred payments during 2020 from the sale in 2019 of TMI's Private Wealth businesses which, despite the volatile market conditions from COVID-19, exceeded forecasts, helping the Investment Division deliver profits of £1.5 million. There maybe further payments due in early 2022 from the sale of the Isle of Man part of the business.

Balance Sheet

Our underlying Group cash position at year-end was lower in 2020 than the previous year. This was largely caused by a one-off inflation of the 2019 cash number following a pre-payment from one Club intended for the UK Defined Benefit scheme made before the year-end, and not paid on by Thomas Miller until the start of 2020.

As signaled in previous reports, we had to bear the cost during 2020 of the early closure of the Long-Term Incentive Plan (LTIP) for executives. The 2020 cost was higher than the £890,000 expected when we closed the 2019 year. This was due to the share price at 1st June 2020, which at £11.20 was considerably higher than we anticipated during the depressed financial markets in early 2019. Having made our calculations of the cost of closure on the expectation of a lower share price (the number of Restricted Shares awarded remained unchanged), we had to reflect the higher price in the final accounting, an additional £620,000.

Pensions

Managing our Group-wide pension risk profile is an important part of maintaining a strong, sustainable base for the business. We benefitted this year from a good investment return combined with £12 million contributions into the three schemes from the business. This offset a reduction in the discount rate to deliver an accounting surplus of £15.6 million, up from £7.8 million.

As Hugo describes in his Chairman's statement, we have completed the UK Scheme's triennial pension valuation and we are ahead of where we expected to be. If the fund continues to perform to plan, the UK Defined Benefit Scheme will exit its Recovery Period in March 2023, ahead of the initial December 2023 projection. This will not mean the scheme will be completely risk free from that point but it will be in a stronger position, able to rely on investment income to reach Self-Sufficiency, according to actuarial forecasts, by 2034.

The US Defined Benefit scheme will close during early 2021 and this, together with the anticipated closure of the Bermuda scheme around the middle of the year, will – with the UK valuation – reduce volatility and put our pension position on a significantly more stable footing.

I would like to take a moment to thank Bob Grainger for his work as Pensions Trustee Board Chairman. Bob joined the Trustee Board of the Retirement Benefits Scheme in 2001, becoming Chairman in 2016. I wish Bob a very happy retirement.

Corporate Plan

We have continued to deliver our Corporate Plan through 2020 despite the disruption caused by the pandemic. We have consistently delivered on the agreed focus of the Plan, notably growing our Specialty Division by

Chief Executive's Statement and Review of the Year (continued)

integrating the teams from Hanseatic, Navigators, and Lodestar into a cohesive provider of fixed premium marine insurance, while continuing to grow our Offshore and Energy lines. We have enhanced our claims management and technical services offering through the acquisition of APC and 3D Marine, while investing in Brookes Bell, with the latter's new lab opening in early 2021.

Looking ahead, the Plan is being refreshed as I write this report, and we aim to launch the revised version in the Summer.

Governance

Our Governance structure provides our leadership team with unrivalled access to expertise from across and beyond our key markets. The Thomas Miller Group non-executive director cadre is drawn from a breadth of sectors but each with enviable track records and years of experience. Our current non-executives encompass professional knowledge across corporate finance, London market insurance, pensions, investment management, risk management, and governance.

International Reach

The global footprint of Thomas Miller Group businesses means we have stood witness to the changing and variable responses to the COVID-19 pandemic. Different countries and territories have taken different political approaches to managing and combatting the coronavirus and our staff across the world have had to handle this with resilience and fortitude. I am grateful to every individual and every team for continuing to deliver excellent service to our Members, customers, and partners, regardless of the prevailing local working conditions. I would like to pay particular tribute to the teams that keep our networks and our vital core systems running to enable us all to keep going from wherever we happen to be working.

We all look forward to the pandemic easing in the coming months, but we recognise that its impact will be long-lasting. At the Thomas Miller Group, we can take heart from the knowledge that our people and business were able to respond so well to the challenges of 2020, and we have the strength to thrive in the coming years.

Finally, as most of you know, Hugo will be standing down as Chairman after this year's AGM and I'd like to thank him on behalf of all the Board and all our stakeholders not only for his 12 years as Chairman but also his total 43 years' service to Thomas Miller as Executive, Partner, CEO of P&I and Group Chairman. His breadth of experience and contacts is unrivalled within Thomas Miller, and has meant that his contribution over the years is without equal. Although he continues as CEO of the UK Club's new Netherlands subsidiary, and retains a Presidential consultancy role, we shall miss his day to day presence, advice and guidance.

Bruce Kesterton
Chief Executive Officer
6 May 2021

Review of the Year

Adjusted Operating Profit

Adjusted operating profit	2020 £'000	2019 £'000
Transport division	17,089	13,745
Professional Indemnity division	604	686
Investments division	610	(485)
Specialty division	692	(1,448)
Professional Services division	(1,335)	460
Other	(4,736)	(6,108)
Total	**12,924**	**6,850**
Other gains (note 9)	854	3,267
Profit on sale of discontinued operations	–	11,511
Total	**13,778**	**21,628**
Adjustments		
Long-Term Share Acquisition Plan ("LTSAP") cost based on financial performance (see note 28 for description of "LTSAP")	(1,191)	(2,795)
Adjustment for defined benefit schemes' contributions and other pension costs included within management fee charges	6,732	6,624
International Accounting Standard ("IAS") 19 net finance costs including any gains on curtailment and liability management exercise (note 31)	244	126
Total adjustments	5,785	3,955
Profit on ordinary activities before taxation, including discontinued operations	**19,563**	**25,583**

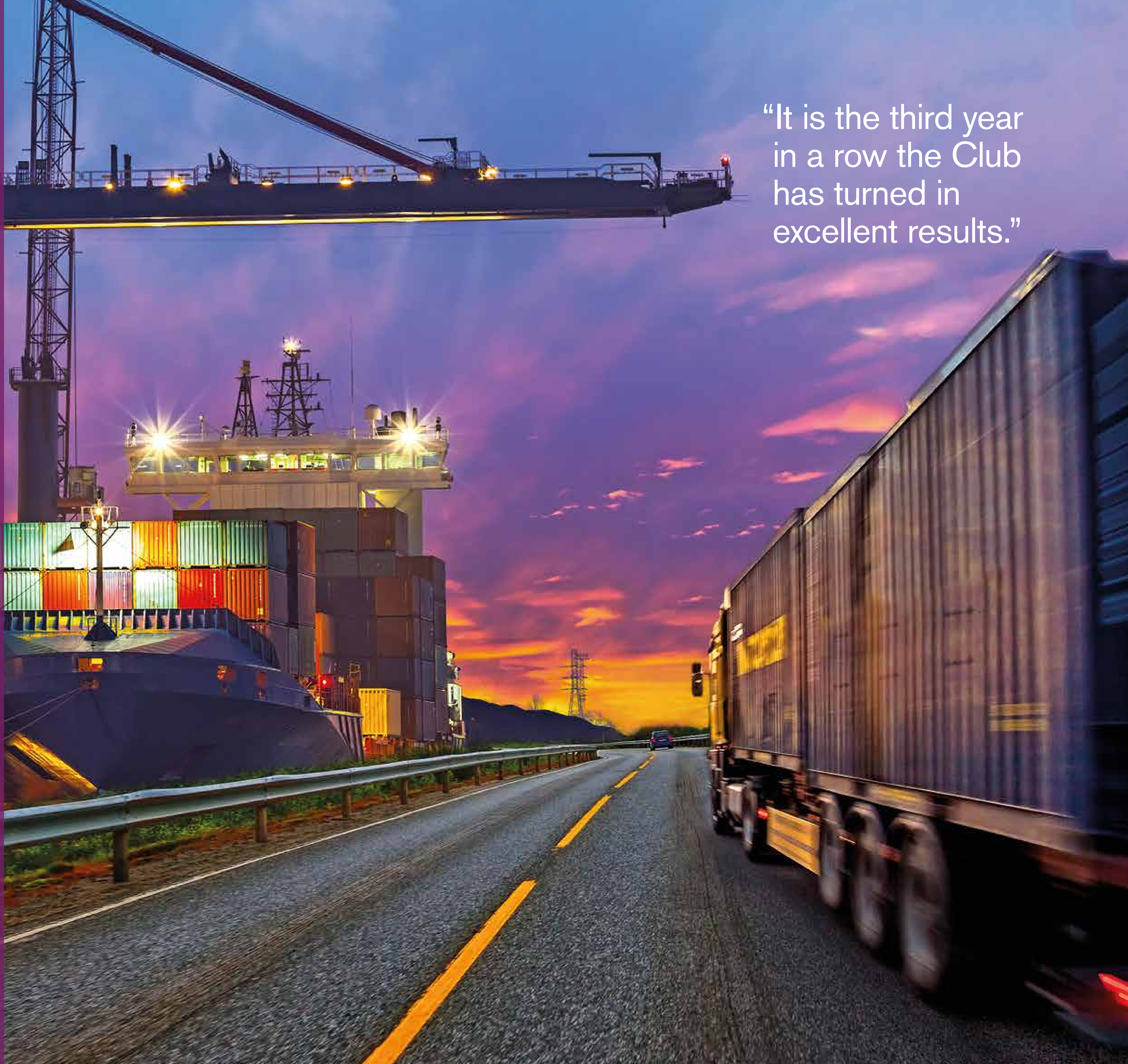
TT Club – Focusing on Service

The TT Club delivered another very good result in 2020, despite the worldwide restrictions imposed by COVID-19.

It is the third year in a row the Club has turned in excellent results. The Club continues to raise the bar in its segment of the transport markets for providing Members with high-quality, tailor-made cover and loss prevention services. Perhaps the major reason for this is that as a mutual, the Club is truly a service led organisation.

TT Club exists to help its Members handle claims made against them, to assist them in improving the risk profile of their operations, and to provide insurance cover to help them manage their finances. The Club aims to provide its Membership with cover at a sustainable price based solely on the exposure and claims they bring to the Club. Many Members are seeing the benefit of this at a time when insurance markets are reportedly in a "hard" phase.

While practically speaking the Club has to produce a level of surplus to meet the requirements of its regulator and rating agency, it does not target profit in the same way that non-mutual insurers do. So at a time when double digit increases in renewal terms are being offered by other insurers, the Club's focus on maintaining a sustainable price is reassuring to Members.



> "It is the third year in a row the Club has turned in excellent results."

A Digital Communications Revolution

The UK P&I Club's loss prevention team has long been proud of its outreach and service to Members, particularly our frequent face-to-face engagement with shore staff and seafarers.

COVID-19 restrictions meant the Club had to completely rethink its strategy for connecting with Members. 2020 brought about a digital communications revolution for the Club, introducing a variety of online tools and digital media to connect with Members and seafarers.

One of the most popular initiatives in 2020 has been a monthly webinar series aimed at Members and crew and targeting a different topic each month. To date over 14,000 Members, Brokers and members of the shipping community have taken part with registrants from 58 countries, reflecting the growing global appeal and reach of these events.

UKP&I

Corporate Governance Report

Corporate Governance Report

Board composition and balance

The Board comprises the Executive Chairman, three independent non-executive directors, one representative director and four other executive directors and it is responsible for the long-term success of the Company.

The Board is ultimately responsible for the Company's strategic aims and its long-term prosperity, an objective achieved by ensuring that the right financial resources and people are in place.

The Board carries out its role by:

- monitoring performance against Corporate Plan;
- ensuring that the risks to the achievement of the objectives set out in the Corporate Plan are identified and appropriately managed;
- monitoring the Company's and business operations worldwide;
- providing input into and approval of the Corporate strategy and performance objectives;
- approving budgets and monitoring progress against those budgets;
- reviewing and ratifying the Company's system of governance, internal controls and the work of the compliance, risk management and internal audit functions; and
- appointing and removing, where appropriate, the senior executives of the Company.

The Board, through its meetings or those of its various committees, regularly reviews all aspects of the Company, including major commercial decisions, client relationships, operations, financial performance, employee matters, group policies, compliance, risk management and internal audit. This ensures that the Board is able to direct the management of the Company to the best of its ability.

The Board has delegated to the Thomas Miller Executive Committee the responsibility for assisting the Chief Executive in running the business and in overseeing the performance and delivery of the Group with a focus on the implementation of strategy, operational plans, policies, procedures and budgets via;

- managing the Company's day-to-day operations;
- developing the Company's annual budget and recommending it to the Board for approval; and
- managing the day-to-day operations within the budget.

There is a clear division of responsibilities on the Board. The executive directors are responsible for running the Company and the non-executive directors are responsible for exercising independent and objective judgement by constructively challenging proposals and recommendations made to the Board.

Hugo Wynn-Williams and from the end of June 2021, Charles Fenton, Executive Chairman of Thomas Miller, is responsible for:

- leadership of the Board, ensuring its effectiveness on all aspects of the Board's role;
- setting the Board agenda and ensuring that the directors receive accurate, timely and clear information;
- oversight of the Company's affairs and of its strategy;
- facilitating openness and debate between the executive and non-executive directors;
- ensuring effective communication between the Company and its stakeholders; and
- succession planning and the composition of the Board.

Bruce Kesterton, as the Chief Executive Officer of Thomas Miller, is responsible for:

- overseeing the performance and delivery of the Group's objectives;
- the day-to-day management of the Group;
- development and implementation of Company strategy and the Corporate Plan, including the Business Plan; and
- specific responsibility for new business initiatives.

Paul Trickett is the Senior Independent Non-Executive Director who acts as a sounding board for the Chairman and an intermediary for the other directors, where necessary. Paul has also become Chairman of the Thomas Miller Defined Benefits Pension Scheme. He is also an additional point of contact for shareholders, if they have any reason for concern and where contact through the normal channel of the Chairman has failed to resolve the concern or for which contact is inappropriate.

All directors, whether executive or non-executive, have unrestricted access to the Company Secretary and senior management within the Group on any matter of concern to them, in respect of their duties. In addition, there is an induction programme in place for new Thomas Miller Holdings directors which includes meetings with senior personnel in Thomas Miller and also a comprehensive Directors' Guide which is provided on appointment.

The Group has purchased and maintains throughout the year, directors' and officers' liability insurance. All the non-executive directors, with the exception of the Representative Director, are considered by the Board to be independent of the management and free from any business or other relationship that could materially interfere with the exercise of their judgement.

The Board has maintained procedures whereby potential conflicts of interest are reviewed regularly. The Board has considered the other appointments held by directors, and considers that the Chairman and each of the directors are able to devote sufficient time to fulfil the duties required of them under the terms of their service agreements or letters of appointment. The Board has delegated certain responsibilities to the Audit Committee, Risk Committee and Remuneration and Nominations Committee, which report back to the Board and are further described below. The Thomas Miller Executive Committee is formed of executive directors and executives from the various businesses and from the functions within central services, and this committee meets on a regular basis to consider business and operational matters.

Board performance and evaluation

The performance of individual executive directors is reviewed annually. The Remuneration and Nominations Committee considers the contribution of each of the executive directors. The Board is responsible for the Company's systems of internal control, which consists of the internal audit, compliance and risk management functions along with various control systems and procedures within Thomas Miller itself and in each of the Company's managed or owned businesses. The Board continues to take steps to further embed internal control, compliance and risk management into the operations of the Company and monitor and review matters which come to management's and the Board's attention.

Thomas Miller Executive Committee

The Thomas Miller Executive Committee's main objective is to assist the Chief Executive in running the business via overseeing the performance and delivery of the group's plans with a focus on strategic leadership, management and direction and on ensuring effective prioritisation. The Thomas Miller Executive Committee is chaired by Bruce Kesterton and includes all the executive directors on the Board of Thomas Miller Holdings Ltd. along with senior executives from the managers of the main Clubs and businesses within the Group as well as representatives from central services.

Set out to the right is a table showing Director attendance at Board and Committee meetings in 2020

	Board	Audit	Risk	Remuneration and Nominations
Hugo Wynn-Williams	11/11	4/4	4/4	n/a
Bruce Kesterton	11/11	4/4	4/4	n/a
Bob Cowdell	10/11	4/4	3/4	3/4
Charles Fenton	11/11	3/4	3/4	n/a
Jonathan Goldthorpe	11/11	4/4	4/4	n/a
Alan Grant	10/11	4/4	4/4	4/4
Andrew Taylor	11/11	4/4	4/4	n/a
Paul Trickett	11/11	4/4	4/4	4/4
Paul Wogan	10/11	n/a	n/a	n/a

Corporate Governance Report (continued)

Remuneration and Nominations Committee ("RNC")

The Remuneration and Nominations Committee is chaired by Paul Trickett, the Senior Independent Director. The only members of the RNC are the independent non-executive directors of Thomas Miller Holdings Ltd. The RNC has delegated authority from the Board to determine and, as appropriate, make recommendations to the Board about the remuneration policy for executive directors and other senior executives who are members of the LTSAP, including salary, benefits and bonus levels and the design and application of share schemes. In addition, RNC responsibilities include: making recommendations for new appointments to the Board (including non-executive appointments), and ensuring a succession contingency plan is in place for all Thomas Miller Holdings Ltd. directors and LTSAP members.

Audit Committee

The Audit Committee is chaired by Bob Cowdell and all independent non-executive directors of Thomas Miller Holdings Ltd. are members of the Committee. The responsibilities of the Audit Committee include making recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting ("AGM"), in relation to the appointment, reappointment and removal of the Company's external auditor and recommending the appointment of the head of Internal Audit. The Audit Committee oversees the selection process for a new external auditor and, if an auditor resigns, the Audit Committee shall investigate the issues leading to this and decide whether any action is required and report the results of their investigation to the Board. The Audit Committee confirms to the Board that appropriate consideration has been given to any failings or weaknesses in the systems of internal control of which it is aware. This includes, where appropriate, overseeing the development of remediation plans and programmes that it considers to be reasonable and proportionate in the circumstances.

The Audit Committee also reviews the Annual Financial Statements and meets with both the external auditors and Head of Internal Audit privately at least once a year. Both the external auditors and Head of Internal Audit have unfettered access to the Audit Committee at any time. The external auditor's reports to the Audit Committee include its views as to the key risks facing the Group from an external audit perspective, and how its audit approach seeks to address these.

The Audit Committee also receives and considers reports from the external auditor detailing any control deficiencies identified during the course of their work. The Audit Committee monitors the independence of external auditors, has established a policy for non-audit services to be provided by the auditors and assesses performance of the auditors annually.

An Internal Audit function operates within the Group. The team is managed and led by the Group Internal Audit Director who reports functionally to the Audit Committee via the Chairman, and administratively to the Chief Executive Officer. The Audit Committee receives regular reports summarising the results of all audits performed across the Group, together with a schedule of outstanding audit issues. The Audit Committee also receives regular updates on progress against the internal audit plan. The Internal Audit function is responsible for auditing the Group's owned and managed businesses worldwide.

The annual internal audit plan is approved by the Audit Committee at the beginning of the year and is subject to ongoing review and revision as required, throughout the year. The audit plan is focused around the principal risks facing the Group and each of its businesses. Internal Audit also conducts audits of the businesses managed by Thomas Miller and in respect of these, reports also to the Audit Committees of those businesses. Internal Audit uses a combination of in-house and external, sub-contracted resources, in particular where specialist technical expertise is required to conduct specific audits. Internal Audit's effectiveness is reviewed annually by the Audit Committee. Certain subsidiary companies and businesses operate in overseas markets and are subject to local regulatory requirements. These requirements are taken into consideration when developing the annual audit plan.

Risk Committee

The Risk Committee is chaired by Alan Grant and all directors of Thomas Miller Holdings Ltd. are members of the Committee with the exception of the Non-Executive Representative Director. There is an ongoing process for identifying, evaluating and managing the significant risks the Group and the businesses owned and managed by the Group face. These risks include strategic, operational, legal, regulatory, reputation and financial risks. The Group's risk management processes are designed to manage the risk of the Company failing to achieve its business objectives, and can only provide reasonable, but not absolute, assurance against loss. The Group's risk and compliance obligations are overseen by the Group Risk and Compliance Director.

The regulated entities managed or owned within the Group have risk and compliance resources allocated to each of them. Regulatory and compliance issues are reported to the various regulated Boards or Committees of the businesses within the Group. The Group's risk management systems are subject to continuous development and enhancement. The controls and processes are overseen by the Group Chief Executive Officer and the Group Risk and Compliance Director in conjunction with the Risk and Audit Committees. The Group's compliance and risk management processes and systems are designed to ensure that management and the Company's various businesses regularly review the risks and controls in their risk registers, and that any outstanding risk mitigation actions are tracked and delivered in a timely manner. Resourcing in both risk management and compliance is reviewed on a regular basis and continues to be enhanced where it is considered appropriate. The Board, through the Risk Committee, receives and reviews the Thomas Miller Holdings Risk Register at each Committee meeting. This sets out the principal risks facing the Company and the risk mitigation actions, controls and processes by which they are managed. Business continuity planning arrangements have been developed and are regularly tested to enable businesses and key offices around the world to have a business continuity capability.

The Group's business continuity planning and crisis response arrangements have been developed over a number of years and are regularly tested. It was as part of these arrangements that the Group's Crisis Management Team ("CMT") was invoked in late January 2020 to manage the safety of our employees and the continuity of our operations in Asia as the COVID-19 pandemic emerged. Since that time the CMT, Chaired by the Group Risk and Compliance Director and comprised of the senior operational, Information Technology and Human Resources leadership team members, has managed all aspects of the Group's response to the pandemic and ensured that its impact on our people and the services we provide to our clients has been mitigated as far practically possible.

Relationship with shareholders

The Group values dialogue with its shareholders. The Company communicates with shareholders through the annual report, the half year letter to shareholders and the AGM. The Twenty-First AGM was held virtually in 2020 and appropriate Notice and related papers were issued to shareholders at least 21 days before the date of the AGM to ensure that shareholders had sufficient time to consider the items of business. It is envisaged that a similar 'Virtual' event is likely to take place for the Twenty-Second AGM scheduled to take place on 29 June, 2021. At every AGM separate resolutions are proposed for each item of business and the make-up of the proxy votes cast in respect of each resolution is announced as each resolution is considered. Shareholders can vote by completing and returning a proxy form or by attending (if there is no social distancing in place) and voting in person. Voting at the AGM is conducted by way of a show of hands combined with the proxy votes, unless a poll is demanded.

Governance arrangements are constantly monitored and considered by Thomas Miller Holdings Board.

Thomas Miller Holdings Ltd.

Directors' Responsibilities Statement

Directors' Responsibilities Statement

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

Thomas Miller Holdings Ltd. is a company incorporated in Bermuda, registration number EC26282.

The company is also registered as an overseas company in the United Kingdom, registration number FC021864.

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

Bermudian regulations permit financial statements to be prepared under any recognised accounting standards. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The company financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. 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 IFRSs as adopted by the European Union have been followed; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006 as applicable to overseas companies. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 ought to have taken as a director in order to make himself 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.

By order of the board

K P Halpenny
Company Secretary
6 May 2021

Independent Auditor's Report to the Members of Thomas Miller Holdings Ltd.

Opinion

In our opinion:

- the financial statements of Thomas Miller Holdings Ltd. (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements 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
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 36.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 [and IFRSs as issued by the IASB]. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 group and the parent 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 group's and parent 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.

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 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.

Independent Auditor's Report to the Members of Thomas Miller Holdings Ltd. (continued)

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 group's and the parent 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 group or the parent 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 group's industry and its control environment, and reviewed the group'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.

We obtained an understanding of the legal and regulatory framework that the group 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 group'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 and reviewing internal audit reports.

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 group and of the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

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.

Deloitte LLP
Statutory Auditor
London, United Kingdom
6 May 2021

Corporate Social Responsibility

Thinking ahead. Looking Forward and building a sustainable and responsible business.

From supporting our communities to minimising our carbon footprint, Thomas Miller's goal is to ensure we build a sustainable and responsible business and be good corporate citizens.

Thomas Miller is committed to Corporate Social Responsibility (CSR) and through our Be the Difference programme it is embedded into our policies and practice. Thomas Miller integrates sustainable social, ethical and environmental considerations into our operations with a long-term view of managing the wider environment and our social footprint. Sustainability remains a core item on our agenda and Thomas Miller is continuing to develop its sustainability aspirations.

Be The Difference provides a framework that enables our employees to develop and grow as individuals, hone their professional skills and ensure they can Be The Difference.

At the same time it provides the opportunity for our people to play their part in the wider community. This is much more than just charitable giving, although that is an important element. It goes to the heart of how we treat people, our participation in the communities where we work and our impact on the environment around us. It is, therefore, an essential part of our DNA.

Values

It is important for Thomas Miller to build trust in the way we operate, tackling issues with bright ideas for our customers, our communities and our environment. Thomas Miller's success is founded on four key values: Service Excellence, being Supportive, being Inventive and Integrity.

People

We employ over 800 people worldwide across 17 different businesses. Engaging our people through creating an inclusive, diverse and healthy workforce with equal opportunities for all. We are committed to attracting, developing and retaining talented people who put our clients at the heart of everything we do.

Environment

Thomas Miller continues to invest in energy and carbon saving opportunities. The Company also takes several measures to protect the natural environment.

During the 2020 reporting year, Thomas Miller took advantage of a number of energy saving opportunities at its London office.

The Company:

- replaced over 60% of the office lighting with energy efficient LED lighting;
- replaced the air conditioning unit in the Data Centre with a new energy efficient system;
- adjusted the building temperature to 21°C to maximise overall energy efficiency;
- reduced the plant run time in line with a reduced occupancy profile during the COVID-19 pandemic.

Wellbeing at Thomas Miller

When Thomas Miller launched its Group-wide wellbeing programme in January 2020, we could not have foreseen what a challenging year 2020 would prove to be.

At Thomas Miller we recognise that our people are our biggest asset and during the COVID-19 pandemic our employees' wellbeing has taken centre stage.

Thomas Miller's wellbeing programme focuses on four main pillars; Physical, Mental, Social and Financial. Throughout the year Thomas Miller has been adding to the toolkit of resources available for employees, from in house Mental Health First Aiders to a worldwide Employee Assistance Programme, Thomas Miller has been actively working to build a virtual community that supports employees and their families.

During 2020 Thomas Miller recognised our employees who went above and beyond to 'Be the Difference' through a Be The Difference Award. The award recognised those employees who have gone above and beyond to display kindness and compassion. The awards carried with them a charitable donation to a charity of the employees' choice. We received an exceptional number of nominations, sharing stories of the incredible efforts of people at Thomas Miller.

Our Accounts

Accounts

Consolidated Income Statement for the year ended 31 December 2020

Continuing operations	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Revenue	3		155,376		147,315
Administrative expenses			(136,285)		(135,864)
Group operating profit	4		19,091		11,451
Profit on sale of discontinued operations	18		–		11,511
Profit on ordinary activities before interest and taxation			19,091		22,962
Finance income	7	358		980	
Finance costs	8	(777)		(1,361)	
			(419)		(381)
Amounts written off investments	17		–		(530)
Other gains and losses	9		858		3,267
Share of operating profit of associates	17		32		213
Profit on ordinary activities before taxation			19,562		25,531
Income tax	10, 11		(3,862)		(2,633)
Profit on ordinary activities after taxation			15,700		22,898
Profit for the year from continuing operations			15,700		22,898
Discontinued operations					
Profit for the year from discontinued operations			–		52
Profit for the financial year			15,700		22,950
From continuing operations:					
Basic earnings per ordinary share	14		141.6p		210.4p
Diluted earnings per ordinary share	14		140.0p		208.3p
From continuing and discontinued operations:					
Basic earnings per ordinary share	14		141.6p		210.9p
Diluted earnings per ordinary share	14		140.0p		208.8p

The notes on pages 42 to 87 form an integral part of these financial statements.

Accounts

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Profit for the financial year		15,700	22,950
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit liability	31	(3,860)	(4,213)
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	1,091	818
		(2,769)	(3,395)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency net investments		(363)	(254)
Income tax relating to items that may be reclassified subsequently to profit or loss	11	–	(27)
		(363)	(281)
Other comprehensive expense for the year net of income tax		(3,132)	(3,676)
Total comprehensive income for the year		12,568	19,274

All amounts derive from continuing operations unless otherwise stated.
The notes on pages 42 to 87 form an integral part of these financial statements.

Accounts

Consolidated Balance Sheet as at 31 December 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Non-current assets					
Intangible assets	15		17,832		19,054
Property, plant and equipment	16		13,379		7,928
Right of use assets	27		16,430		17,856
Investments – interests in associates	17		140		120
Investments – other investments	17		401		403
Trade and other receivables	20		4,462		3,277
Deferred tax assets	20, 21		1,299		1,564
Derivative financial instruments	30		12		113
			53,955		50,315
Retirement benefits and similar assets	31		15,584		7,769
Current assets					
Investments	19	1,774		2,478	
Trade and other receivables	20	64,650		66,402	
Derivative financial instruments	30	192		143	
Cash at bank and in hand	33	62,097		72,832	
		128,713		141,855	
Current liabilities					
Trade and other payables	22	(112,650)		(116,413)	
Current tax liabilities	22	(473)		(3,401)	
Derivative financial instruments	22, 30	–		(96)	
Lease liabilities	27	(5,732)		(5,202)	
		(118,855)		(125,112)	
Net current assets			9,859		16,743
Non-current liabilities					
Deferred tax liabilities	21, 22	(2,611)		(766)	
Lease liabilities	27	(14,688)		(17,846)	
Provisions for liabilities and charges	23	(2,731)		(1,410)	
Retirement benefits and similar obligations	31	(3,368)		(4,479)	
			(23,398)		(24,501)
Net assets			55,999		50,326
Equity					
Called up share capital	24		1,398		1,403
Share premium account			3,586		4,185
Retained earnings			66,877		61,960
Capital redemption reserve			20		20
Own shares held by Employee Benefit Trusts ("EBTs")	26		(15,882)		(17,242)
Total equity			55,999		50,326

The financial statements of Thomas Miller Holdings Ltd. (registered number FC021864) were approved by the board of directors and authorised for issue on 6 May 2021 and signed on its behalf by:

H J Wynn-Williams Director

B M Kesterton Director

The notes on pages 42 to 87 form an integral part of these financial statements.

Accounts

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

Equity attributable to equity holders of the company

Group	Share capital £'000	Share premium account £'000	Retained earnings £'000	Capital redemption reserve £'000	Own shares held by EBTs £'000	2020 Total equity £'000	2019 Total equity £'000
Opening shareholders' funds / (deficits)	1,403	4,185	61,960	20	(17,242)	50,326	34,841
Prior year adjustment (note 1.1)	–	–	–	–	–	–	2,024
Opening shareholders' funds / (deficits) as restated	1,403	4,185	61,960	20	(17,242)	50,326	36,865
Profit for the financial year	–	–	15,700	–	–	15,700	22,950
Dividends paid	–	–	(5,183)	–	–	(5,183)	(8,313)
Currency translation differences on foreign currency net investments	–	–	(363)	–	–	(363)	(254)
Deferred tax debit attributable to currency differences on foreign currency net investments	–	–	–	–	–	–	(27)
Acquisition of non-controlling interests	–	–	–	–	–	–	(2)
Purchase of own shares	(5)	(599)	–	–	–	(604)	(8)
Equity settled share based (receipts) / payments	–	–	(360)	–	–	(360)	1,298
Current tax on share based payment transactions	–	–	24	–	–	24	25
Deferred tax on share based payment transactions	–	–	(35)	–	–	(35)	16
Acquisition of own shares by EBTs	–	–	–	–	(4,353)	(4,353)	(4,194)
Value of shares awarded to employees	–	–	–	–	1,911	1,911	2,523
Net loss on shares awarded to employees	–	–	(2,097)	–	2,097	–	–
Proceeds on disposal of EBT shares	–	–	–	–	1,705	1,705	2,842
Actuarial loss relating to the pension deficit net of current and deferred tax	–	–	(2,769)	–	–	(2,769)	(3,395)
Net (reduction) / addition to shareholders' funds	(5)	(599)	4,916	–	1,360	5,672	13,461
Closing shareholders' funds / (deficit)	1,398	3,586	66,876	20	(15,882)	55,999	50,326

Company	Share capital £'000	Share premium account £'000	Retained earnings £'000	Capital redemption reserve £'000	2020 Total £'000	2019 Total £'000
Opening shareholders' funds	1,403	4,185	25,248	20	30,856	26,592
Profit for the financial year	–	–	11,013	–	11,013	11,246
Dividends paid	–	–	(5,183)	–	(5,183)	(8,272)
Purchase of own shares	(5)	(599)	–	–	(604)	(8)
Equity settled share based payments	–	–	(360)	–	(360)	1,298
Net (reduction) / addition to shareholders' funds	(5)	(599)	5,470	–	4,866	4,264
Closing shareholders' funds	1,398	3,586	30,718	20	35,722	30,856

The share premium account and capital redemption reserve are distributable reserves as stated in the Bermudian Companies Act 1981.

Included in the company retained earnings is an unrealised gain of £1.23 million. In 2004, following an internal reorganisation, the company purchased various subsidiary undertakings from Thomas Miller & Co. Limited ("TMC"). A gain on disposal of £3.2 million arose in the books of TMC. TMC subsequently paid some of that gain as a dividend to the company. The reserves of the company include an amount of £547,000 which is therefore undistributable. In 2010, the company sold Thomas Miller Investment Ltd to Thomas Miller Investment Holdings Ltd. The gain on disposal of this transaction was £680,000 and is also undistributable.

The notes on pages 42 to 87 form an integral part of these financial statements.

Company Balance Sheet as at 31 December 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Non-current assets					
Investments – subsidiary undertakings	17		53,816		51,580
Investments – other investments	17		125		125
Trade and other receivables	20		9,329		8,293
Deferred tax assets			–		10
			63,270		60,008
Current assets					
Investments	19	2		2	
Trade and other receivables	20	5,229		18,948	
Cash and cash equivalents		27		4,035	
		5,258		22,985	
Current liabilities					
Trade and other payables	22	(32,798)		(51,975)	
Current tax liabilities	22	–		(162)	
		(32,798)		(52,137)	
Net current liabilities			(27,540)		(29,152)
Deferred tax liabilities			(8)		–
Non-current liabilities			(8)		–
Net assets			35,722		30,856
Capital and reserves					
Called up share capital	24		1,398		1,403
Share premium account			3,586		4,185
Retained earnings			30,718		25,248
Capital redemption reserve			20		20
Shareholders' funds			35,722		30,856

These financial statements for Thomas Miller Holdings Ltd. (registered number FC021864) were approved by the board of directors and authorised for issue on 6 May 2021 and signed on its behalf by:

H J Wynn-Williams
Director

B M Kesterton
Director

The notes on pages 42 to 87 form an integral part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Net cash from operating activities	33		10,018		34,163
Investing activities					
Interest and other similar income received		340		501	
Dividends from associates		18		–	
Sale of associates / other investments		–		673	
Sale of subsidiary undertaking		–		13,214	
Payments for acquisition of subsidiaries (net of cash acquired)		–		(7,235)	
Loans repaid		(15)		(289)	
Decrease in current asset investments		716		481	
Payments to acquire tangible fixed assets		(8,468)		(4,919)	
Payments to acquire intangible fixed assets		(35)		(600)	
Proceeds from sales of fixed assets		–		135	
Net cash (used in) / provided by investing activities			(7,444)		1,961
Financing activities					
Equity dividends paid		(5,183)		(8,301)	
Capital element of finance lease payments (net of new leases)		(5,562)		(4,871)	
Acquisition of own shares by the EBT		(3,357)		(2,065)	
Proceeds from exercise of options		711		713	
Own shares purchased		(604)		(8)	
Net cash used in financing activities			(13,995)		(14,532)
Net (decrease) / increase in cash and cash equivalents			(11,421)		21,592
Cash and cash equivalents at beginning of year			72,832		51,332
Effect of foreign exchange rate changes			686		(92)
Cash and cash equivalents at the end of the year			62,097		72,832

The company as a "qualifying entity" is exempt from producing a cash flow statement in accordance with FRS 102.1.12(b).

The notes on pages 42 to 87 form an integral part of these financial statements.

Notes to the Accounts for the year ended 31 December 2020

1. Accounting policies

General information

The company is incorporated in Bermuda and registered as an overseas company in the United Kingdom. The address of the registered office is given on the back cover of this annual report. The principal activities of the company and its subsidiaries (the group) and the nature of the group's operations are set out in note 17. These financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 1.11.

1.1 Basis of preparation

The financial statements have been prepared in accordance with United Kingdom company law as applicable to overseas companies, as laid out in part 34 of the Companies Act 2006 and Statutory Instrument 2009 No. 1901 Companies – 'The Overseas Companies Regulations 2009'.

The consolidated financial statements of Thomas Miller Holdings Ltd. have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The company financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and certain financial assets that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of financial statements in conformity with IFRS requires the use of certain material accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2. The particular accounting policies adopted by the directors are described below.

Standards, amendments and interpretations effective and adopted by the group:

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification. In the current financial year, the group hasn't applied the amendment to IFRS 16 COVID-19 related Rent Concessions.

Prior year adjustment

The group adjusted its opening retained earnings for the comparative year, 2019, following the reversal of an over accrual of £2.4 million in respect of the dilapidations provision (included with "Accruals" in note 22) that was adjusted upon transition to IFRS 16 on 1st January 2019. The reversal (net of tax – which was £414,000 (note 21)), added £2.0 million to the opening retained earnings for 2019.

1.2 Going concern

The group is primarily engaged in mutual insurance management, insurance agency and services, and fund management.

The group reported a profit before tax of £19.56 million for 2020 (2019 – £25.53 million) and had net cash inflows from operating activities of £10.02 million (2019 – £34.16 million). The 2019 position had been boosted primarily due to sale of the group's Private Wealth operation yielding net cash (after deducting cost of sales) of £13.2 million, as well as additional management fees from the TT Club of £7.5 million – which was for onward payment into the Thomas Miller & Co. defined benefit pension scheme in 2020. In addition, 2020 saw a cash outflow of £8.5 million (2019 – £4.9 million) in respect of payments to acquire new tangible fixed assets, following the decision to upgrade the office facilities at 90 Fenchurch Street, as well as upgrades to IT systems. Note 29 to the financial statements includes the group'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 group has positive cash balances and net assets. The group also has long-term relationships with the majority of its significant customers. In addition, the group has a revolving credit facility of £7.5 million of committed and £12.5 million of uncommitted financing from HSBC, which provides the group with financial flexibility for both working capital needs and M&A growth. The group has an overall surplus on its retirement benefit obligations. An agreement has been made with the trustees of the UK Scheme to eliminate an actuarial deficit by 31 December 2023, and this is funded out of the group's surplus cash resources and also through its fee arrangements with certain clients.

The Thomas Miller group has performed a liquidity stress test for the 21 month period ending December 2022 in light of the COVID-19 pandemic, including the cessation of certain business and the loss of a major contract which indicates headroom before any mitigating actions. Thomas Miller have identified mitigating actions which include 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 contracts. Accordingly, Thomas Miller considers the results of this test continue to support the view that the group is able to continue as a going concern for the next twelve months.

As a consequence, the directors believe that the group is well placed to manage its business risks successfully in the current economic environment.

After making enquiries, the directors have a reasonable expectation that the group 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.

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) and are made up to 31 December each year. Control is achieved when the company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control

Notes to the Accounts for the year ended 31 December 2020 (continued)

over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Changes in the group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the company.

If the group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by the applicable IFRSs).

1.4 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

1.5 Intangible fixed assets

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, where possible, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The group's policy for goodwill arising on the acquisition of an associate is described below.

Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives and these are disclosed in note 15.

1.6 Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less estimated residual value of all tangible fixed assets over the estimated useful economic lives of the assets. The rates generally applicable are listed in the table overleaf.*

An item of property, plant and equipment is derecognised upon disposal or when no future economic

Notes to the Accounts for the year ended 31 December 2020 (continued)

benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.7 Investments in associates
An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the group reduces its ownership interest in an associate but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the group's consolidated financial statements only to the extent of interests in the associate that are not related to the group.

1.8 Financial instruments
Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value.

* Freehold property	1% per annum
Leasehold improvements	Straight-line over period to next lease break clause
Motor vehicles	Straight-line over 3 years
Office machinery, fixtures and fittings	Straight-line over 3 to 17 years
Leased equipment	By equal instalments over period of lease or useful economic life if shorter

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value Through Profit or Loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets at FVTPL
Financial assets classified FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Trade receivables
Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents
In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Financial liabilities
Financial liabilities classified at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs.

Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

Derivative financial instruments
The group enters into foreign exchange forward contracts. Further details of these derivative financial instruments are disclosed in note 30.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The derivative is presented as a current asset / liability or non-current asset / liability depending on whether it is expected to be settled within or after 12 months.

1.9 Amounts due to contract holders
Other creditors include amounts which are due to investment contract holders. These represent the balance held of funds on investment contracts received plus interest received, less fees and claims paid, outstanding claims including claims incurred but not reported, profit commission on the investment contracts and unrealised exchange difference relating to the revaluation into Sterling of other non-Sterling currency sums, translated at the exchange rate on the balance sheet date.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Notes to the Accounts for the year ended 31 December 2020 (continued)

1.11 Foreign currencies
The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

1.12 Leases

Leases
Details of the accounting policy under IFRS 16 are presented below.

a) The group as a lessee
The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss (see note 27).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

b) The group as lessor
Leases for which the group is a lessor are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, if applicable, the group applies IFRS 15 to allocate the consideration under the contract to each component.

Notes to the Accounts for the year ended 31 December 2020 (continued)

1.13 Income Tax
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1.14 Retirement benefits and similar obligations
Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurement recorded in the statement of comprehensive income is not recycled. Past service cost is recognised in profit or loss in the period of scheme amendment. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset. From 31 December 2016, the company adopted an alternative approach in determining a discount rate that is to be 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. Defined benefit pension costs are split into three categories:

- current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurement.

The group presents the first two components of defined benefit costs within cost of sales and administrative expenses (see note 31) in its consolidated income statement. Curtailment gains and losses are accounted for as past-service cost.

Net-interest expense or income is recognised within finance costs (see note 8).

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

The group assumed a liability to pay annuities to those former partners of Thos R. Miller & Son (Bermuda) and Thos R. Miller & Son who retired prior to 1989. The schemes' liabilities have been accounted for in accordance with IAS 19 Employee Benefits and are unfunded.

1.15 Dividends payable
Dividends payable to the company's shareholders are recognised in the group's financial statements in the period in which the dividend is paid.

1.16 Revenue
Revenue, which excludes value added tax, represents the value of insurance commissions, amounts chargeable to clients for professional services, investment management services, advisory services and agency and management fees attributable to the accounting year.

Insurance commissions are recognised on the date the underlying insurance policy is bound. Where there is an expectation of future servicing costs, an element of income relating to the insurance policy is deferred to cover the associated contractual obligation. Services provided to clients, which at the balance sheet date have not been billed to clients, are recognised as revenue. Revenue recognised in this manner is based on an assessment of the fair value of the services provided at the balance sheet date as a proportion of the total value of the engagement. Revenue is only recognised where the company has a contractual right to receive consideration for the delivery of its performance obligation. Commission income from "After The Event" insurance work and litigation funding is recognised once the relevant case has been successful and the deadline for appeals has passed. If a commission has been received, but an appeal is expected to follow, then a provision against this income will be made.

Notes to the Accounts for the year ended 31 December 2020 (continued)

For each source of revenue, the nature of service, timing of obligations, significant payment terms and refund obligations are:

Club management fees
The group is contracted to provide management services to a number of insurance entities over their financial period. Fees are received to perform these management services, comprised of a fixed fee and an incentive fee, the conditions of which vary between management agreements. The entities are invoiced and fees received on an annual, bi-annual or quarterly basis. The group satisfies its contractual arrangements with the entities as the management services are provided, evenly over the entities' financial period.

Investment management fees
The group has in place, investment management agreements with entities to provide investment management services over a contracted period. Management fees, based on the value of managed investments, are invoiced and fees received on a quarterly basis. The group satisfies its contractual arrangements with the entities as the investment management services are provided, evenly over the contracted period.

Consultancy fees
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate. The group provide consultancy services per terms of engagements and the client is invoiced when the engagement is complete. Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Insurance commissions
The group has in place binding authority agreements with insurers to underwrite insurance policies and perform claims handling services on behalf of the insurer, for which commission is receivable. Commission in respect of underwriting insurance policies is recognised when the insurance policy has been placed. An allowance is made for potential policy cancellations, where policyholders have the right to cancel prior to inception. Commission received in respect of handling claims is recognised over the period the service is expected to be provided.

The group generates a proportion of its (contingent commissions) income through arranging "After The Event" ("ATE") insurance for its customers, primarily through its recently acquired subsidiary TheJudge Limited. Some of this income is paid up front and is non-refundable, so is recognised immediately as revenue. However, the majority of the revenue is contingent upon the successful outcome of litigation cases, some of which take a number of years to conclude. Under IFRS 15 this revenue is referred to as variable consideration. The company classifies this variable consideration as accrued income, and estimates its fair value using either a) the expected value method – based on probability weighted amounts, or b) the most likely outcome method – where there are few possible outcomes. The most appropriate method is chosen and applied consistently to each specific customer group or book of business.

Other
All other revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring services to its clients. The group recognises revenue as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

1.17 Own shares held by Employee Benefit Trusts
Shares held within Employee Benefit Trusts ("EBTs") are dealt with in the balance sheet as a deduction from equity shareholders' funds. Any gains or losses arising on the disposal of shares held within the EBTs are shown as a movement within shareholders' funds.

1.18 Share-based payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28.

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 group's estimate of equity instruments that will eventually vest. At each balance sheet date, the group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Save As You Earn ("SAYE") share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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.

1.19 The Thomas Miller Healthcare Trust
The Thomas Miller Healthcare Trust Scheme ("Scheme") was set up on 1 July 2010 to provide certain benefits relating to medical treatment for employees of Thomas Miller & Co. Limited ("TMC") and other persons who are eligible to participate in the 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 Scheme will pay benefits only for expenditure that a member has incurred during the scheme year for which contribution from TMC or another applicable employer has been made into the 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. The Trust is accounted for in accordance with Urgent Issue Task Force Abstract 32 Employee Benefit Trusts and other intermediate payment arrangements.

2. Critical accounting judgements and key sources of estimation uncertainty
In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

Critical judgements in applying the group's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Discount rate used to determine the carrying amount of the group's defined benefit obligation
The group's defined benefit obligation is discounted at 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 note 31 for further information.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of

Notes to the Accounts for the year ended 31 December 2020 (continued)

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 within the next financial year, are discussed in note 29).

Fair valuation of acquisitions
In accordance with IFRS 3 Business Combinations, the group measures the identifiable assets acquired and liabilities assumed in a business combination at fair value. The fair values of assets and liabilities acquired are different in a number of instances from the values shown in the entities' own financial statements. This is due to the application of different accounting policies in these financial statements or the application of fair valuation principles to assets and liabilities recorded by the entities under other bases such as historical cost (for instance due to discounting requirements of acquisition accounting). Fair value adjustments can be based on external appraisals or valuation models, e.g. accrued income recognised for contingent commissions. The difference in values is accounted for as goodwill (note 15).

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Please refer to note 15 for further information.

Judgements in determining the transaction price and the amounts allocated to performance obligations

Refund liability
The refund liability represents the amount of commission received or receivable on insurance policies bound but not incepted, for which the group does not expect to be entitled. Historical data is used across product lines to estimate such returns when the policy is bound based on an expected value methodology and is updated at the end of each reporting period for changes in circumstances. Sensitivity analysis has shown for 2020, that the Refund Liability changes by £99,865 for each percentage point that the "NTU" rate changes.

Contingent commissions
For the recognition of contingent commissions within TheJudge Limited, under the expected value method, the income values vary depending at which stage a case is settled or taken to court – the probabilities of a case settling at different stages is based on historic data and management judgement. The value of cases is also discounted to reflect the likelihood of success – the discount rate ranging from 22% to 60% for the majority of cases, and is based on historical data and management judgement. The final adjustment applied to the accrued income is a discounting to reflect the time value of money, as many cases will not conclude within one year. The discounting reflects historic cash realisation patterns and management judgement. The company has made estimates and assumptions in calculating the fair value of this accrued income, and management considers these to be supportable, reasonable and robust. However, given the inherent uncertainty of the outcome and timing of conclusion of litigation cases, it is possible that outcomes in the forthcoming financial years could result in a materially different figure to the £4.46 million shown at the balance sheet date.

3. Revenue

Disaggregation of revenue

Revenue by geographical origin is shown below:	2020 £'000	2019 £'000
Bermuda	18,620	16,126
United Kingdom and Europe	125,411	124,736
Americas	5,195	917
Asia Pacific	5,090	5,536
Africa	1,060	–
	155,376	147,315

Revenue by nature of business is shown below:	2020 £'000	2019 £'000
Insurance management fees	112,349	104,962
Investment management fees	2,955	3,342
Consultancy fees	14,744	20,542
Insurance commissions	18,696	11,201
Claims management	3,871	3,842
Rental income	237	497
Other income	2,524	2,929
	155,376	147,315

The group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. The group applies the practical expedient in paragraph C5(c) of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the group expects to recognise that amount as revenue for the year ended 31 December 2020.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	2020 £'000	2019 £'000
Receivables (which are included in 'Trade and other receivables')		
Contract assets	34,312	27,322
Contract liabilities	(39,428)	(38,232)

For 2020, revenue includes £36.9 million included in the contract liability balance at the beginning of the period.

Contract assets	2020 £'000	2019 £'000
Contract assets at the beginning of the period	27,322	18,367
Additions	6,990	8,955
Contract assets at the end of the period	34,312	27,322

Contract liabilities	2020 Deferred income £'000	2020 Refund liability £'000	2019 Deferred income £'000	2019 Refund liability £'000
Contract liabilities at the beginning of the period	36,851	1,381	17,680	1,540
Payments received in advance	1,426	–	19,171	–
Adjustment	–	(231)	–	(159)
Contract liabilities at the end of the period	38,277	1,150	36,851	1,381

Notes to the Accounts for the year ended 31 December 2020 (continued)

4. Operating profit

This is stated after charging / (crediting):

	2020 £'000	2019 £'000
Depreciation and amortisation charges:		
– Owned assets	2,330	1,119
– Leased / financed assets	–	44
– Leasehold improvements	686	336
– Intangible assets	861	528
– Right of use assets	5,549	5,116
– Goodwill impairment	410	–
Rentals under operating leases	(694)	533
(Gain) / loss on disposal of tangible fixed assets	(110)	7
Exchange (gains) / losses	(342)	645
Exchange losses / (gains) on forward contracts	300	(135)
Acquisition related costs	–	933

Charitable donations paid by the group in 2020 amounted to £112,000 (2019 – £132,000).

The analysis of auditor remuneration is as follows:	2020 £'000	2019 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	114	103
Fees payable to the company's auditor and their associates for other services to the group:		
– The audit of the company's subsidiaries pursuant to legislation (including overseas subsidiaries)	341	272
Fees payable to other auditors for the audit of the company's subsidiaries pursuant to legislation	111	103
Total audit fees	566	478
– Tax services	24	23
– Valuation and actuarial services	–	15
– Other services	163	89
Total non-audit fees	187	127

Fees payable to the company's auditor and their associates in respect of associated pension schemes:	2020 £'000	2019 £'000
– Audit	15	10

The fees for other services includes costs associated with supporting various corporate transactions.

5. Directors' remuneration

Directors' remuneration for the year was as follows:

(i) Directors' emoluments The emoluments paid to directors by the company and its subsidiaries were as follows:	2020 £'000	2019 £'000
Salaries, fees and short-term employee benefits	2,944	2,505
Post-employment benefits	27	6
Share based payments	4,104	667
	7,075	3,178

(ii) Directors and retirement benefits The number of directors to whom retirement benefits are accruing in respect of qualifying services was:	2020 Number	2019 Number
Defined benefit schemes	2	3
Defined contribution schemes	1	1
Exercised options over shares in the parent company	2	3
Had awards receivable in the form of shares under a long-term incentive scheme	5	4

6. Employee information (including directors)

The average number of persons employed by the group during the year was 811 (2019 – 808). The split between geographical areas was as follows:	2020 Number	2019 Number
United Kingdom and Europe	675	676
Asia	82	74
Americas	42	42
Australasia	11	15
Middle East	1	1
	811	808

The total payroll costs of these persons were as follows:	2020 £'000	2019 £'000
Wages and salaries (including bonuses)	77,209	79,529
Redundancy costs	195	1,453
Social security costs	8,560	7,180
Other pension costs – defined contribution schemes	6,751	7,010
	92,715	95,172

The provision made for the Long-Term Share Acquisition Plan ("LTSAP") – included within Wages and salaries, which was set up to align senior managers' long-term incentive arrangements with the long-term interests of the company, is discussed in note 27.

7. Finance income

	2020 £'000	2019 £'000
Interest receivable and similar income	114	854
Net finance income on retirement benefit schemes (note 31)	244	126
	358	980

8. Finance costs

	2020 £'000	2019 £'000
Bank Interest	7	14
Interest on IFRS 16 and other finance leases	759	834
Other interest	11	513
	777	1,361

9. Other gains and losses

	2020 £'000	2019 £'000
Net gain arising on financial assets measured at FVPTL	858	3,267

In 2020, a net gain of £854,000, represented the difference between the 2020 deferred consideration accounted for in 2019, for the sale of the Private Wealth business and the actual consideration from the buyer. In 2019, the net gain of £3.3 million represented an increase in the fair value of the company's previous equity investment of 23.1% in TheJudge Limited.

10. Income Tax

The tax charge is based on the profit for the year and represents:	2020 £'000	2019 £'000
Current tax on profit on ordinary activities		
UK Corporation tax	1,030	4,123
Foreign tax suffered	606	540
	1,636	4,663
Foreign tax relief	(62)	–
Overseas taxation – adjustments in respect of prior years	261	(32)
UK taxation – adjustments in respect of prior years	(400)	47
Total current tax	1,435	4,678
Deferred tax:		
Current year	2,117	(2,406)
Effect of changes in tax rates	322	264
Adjustments in respect of prior years	(12)	97
Total deferred tax charge / (credit)	2,427	(2,045)
Tax on profit on ordinary activities	3,862	2,633

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date and as a result deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing position would be to increase the deferred tax liability by £595,000.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Notes to the Accounts for the year ended 31 December 2020 (continued)

11. Reconciliation of current year tax charge

The charge for the year can be reconciled to the profit in the income statement as follows:

	2020 £'000	2019 £'000
Profit before tax on continuing operations	19,563	25,531
Tax at the standard UK corporation tax rate of 19% (2019 – 19%)	3,717	4,851
Effects of:		
Increase from effect of expenses not deductible in determining taxable profit / (tax loss)	134	538
Decrease from effect of revenues exempt from taxation	(99)	(889)
Deferred tax expense relating to changes in tax rates or laws	322	264
Decrease from effect of exercise of employee share options	(9)	(97)
Decrease from effect of foreign tax rates	(427)	(775)
Decrease from effects of double tax relief	(26)	–
(Decrease) / increase from tax losses for which no deferred tax asset was recognised	(5)	13
Profit on disposal of discontinued operations	–	(1,521)
Increase from effect of unrelieved losses on foreign subsidiaries	432	108
Tax (decrease) / increase from other short-term timing differences	(27)	29
Deferred tax (credit) / charge from unrecognised temporary difference from a prior period	(12)	97
(Decrease) / increase in current tax from adjustment for prior periods	(138)	15
Tax charge for the year	3,862	2,633

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:	2020 £'000	2019 £'000
Current tax:		
Items that will not be reclassified subsequently to profit or loss:		
Excess tax deductions related to contributions to defined benefit schemes	(731)	(725)
Deferred tax:		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liability	(360)	(93)
	(1,091)	(818)
Items that may be reclassified subsequently to profit or loss:		
Deferred tax debit attributable to currency differences on foreign currency net investments right of use assets	–	27
Total income tax recognised in other comprehensive income	(1,091)	(791)

In addition to the amount charged to the income statement and other comprehensive income, the following amounts relating to tax have been recognised directly in equity:	2020 £'000	2019 £'000
Current tax:		
Excess tax deductions related to share-based payments on exercised options	(24)	(25)
Deferred tax:		
Change in estimated excess tax deductions related to share-based payments	35	(16)
Total income tax recognised directly in equity	11	(41)

12. Profit attributable to the company

The profit for the financial year dealt with in the financial statements of the parent company was £11.01 million (2019 – £11.25 million). As permitted by Section 408 of the Companies Act 2006 no separate income statement is presented in respect of the parent company.

13. Dividends

	2020 £'000	2019 £'000
Second interim dividend paid for year ended 31 December 2019 of 12.5p (2018 – 12.0p) per share	1,363	1,291
Special dividend paid for year ended 31 December 2020 – nil (2019 – 31.0p) per share	–	3,411
Final dividend of 22p paid for the year ended 31 December 2019 (2018 final – 20.0p) per share	2,415	2,199
First interim dividend paid for the year ended 31 December 2020 of 12.5p (2019 – 12.5p) per share	1,405	1,371
	5,183	8,272

The following dividends were agreed by the directors and have not been included as a liability in these financial statements:	£'000
Second interim dividend for the year ended 31 December 2020 of 12.5p per share - paid in March 2021.	1,379

The proposed final dividend for 2020 of 24.0p per share is estimated to be £2.71 million (2019 – £2.42 million). The proposed final dividend is payable to all shareholders on the Register of Members on 31 May 2021. The total estimated dividend to be paid for the year is 49.0p per share (2019 – 47.0p per share). The payment of this dividend will not have any tax consequences for the group.

The trustees of the employee benefit trusts ("EBTs") waived their rights to dividends payable after 20 January 2005.

14. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the year. Shares held by the Employee Benefit Trusts are excluded from the calculation of the weighted average number of shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The group had one category of dilutive potential ordinary shares being those share options in issue where the exercise price is less than the average market price of the company's shares during the year.

	2020 £'000	2019 £'000
Earnings		
Profit for the financial year	15,700	22,950
Basic and diluted earnings attributable to ordinary shareholders	15,700	22,950

	2020 Number '000	2019 Number '000
Number of shares		
Weighted average number of ordinary shares	11,090	10,908
Effect of dilutive share options	123	108
Adjusted weighted average number of ordinary shares	11,213	11,016
From continuing operations:		
Basic earnings per share	141.6p	210.4p
Diluted earnings per share	140.0p	208.3p
From continuing and discontinued operations:		
Basic earnings per ordinary share	141.6p	210.9p
Diluted earnings per ordinary share	140.0p	208.8p

15. Intangible fixed assets

Group	Goodwill £'000	Software and customer lists £'000	Total £'000
Cost			
At 1 January 2020	16,248	4,749	20,997
Exchange adjustments	–	16	16
Additions	–	35	35
Disposals	(410)	(109)	(519)
At 31 December 2020	15,838	4,691	20,529
Accumulated amortisation			
At 1 January 2020	1,413	530	1,943
Provided in the year	–	861	861
Disposals	–	(107)	(107)
At 31 December 2020	1,413	1,284	2,697
Carrying amount			
At 31 December 2020	14,425	3,407	17,832
At 31 December 2019	14,835	4,219	19,054

Goodwill acquired in a business combination is allocated, at acquisition, to the Cash Generating Units ("CGUs"), or group of units that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

The amortisation period for software and customers lists is ten years.

Cash generating units:	Description	2020 £'000	2019 £'000
Thomas Miller & Co. Limited, Thomas Miller (Isle of Man) Limited and Thomas Miller Bermuda Ltd	Goodwill arising on acquisition of former partnerships	982	982
Thomas Miller Specialty Holdings Limited	Goodwill on acquisition of business	975	975
Thomas Miller Captive Management Limited (Castletown Insurance Services)	Goodwill on acquisition of business	906	906
Brookes Bell LLP	Goodwill on acquisition of business	4,051	4,051
Thomas Miller Insurance (Germany) Gmbh (Zeller Associates)	Goodwill on acquisition of business	4,163	4,574
TheJudge Group Holdings Ltd	Goodwill on acquisition of business	3,347	3,347
		14,424	14,835

The group tests goodwill for impairment annually and for new acquisitions in the year of acquisition, or more frequently if there are indications that goodwill might be impaired. The group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of CGUs is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

Given the ongoing travel restrictions due to COVID-19, additional impairment testing work was performed on the Brookes Bell CGU, as this business is reliant on the ability to travel to generate much of its revenue. Reverse stress testing was carried out indicating that a reduction in income in the financial year 2023 of at least £980,000 (or 7.3%) from the latest forecast would be required to cause an impairment of £0.5 million. The directors consider this situation to be extremely unlikely as the business has had a strong start to 2021 and such a reduction in income would represent a decline to 2015 levels.

Thomas Miller & Co. Limited, Thomas Miller (Isle of Man) Limited and Thomas Miller Bermuda Ltd
£982,000 of goodwill remains from £3.71 million which arose as a result of a group reorganisation soon after 2000. The group continues to operate with almost all the traditional businesses remaining in place and still produces strong profits. Adjustments processed in respect of the introduction of IFRS reversed any amortisation that took place after 1 January 2014 (IFRS transition date) onwards, leaving balances prior to this date unchanged. At 31 December 2020, impairment has been reconsidered and none was proposed.

Thomas Miller Specialty Holdings Limited, Thomas Miller Captive Management Limited (which acquired the business of Castletown Insurance Services Limited), Brookes Bell LLP, Thomas Miller Insurance (Germany) Gmbh (Zeller Associates) and TheJudge Group Holdings Limited.
The recoverable amounts of cash-generating units i.e. for Thomas Miller Specialty Holdings Limited, Thomas Miller Captive Management Limited, Brookes Bell LLP and Zeller Associates are determined from a "value in use" calculation, where the key assumptions relate to discount rate, revenue growth and cost growth. Management estimates the discount rate using pre-tax rates that reflect current market assessments of the time value of money. The discount rate used in the impairment reviews was 11%.

The revenue and cost growth rates used are based on reasonable management expectations for the 2021 budget and the following five years, with an extrapolation using a 1.25% steady growth rate.

16. Property, plant and equipment

Group	Freehold buildings £'000	Leasehold improvements £'000	Office machinery, fixtures & fittings Leased/financed £'000	Office machinery, fixtures & fittings Owned £'000	Motor vehicles Owned £'000	Total £'000
Cost						
At 1 January 2020	250	3,767	2,377	18,251	62	24,707
Exchange adjustments	–	14	–	(57)	2	(41)
Additions	–	2,611	2	5,855	–	8,468
Disposals	–	(358)	(14)	(1,227)	(64)	(1,663)
At 31 December 2020	250	6,034	2,365	22,822	–	31,471
Accumulated depreciation						
At 1 January 2020	14	2,012	2,327	12,364	62	16,779
Exchange adjustments	–	(5)	23	(66)	1	(47)
Provided in the year	–	686	–	2,330	–	3,016
Disposals	–	(358)	(13)	(1,222)	(63)	(1,656)
At 31 December 2020	14	2,335	2,337	13,406	–	18,092
Net book value						
At 31 December 2020	236	3,699	28	9,416	–	13,379
At 31 December 2019	236	1,755	50	5,887	–	7,928

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

Notes to the Accounts for the year ended 31 December 2020 (continued)

17. Investments held as fixed assets

Group	Share of net assets £'000
Interests in associates	
At 1 January 2020	120
Foreign exchange adjustment	6
Dividends received from associates	(18)
Share of operating profit of associates for the year	32
At 31 December 2020	140

Group	Other fixed asset investments £'000
Other investments – unlisted	
At 1 January 2020	403
Foreign exchange adjustment	(2)
At 31 December 2020	401

Company	Subsidiary undertakings £'000	Other fixed asset investments £'000	Total £'000
At 1 January 2020	51,580	125	51,705
Additions	2,236	–	2,236
At 31 December 2020	53,816	125	53,941

In November 2020, the company subscribed to 2.24 million £1 ordinary shares issued by its subsidiary Thomas Miller Claims Management Limited, as consideration for a capital injection into that company.

Investments in subsidiaries and associates

Details of the investments in which the group or the company holds more than 10% of the nominal value of any class of share capital are shown below. The various undertakings are primarily engaged in the management of insurance mutuals and other managing general agency activities in the international transport and professional indemnity sectors and 100% of ordinary shares and voting rights are held, unless otherwise stated. Unless indicated to the contrary, all investments are held by the company and incorporated in the United Kingdom and registered in England and Wales. Dormant companies have not been included.

Name of company	Nature of business
Subsidiary undertakings	
Thomas Miller & Co. Limited	General services
Building LifePlans Limited	Construction services
BLP Technical Services (UK) Ltd*	Construction project reviews
Leeward Management Co Ltd (Bermuda)	Management services
Thomas Miller Holdings (Bermuda) Ltd (incorporated in Bermuda)	Investment holding
Thomas Miller (Hellas) Ltd* (Bermuda)	Service company
Thomas Miller Investment Holdings Ltd (Bermuda)	Investment holding
Thomas Miller Investment Ltd*	Investment management services
Thomas Miller Investment (Isle of Man) Limited* (Isle of Man)	Investment management services
Thomas Miller Specialty Holdings Limited (formerly Osprey Holdings Limited)	Investment holding
Thomas Miller Specialty Underwriting Agency Limited*	Underwriting agency
Osprey Aerospace Limited*	Underwriting agency
Thomas Miller (Bermuda) Ltd. (incorporated in Bermuda)	Management services
Windsor Insurance Company Limited* (Bermuda)	Captive insurer
Windsor Private Trustee Company Ltd* (Bermuda)	Trust management services
Thomas Miller Investments (Bermuda) Ltd* (Bermuda)	Investment holding
TMB Trustee Company Limited*	Pension scheme trustee
Thomas Miller (Isle of Man) Limited (Isle of Man)	Management services
Thomas Miller Captive Management Limited* (Isle of Man)	Management services
Thomas Miller (Isle of Man) Management Services Limited*	Management services
SIGCo Management Services (IOM) Ltd* (Isle of Man)	Insurance intermediary
Castletown Insurance Services Limited*	Management services
Ilex Global Reinsurance Company Limited*	Reinsurance company
Thomas Miller Claims Management Limited	Management services
Thomas Miller Law Ltd*	Legal services
Thomas Miller Claims Management Pty Ltd* (Australia)	Management services
Thomas Miller Law Pty Ltd* (Australia)	Legal services
Thomas Miller (Australasia) Pty Ltd* (Australia)	Agency services
The Occupational Pensions Defence Union Limited	Advisory services
Thomas Miller Professions Ltd	Consultancy services
Thomas Miller KK (Japan)	Management services
Thomas Miller (UK) Holdings Company Ltd	Investment holding
Marine Response Services Ltd*	Agency services
H.A.P.M. Management Company Limited*	Management services
Signum Services Ltd.*	Investigation and security services
International Transport Intermediaries Management Company Ltd*	Management services
Thomas Miller P&I (Europe) Ltd*	Agency and management services
Thomas Miller Defence Ltd.*	Agency and management services
Thomas Miller Professional Indemnity (Holdings) Limited*	Investment holding
Thomas Miller Professional Indemnity Limited*	Management services
Bar Mutual Management Company*	Management services
Thomas Miller War Risks Services Limited*	Consultancy and management services
Through Transport Mutual Services (UK) Limited *	Agency and management services
Entremain Limited	Investment holding
Thomas Miller (Americas) Inc.* (America)	Agency services
Thomas Miller (San Francisco) Inc.* (USA)	Agency services
Thomas Miller (Seattle) Inc.* (USA)	Agency services

Notes to the Accounts for the year ended 31 December 2020 (continued)

17. Investments held as fixed assets (continued)

Name of Company	Nature of business
Subsidiary undertakings	
Thomas Miller Hong Kong Limited* (Hong Kong)	Agency services
Thomas Miller (South East Asia) Pte Ltd* (Singapore)	Agency services
Brookes Bell LLP	Marine, technical and surveying consultancy
Safety at Sea Limited* (Scotland)	Consultancy on ship matters
Brookes Bell Shanghai Maritime Technology Consulting Co. Ltd* (China)	Marine and engineering consultancy
Brookes Bell Hong Kong Limited* (Hong Kong)	Marine and engineering consultancy
Brookes Bell Pte Limited* (Singapore)	Marine consultancy and loss adjustor services
Brookes Bell Systems Limited*	Business software development and support
Brookes Bell Limited* (Shanghai)	Marine and engineering consultancy
PRISM* (Cyprus) (32.5%)	Commercialise ClearBal
Associated Petroleum Consultants Ltd*	Marine, scientific, technical consultants and surveyors
Thomas Miller Insurance Germany GmbH *(Germany)	Management services
Thomas Miller Specialty GmbH*	Insurance management services
ZASS International GmbH*	Insurance recoveries
Thomas Miller Claims Management (Europe) GmbH*	Transport claims handling and mediation
Thomas Miller B.V.* (Netherlands)	Management services
TheJudge Group Holdings Limited	After The Event insurance
TheJudge Limited*	After The Event insurance
TheJudge Canada* (Canada)	After The Event insurance
TheJudge Americas LLC* (America)	After The Event insurance
Associated undertakings and joint ventures	
Through Transport Mutual Services (Gulf) (UAE partnership)* (50%)	Service company
TTMS (Argentina) SA (USA)* (50%)	Service company
ShipServ Inc. (35.99% ordinary shares, 4.25% preferred shares)	Marine e-procurement
Consumer Code for New Homes Limited* (20%)	Non-life insurance
Other investments	
TT (Bermuda) Services Limited (incorporated in Bermuda) (10%)	Holding company
SIGCo Management (IOM) Ltd *(Isle of Man) (49%)	Insurance management services
Hampden & Co. plc (<1%)	Private investment bank

*Held via an intermediate holding company

18. Disposal of subsidiary

In 2019, the group disposed of its interest in Thomas Miller Wealth Management Limited and Thomas Miller Investments (Isle of Man) Limited's Private Wealth business. This generated a profit on disposal of £11.5 million in 2019.

19. Investments held as current assets

Group	Unlisted investments £'000	Listed debt securities £'000	Total £'000
At 1 January 2020	3	2,475	2,47
Net cost of bonds / investments sold	–	(716)	(716)
Foreign exchange revaluation	(1)	(7)	(8)
Unrealised gains	–	20	20
At 31 December 2020	2	1,772	1,774

Company	Unlisted investments £'000
At 1 January 2020 and 31 December 2020	2

20. Trade and other receivables

Due within one year	Company 2020 £'000	Group 2020 £'000	Company 2019 £'000	Group 2019 £'000
Amounts owed by subsidiary undertakings	5,229	–	18,928	–
Trade debtors	–	24,462	–	25,267
Other debtors	–	5,687	20	9,138
Prepayments	–	3,940	–	4,049
Accrued income	–	29,855	–	27,329
Corporation tax debtor	–	706	–	619
	5,229	64,650	18,948	66,402

Due after one year	Company 2020 £'000	Group 2020 £'000	Company 2019 £'000	Group 2019 £'000
Deferred tax (note 21)	–	1,299	–	1,564
Accrued income	–	4,462	–	3,277
Subordinated loans	9,329	–	8,293	–
	9,329	5,761	8,293	4,841

The subordinated loans and their respective interest rates and repayment terms are shown below:

Subordinated loans were granted by the company to Thomas Miller Law Ltd, Thomas Miller Specialty Holdings Limited and Brookes Bell LLP. The loans either have fixed terms or are repayable on demand but only to the extent that the capital resources of the company exceed the minimum capital resources requirement set by the relevant regulator. Interest receivable on the loans varies between the Bank of England base rate and 5%. Loans with an interest rate below market rate are repayable on demand.

Notes to the Accounts for the year ended 31 December 2020 (continued)

21. Deferred taxation

The following are the major deferred tax assets and liabilities recognised by the group and movements thereon during the current and prior reporting period. Amounts of deferred taxation provided in the accounts are as follows:

	Other temporary differences £'000	Accelerated tax depreciation £'000	Foreign exchange contracts £'000	Retirement benefit obligations £'000	Share-based payments £'000	Tax losses carried forward £'000	Total £'000
At 1 January 2019 as previously reported	1,495	417	11	(290)	343	276	2,252
Effect of error in calculating change in accounting policy for the initial application of IFRS 16 (see note 1.1)	(414)	–	–	–	–	–	(414)
At 1 January 2019 as restated	1,081	417	11	(290)	343	276	1,838
Adjustment in respect of prior periods	(40)	–	–	(57)	–	–	(97)
Credit / (charge) to profit or loss	2,860	(198)	(2)	(629)	278	96	2,405
(Charge) / credit to other comprehensive income	(27)	–	–	122	–	–	95
Charge direct to equity	–	–	–	–	18	–	18
Exchange differences	(9)	(1)	–	(23)	–	–	(33)
Acquisition of a subsidiary	(2,880)	(8)	–	–	–	–	(2,888)
Disposal of a subsidiary	–	–	–	–	–	(245)	(245)
Effect of change in tax rate:							
– income statement	(302)	19	–	52	(29)	(4)	(264)
– other comprehensive income	–	–	–	(29)	–	–	(29)
– equity	–	–	–	–	(2)	–	(2)
At 31 December 2019 as restated	683	229	9	(854)	608	123	798
Adjustment in respect of prior periods	147	(73)	–	(71)	–	9	12
Credit / (charge) to profit or loss	(81)	(134)	(2)	(1,572)	(318)	(10)	(2,117)
Charge / (credit) to other comprehensive income	–	–	–	10	–	–	10
Credit direct to equity	–	–	–	–	(45)	–	(45)
Exchange differences	(3)	2	–	(14)	–	7	(8)
Effect of change in tax rate:							
– income statement	103	18	1	(511)	61	6	(322)
– other comprehensive income	–	–	–	350	–	–	350
– equity	–	–	–	–	10	–	10
At 31 December 2020	849	42	8	(2,662)	316	135	(1,312)

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 £'000	2019 £'000
Deferred tax assets	1,299	1,564
Deferred tax liabilities	(2,611)	(766)
	(1,312)	798

At the balance sheet date, the group has unused tax losses of £6.14 million (2019 – £5.36 million) available for offset against future profits. A deferred tax asset has been recognised in respect of £0.5 million (2019 – £0.2 million) of such losses. No deferred tax asset has been recognised in respect of the remaining £5.64 million (2019 – £5.16 million) as it is not considered probable that there will be future taxable profits available. All losses may be carried forward indefinitely as there is no time limit for their use.

No deferred tax liability is recognised on temporary differences of £13.8 million (2019 – £18.7 million) relating to the unremitted earnings of overseas subsidiaries as the group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Temporary differences arising in connection with interests in associates are insignificant.

22. Trade and other payables

Amounts falling due within one year	Company 2020 £'000	Group 2020 £'000	Company 2019 £'000	Group 2019 £'000
Trade creditors	–	22,657	–	22,388
Amounts owed to subsidiary undertakings	29,331	–	47,337	47
Amounts due under finance leases and hire purchase agreements	–	53	–	130
Corporation tax payable	–	473	162	3,401
PAYE and social security	–	107	–	1,659
Other creditors	3,467	32,309	4,638	30,849
Accruals	–	17,573	–	22,802
Deferred income	–	38,277	–	36,851
Derivative financial instruments	–	–	–	96
Provision for refund liability	–	1,150	–	1,381
External dividend payable	–	–	–	12
Future expense run off provision	–	524	–	294
	32,798	113,123	52,137	119,910

Other creditors includes £25.7 million (2019 - £24.1 million) owed to third parties by Ilex Global Reinsurance Company Limited, which is a subsidiary of Castletown Insurance Services Limited.

Amounts falling due after more than one year	Company 2020 £'000	Group 2020 £'000	Company 2019 £'000	Group 2019 £'000
Deferred taxation (note 21)	8	2,611	–	766

Non current liabilities are valued using cost or amortised cost basis, as appropriate. Non current liabilities due more than 12 months after the reporting period comprise of the remaining financing leases and bank overdrafts.

23. Provisions for liabilities and charges

Group	Balance at 1 Jan 2020 £'000	Profit and loss account charge £'000	Amounts paid £'000	Balance at 31 Dec 2020 £'000
Claims reserves	149	905	–	1,054
Dilapidations provision	1,261	416	–	1,677
	1,410	1,321	–	2,731

Claims reserves represent amounts provided by the group's captive insurer for professional indemnity claims.

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.

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Notes to the Accounts for the year ended 31 December 2020 (continued)

24. Called up share capital

	2020 £'000	2019 £'000
Called up, allotted and fully paid:		
Equity interests: 13,975,377 ordinary shares of £0.10	1,398	1,403

The following shares of £0.10 nominal value were purchased by the company during the year:

	Number of shares	Purchase price £	Share capital £	Share premium £
Internal share market July 2020	54,088	11.20	5,409	600,377

The following shares of £0.10 nominal value were purchased by the company during the year:

	Number of shares	Purchase price £	Share capital £	Share premium £
Internal share market December 2020	114	11.00	11	1,243

The use of the share premium account to fund share repurchases is permitted under Bermudian law.

Under the company's Executive Share Option Scheme, employees held options for the following unissued ordinary shares at the end of the year:

Number of shares	Option price £	Exercisable from
25,000	4.50	Nov 2014
110,000	10.30	May 2021
7,764	10.20	May 2022
4,750	7.45	Apr 2020
2,627	9.70	Apr 2020
18,814	8.15	Nov 2018
12,500	8.15	Dec 2018
8,000	8.15	Apr 2021
21,046	10.30	Apr 2021
30,000	9.35	Jun 2019
20,318	9.35	Jul 2019
15,000	9.35	Jun 2020
15,000	9.35	Jun 2021
11,764	10.20	Mar 2022
5,612	9.70	Apr 2022
18,489	10.20	Apr 2022
6,618	10.20	Mar 2023
14,102	10.30	Apr 2023
8,125	11.80	Apr 2023
21,395	10.75	Jul 2021
9,302	10.75	Jul 2022
9,303	10.75	Jul 2023
32,232	10.75	Oct 2021
19,989	10.75	Oct 2022
19,989	10.75	Oct 2023
6,618	10.20	Mar 2024
3,570	10.20	Apr 2024
3,618	10.20	May 2023
3,618	10.20	May 2024
6,462	10.70	Aug 2021
2,846	10.70	Aug 2022
2,846	10.70	Aug 2023
2,846	10.70	Aug 2024
4,400	11.80	Apr 2025

The majority of options are exercisable after three years from the date of grant and up to ten years less one day from the date of grant.

24. Called up share capital (continued)

Under the company's UK Save As You Earn scheme, employees held options for the following number of ordinary shares at the end of the year:

Number of shares	Option price £	Exercisable from
4,026	7.45	Mar 2020
4,264	9.70	Mar 2020
46,512	8.15	Mar 2021
41,187	10.30	Mar 2021
26,272	9.70	Mar 2022
33,493	10.20	Mar 2022
27,663	10.30	Mar 2023
35,668	11.80	Mar 2023
28,856	10.20	Mar 2024
32,521	11.80	Mar 2025

25. Employee Benefit Trusts

The Thomas Miller Employee Benefit Trusts were established to acquire shares in order to make them available to group 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 share schemes are disclosed below in note 28.

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

	Number of shares 2020	Market value 2020 £'000	Average cost 2020 £'000	Number of shares 2019	Market value 2019 £'000	Average cost 2019 £'000
Thomas Miller Employee Share Trust No.1	337,997	3,718	3,704	469,098	5,535	5,067
Thomas Miller Employee Share Trust No.2	2,656,003	29,216	12,118	2,656,003	31,341	12,175
	2,994,000	32,934	15,822	3,125,101	36,876	17,242

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 Trusts ("EBT") waived their rights to dividends payable. The company had not provided funds to Thomas Miller Employee Share Trust No.1 to enable it to acquire shares in the December 2020 share market (2019 – £2,516,775).

The purpose of the EBTs is to meet known and forecast demand in Thomas Miller Holdings Ltd. shares and also be a source of shares for the issuance of share awards and the exercise of options.

26. Own shares

	2020 £'000	2019 £'000
Balance at 1 January	17,242	18,606
Proceeds received on exercise of options by employees	(711)	(713)
Loss on EBT shares acquired by employees	(2,162)	(311)
Purchase of shares in the market	4,353	4,194
Proceeds on sale of shares in the market	(844)	(1,877)
Value of shares awarded to employees under share awards	(1,911)	(2,523)
Profit on shares awarded to employees	62	118
Other disposals	(147)	(252)
Balance at 31 December	15,882	17,242

The shares held by the EBTs 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 2020, the average cost of the shares held by the EBTs exceed the anticipated proceeds from the exercise of outstanding options and other share awards held in the EBTs by £119,637 (2019 – £267,000).

The following company shares, all with a nominal value of £0.10, were purchased by the EBTs during the year for the following price:

Number of shares purchased	Price per share	Cost £'000
118,132 shares purchased in July 2020	£11.20	1,323
272,558 shares purchased in December 2020	£11.00	2,998
		4,321

The 1 June 2020 price of £11.20 was determined by the parent company's current valuer, Alvarez & Marsal Valuation Services LLP, for a single share in accordance with the company's bye-laws. The share price at 1 November 2020 of £11.00 was determined on the same basis by the same valuer.

Notes to the Accounts for the year ended 31 December 2020 (continued)

27. Leases

Right-of-use assets

Cost	Buildings £'000	Motor vehicles £'000	Equipment £'000	Total £'000
At 1 January 2020	54,353	147	153	54,653
Additions	4,195	19	–	4,214
De-recognitions	(4,818)	(38)	–	(4,856)
At 31 December 2020	53,730	128	153	54,011
Accumulated depreciation				
At 1 January 2020	(36,628)	(67)	(102)	(36,797)
Charge for the year	(5,462)	(62)	(25)	(5,549)
De-recognitions	4,727	38	–	4,765
At 31 December 2019	(37,363)	(91)	(127)	(37,581)
Carrying amount				
At 31 December 2020	16,367	37	26	16,430
At 31 December 2019	17,725	80	51	17,856

The group leases several assets including buildings, motor vehicles and photocopiers. The average lease term is 4.7 years (2019 – 7 years).

The group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The group's obligations are secured by the lessors' title to the leased assets for such leases.

Approximately a quarter of the leases for property, plant and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets.

The weighted average lessees' incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 31 December 2020 is 3.3% (2019 – 3.3%)

Some property leases contain extension options exercisable by the group up to one year before the end of the non-cancellable contract period. Where practicable, the group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the group and not by the lessors. The group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. No such changes, circumstances or significant events have required any reassessment.

Amounts recognised in consolidated income statement	2020 £'000
Depreciation expense on right-of-use assets	5,549
Profit on disposal of assets	(110)
Interest expense on lease liabilities	741
Expense relating to dilapidations	49

Lease liabilities	2020 £'000
Analysed as:	
Non-current	14,688
Current	5,732

Maturity analysis	2020 £'000
Year 1	4,773
Year 2	4,082
Year 3	4,158
Year 4	809
Year 5	410
Onwards	457

The group does not face a significant liquidity risk with regard to its lease liabilities.

Notes to the Accounts for the year ended 31 December 2020 (continued)

28. Share-based payments

Employee share option schemes and other share-based plans

Equity-settled share option schemes
The company has various share option schemes as outlined below:

(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 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 and as such is only available to employees resident in the UK and the Isle of Man.

(iii) The Thomas Miller Non UK Share Option Scheme
The options granted under this scheme are identical to those granted under the UK savings related option scheme with the exception that there is no savings related element to the scheme. This scheme is only open to non UK employees. This scheme is part of the Thomas Miller Executive Share Option Scheme and the option movements for the Thomas Miller Non UK Share Option Scheme are shown below as part of that scheme's disclosures.

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

	The Thomas Miller Executive Share Option Scheme		The Thomas Miller UK Savings Related Share Option Scheme		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	587,001	9.61	275,442	9.41	862,443	9.55
Granted during the period	13,125	11.77	68,494	11.80	81,619	11.80
Forfeited during the period	(39,915)	10.19	(11,093)	10.08	(51,008)	10.17
Exercised during the period	(55,648)	8.05	(52,381)	8.27	(108,029)	8.16
Outstanding at the end of the period	504,563	9.79	280,462	10.18	785,025	9.93
Exercisable at the end of the period	129,009	8.09	8,105	–	137,114	8.09
Year ended 31 December 2019						
Outstanding at beginning of period	545,801	9.42	316,878	8.70	862,679	9.16
Granted during the period	77,699	10.30	71,949	10.20	149,648	10.25
Forfeited during the period	(16,133)	8.82	(30,425)	9.83	(46,558)	9.48
Exercised during the period	(20,366)	7.79	(82,960)	7.29	(103,326)	7.39
Outstanding at the end of the period	587,001	9.61	275,442	9.41	862,443	9.55
Exercisable at the end of the period	134,840	7.92	–	–	134,840	7.92

The weighted average share price at the date of exercise for share options exercised during the period was £11.55. The options outstanding at 31 December 2020 had a weighted average exercise price of £9.93, and a weighted average remaining contractual life of 4.43 years. The aggregate of the estimated fair values of the options granted in 2020 is £80,901 (2019 – £194,957).

The inputs into the Black-Scholes option pricing model in respect of share options granted are as follows:

	2020	2019
Weighted average share price	£11.80	£10.25
Weighted average exercise price	£11.80	£10.25
Expected volatility	25%	25%
Expected life (years)	1.91	5.04
Risk-free rate	0.43%	1.11%
Expected dividends	46.94p	40.64p
Dividend yield	3.98%	3.97%

The expected volatility was determined by calculating the historical volatility of the group's share price over the period since incorporation.

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

	2020 £'000	2019 £'000
Equity settled share option schemes	183	292
2017 Executive Directors' Long-Term Incentive Plan	1,444	1,264
Shares awarded under bonus schemes – cash-settled	1,287	1,334
Cash-settled share option schemes	8	120
Charges in respect of service award scheme – cash-settled	69	116
	2,991	3,126

Other share-based plans

(i) The Thomas Miller Share Incentive Plan
The scheme trustees are Link Market Services Trustees Limited. Group 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 company. All the shares held by this trust are held on behalf of named employees.

(ii) The Thomas Miller Bonus Share Schemes
The group makes annual bonus payments to staff as part of their remuneration. In previous years certain staff had the option to enhance their bonus by electing to take part of the bonus in restricted shares in the company, other more senior staff were required to take a proportion of their bonus in shares. The shares cannot be sold for three years. No awards were made during the current financial 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.

Commencing 1 January 2014 (for awards to be payable in 2015 and later), 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) Thomas Miller Holdings Ltd. Executive LTIP
The 2017 LTIP is designed as an incentive for key executives who strongly influence the success of the company, it is subject to achieving demanding performance targets aligned to strategic key performance indicators identified in the Plan. The participants can share in an Incentive Pool of up to 726,000 shares (representing 5% of the company's present issued share capital). The plan was closed in 2020.

(v) Thomas Miller Holdings Ltd. 2020 LTIP
The 2020 LTIP is structured as nil paid options that vest at the end of 2022. The participants are the executive directors of Thomas Miller Holdings Ltd.

The company as a "qualifying entity" is exempt from providing full disclosures about share-based payments in accordance with section 26 of FRS 102.

29. Financial instruments

Capital management
The group manages its capital to provide returns to its shareholders and manage other stakeholders. The group looks to produce financial returns from its capital appropriate to the level of risk taken. The group retains capital in the business at a level appropriate to the financial strength of the business and the conditions in the economic environment. The normal mechanisms for moderating the level of capital retained are through adjusting the levels of bonus or dividend paid and also through considering whether investments or divestments are appropriate. Decisions on these matters will be reviewed and agreed by the board of Thomas Miller Holdings Ltd.

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 1.

Fair values of financial instruments

	Company 2020 £'000	Group 2020 £'000	Company 2019 £'000	Group 2019 £'000
Financial assets				
Fixed asset investments	53,941	542	51,705	523
Current asset listed investments	–	1,772	–	2,475
Current asset unlisted investments	2	2	2	3
Cash and cash equivalents	27	62,097	4,035	72,832
Trade and other receivables	5,229	64,650	18,948	66,402
	59,199	129,063	74,690	142,235
Financial liabilities				
Trade and other payables	32,798	110,923	51,975	114,507
Tax liabilities	–	473	162	3,401
Obligations under finance leases	–	53	–	130
Provisions	–	2,731	–	1,410
Fair Value Through Profit and Loss ("FVTPL") – held as trading	–	203	–	160
Retirement benefit obligation	–	3,368	–	4,479
	32,798	117,752	52,137	124,087

Financial liabilities designated as at FVTPL

	Company 2020 £'000	Group 2020 £'000	Company 2019 £'000	Group 2019 £'000
Difference between carrying amount and contractual amount at maturity:				
Amount payable at maturity	–	6,961	–	17,077
Less: Fair value of liabilities designated at FVTPL	–	(6,758)	–	(16,917)
	–	203	–	160

Financial risk management objectives
The group 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 risk.

The group is also exposed to the above risks through the operation of a number of final salary pension schemes. The strategy for dealing with the associated risks is managed by the board of Thomas Miller Holdings Ltd., through close liaison with trustee boards.

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

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of the group's financial assets and liabilities are determined as follows:

- For those financial assets and liabilities that are cash or short-term trade receivables or payables, carrying amount is a reasonable approximation of fair value.
- Retirement benefit obligations are valued by independent actuaries in accordance with IFRS.
- The group's remaining financial assets and liabilities are measured, subsequent to initial recognition, at fair value, and they can be grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Fair value measurements
- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2020 Level 1 £'000	2020 Level 2 £'000	2020 Level 3 £'000	2019 Level 1 £'000	2019 Level 2 £'000	2019 Level 3 £'000
Current asset listed investments	1,772	–	–	2,475	–	–
Forward contracts	–	203	–	–	160	–
Accrued income	–	–	18,260	–	–	13,106

The fair values of the financial assets and liabilities included in the Level 2 category have been independently valued by HSBC based on observable market conditions prevailing at the valuation date, including relevant foreign exchange rates.

The fair value of the financial assets included in the Level 3 category have been calculated by management and relate to the accrued income in respect of TheJudge Limited. The methodology is detailed in note 1.16.

The fair value of the following assets and liabilities approximate to their carrying amounts:

- Receivables;
- Cash and cash equivalents; and
- Payables and other financial liabilities.

29. Financial instruments (continued)

Credit risk

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

– corporate bonds held within the group;

– amounts due from insurance and other customers; and

– cash balances held with financial institutions.

The group places limits on the level of cash balances held at any financial institution. Amounts due to the group are actively monitored by the credit control department and board of the relevant group undertaking.

The group applies IFRS 9 "Financial Instruments", which requires a forward-looking expected credit losses model approach for financial loss impairment.

Trade receivables and accrued income are subject to impairment using the expected credit losses model. As permitted by IFRS 9, the group applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. Consequently, the IFRS 9 concept of a significant increase in credit risk is not applicable to the group's expected credit losses. To assess expected credit losses, balances are either assessed individually or grouped based on similar credit risk characteristics. The group is not involved with complex financial instruments, it does not apply hedge accounting, nor has any history of material credit losses. The majority of the group revenue comprising of management and incentive fees and investment management fees are not considered in the assessment because the payments received from the clubs are subject to individual signed contracts / fee agreements with the management company and also through club board approval. Assessments are carried out regularly across the group to review the level of bad debt provisions and credit losses, to determine the impact of these on the group financial statements. The level of credit losses across the rest of the group is low and immaterial.

Aged debtor reports are reviewed at each month end and a general bad debt provision is made for a minimum of 50% of all outstanding debts over 6 months old, after deduction of any debts specifically provided for.

Interest rate risk

Interest rate risk exists from the group's exposure to adverse movements in interest rates in relation to cash balances, deposits and leases. The group monitors the risk and reduces its exposure by considering the choice of available funds. Management will take advice from investment specialists within the group to act in line with the group's Investment Policy. The group is not materially exposed to movements in interest rates particularly as it does not have any financial liabilities.

The interest rate risk profile of financial assets at 31 December, was as follows:

Group	Floating rate 2020 £'000	Non-interest bearing 2020 £'000	Total 2020 £'000	Floating rate 2019 £'000	Non-interest bearing 2019 £'000	Total 2019 £'000
Financial assets						
£ sterling	27,892	13,197	41,089	6,666	21,427	28,093
US$	57	14,863	14,920	864	16,750	17,614
Other	501	5,587	6,088	22,030	5,095	27,125
	28,450	33,647	62,097	29,560	43,272	72,832

Company	Floating rate 2020 £'000	Non-interest bearing 2020 £'000	Total 2020 £'000	Floating rate 2019 £'000	Non-interest bearing 2019 £'000	Total 2019 £'000
Financial assets						
£ sterling	–	10	10	3,977	43	4,020
US$	9	8	17	15	–	15
	9	18	27	3,992	43	4,035

Currency risk

The group is exposed to currency risk in respect of certain income streams denominated in currencies other than Sterling. The most significant currency to which the group is exposed is the US Dollar. The group seeks to mitigate the risk through forward currency sales. This aims to reduce exposure to unexpected changes in currency exchange rates. The impact of foreign exchange movements on US Dollar income transactions is offset to a large extent by an equivalent impact on US Dollar expenses.

The carrying amounts of the group's monetary assets and liabilities, held by entities with a functional currency other than Sterling, at the reporting date are as follows:

Group	Assets 2020 £'000	Assets 2019 £'000	Liabilities 2020 £'000	Liabilities 2019 £'000
US$	7,001	5,942	2,258	929
Other	12,269	10,376	7,655	10,791
	19,270	16,318	9,913	11,720

Company	Assets 2020 £'000	Assets 2019 £'000	Liabilities 2020 £'000	Liabilities 2019 £'000
US$	16	15	–	–

Currency sensitivity

The results of US Dollar overseas subsidiaries when translated into Sterling using the average rate of exchange for the year have been compared with their results following a 10% weakening of the currency average rate for the year has been assumed in the sensitivity analysis and the impact is shown in the table below:

	2020 £'000	2019 £'000
Profit before tax decrease	71	90

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.

30. Derivative financial instruments

Derivatives that are designated as "held for trading" and carried at fair value:

	Current		Non-current	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Assets				
Forward foreign currency contracts	192	143	12	113
Liabilities				
Forward foreign currency contracts	–	96	–	–

Forward foreign currency contracts are valued using quoted forward exchange rates and revalued at the rate available to cancel the contract, with any gains and losses accounted for within the income statement.

31. Retirement benefit schemes

Defined contribution scheme
Thomas Miller & Co. Limited operates a defined contribution retirement scheme for all qualifying employees within the United Kingdom. Depending on the age of the participant, the subsidiary contributes a specified percentage of a participants' pay to the retirement benefits scheme to fund the benefits. The only obligation of the group with respect to the retirement benefit scheme is to make the specified contributions. The total expense charged to the Income Statement, for defined contribution schemes, in the year ended 31 December 2020 was £5.27 million (2019 – £5.21 million).

Defined benefit schemes
The group operates a number of funded and unfunded defined benefit final salary pension schemes; the funded schemes have been set up under trusts that hold their financial assets separately from those of the group. Valuations have been performed in accordance with the requirements of IAS 19 "Employee Benefits" as at each reporting date. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

Scheme liabilities have been calculated using a consistent projected unit valuation method and compared to the schemes' assets at the 31 December 2020 market value as shown below.

A full actuarial valuation for the Thomas Miller & Co Retirement Scheme ("TMC Scheme"), a funded final salary pension scheme, was performed at 1 July 2017 and was updated to 31 December 2019 by external actuaries. It showed that, on an IAS 19 Employee Benefits basis, the market value of the Scheme's assets was £235,130,000 (2019 – £202,711,000) and that the actuarial value of these assets represented 107% (2019 – 104%) of the benefits that had accrued to members. Future service accrual under the Scheme ceased with effect from 1 October 2004. In addition, salary linkage was removed for active members who remained employees with effect from 30 June 2011.

The group considers that were a pension asset to be realised in respect of the TMC scheme after all member benefits have been paid and after the scheme is wound up, this would be fully recoverable by the group in line with the rules of that 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 (IFRIC 14).

Thomas Miller (Americas) Inc. operates a funded final salary pension scheme. The funded scheme has been set up under trusts that hold their financial assets separately from those of the company. Valuations have been performed in accordance with the requirements of IAS 19 as at each reporting date by an independent external actuary.

Thomas Miller (Bermuda) Ltd operates a defined benefit pension scheme which has been set up under trusts that hold their financial assets separately to those of the company. Valuations have been performed in accordance with the requirements of IAS 19 as at each reporting date by an external firm of actuaries. This scheme is closed to new entrants and all active members had left the service of the company by 31 December 2012.

Risks
The schemes listed above typically expose the group to actuarial risks such as: investment risk, interest rate risk and longevity risk. The majority of the risk relating to benefits to be paid to the dependants of scheme members is not re-insured.

Investment risk
The present value of the defined benefit plan liabilities is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit which may require additional contributions from the group to pay all the benefits promised under the schemes. Currently the plans have a relatively balanced investment in equity securities, debt instruments and real estate investment trusts. Due to the long-term nature of the plan liabilities, the trustees of the pension funds consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and other growth assets to leverage the return generated by the fund.

Interest risk
A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk
The present value of the defined benefit plan liabilities is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Inflation risk
Actual inflation is lower and so benefit payments are lower than anticipated.

Regulatory risk
In future the schemes may have backdated claims or liabilities arising from future legislation, emerging practice or court judgements.

The group assumed a liability to pay annuities to those former partners of Thos R. Miller & Son who had retired prior to 1989. The total unfunded liability has been calculated according to standard actuarial methods using an assumption of future investment returns of 1.30% (2019 – 2.10%). In addition, the group has also assumed a liability to pay an annuity to a former employee of one of its Isle of Man subsidiaries; this has been calculated on the same basis and using the same assumptions.

Principal actuarial assumptions at the balance sheet date:

	2020	2019
UK and Bermuda Schemes		
Discount rate	1.30%	2.10%
Future inflation-linked pension increases	2.90%	2.90%
Future inflation – RPI	2.90%	3.00%
Future inflation – CPI	2.00%	2.20%
USA Scheme		
Discount rate	3.10%	3.10%
Salary inflation (US scheme only)	N/A	N/A
Inflation	2.25%	2.25%

Mortality	**2020 UK and Bermuda schemes only**	**2019 UK and Bermuda schemes only**
Male	S3NA_L Tables	S2NA_L Tables
Females	S3NA Tables	S2NA Tables
Projections	CMI 2019 core projections long-term rate 1.25% per annum	CMI 2017 core projections long-term rate 1.25% per annum

The assumed life expectations on retirement at age 65:

	2020	2019
Retiring today		
Males	25.2	25.2
Females	26.9	26.1
Retiring in 20 years		
Males	26.5	26.6
Females	28.3	27.7

The amount included in the balance sheet arising from the group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2020 £'000	2019 £'000
Fair value of assets	248,468	215,079
Present value of funded obligations	(236,252)	(209,387)
	12,216	5,692
Present value of unfunded obligations	(2,062)	(2,402)
Net surplus arising from defined benefit scheme obligations	10,154	3,290

At 31 December 2020, the group had an overall "net surplus" of £12.2 million in respect of its defined benefit schemes. This included an accounting surplus of £15.6 million, arising in respect of the TMC Scheme. The other schemes have an overall deficit of £3.4 million.

31. Retirement benefit schemes (continued)

The amounts recognised in income in respect of these defined benefit obligations are as follows:

	2020 £'000	2019 £'000
Net interest on net defined benefit liability	(244)	(126)
Administrative expenses	47	41
	(197)	(85)

US Scheme pension expenses of £47,000 have been included in the income statement within administrative expenses. The net interest expense has been included within finance costs (see note 8). The remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

In October 2018, the High Court ruled on the Lloyds Bank Guaranteed Minimum Pensions ("GMP") inequalities case. In response to this, an allowance of 0.3% of the TMC Scheme's pension liabilities (£0.5 million) was included within Thomas Miller & Co. Limited's 31 December 2018 year-end figures to make provision for the estimated costs arising from the judgment. In May 2020, Lloyds Bank went back to court to seek clarification on whether there is also a liability in respect of members that have transferred out of their scheme. In November 2020, the High Court ruled that past transfer values from 1990 now have to be equalised for GMP inequalities. A cost has not been included on materiality grounds.

The amounts recognised in the statement of comprehensive income are as follows:

	2020 £'000	2019 £'000
The gain on plan assets (excluding amounts included in net interest expense)	(24,689)	(18,416)
Actuarial losses / (gains) arising from changes in demographic assumptions	1,651	(302)
Actuarial losses arising from changes in financial assumptions	28,271	22,975
Actuarial gains arising from experience adjustments	(1,373)	(44)
Remeasurement of the net defined benefit liability	3,860	4,213

Movements in the present value of defined benefit obligations in the year were as follows:

	2020 £'000	2019 £'000
Opening defined benefit obligation	211,789	192,393
Interest cost	4,457	5,625
Remeasurement (gains) / losses:		
Actuarial losses / (gains) arising from changes in demographic assumptions	1,651	(302)
Actuarial losses arising from changes in financial assumptions	28,271	22,975
Actuarial gains arising from experience adjustments	(1,373)	(44)
Exchange differences on foreign arrangements	(489)	(600)
Benefits paid	(8,054)	(8,258)
Closing defined benefit obligation	236,252	211,789

Movements In the fair value of plan assets in the year were as follows:

	2020 £'000	2019 £'000
Opening fair value of plan assets	215,079	192,353
Interest income	4,701	5,751
Remeasurement gain:		
The return on plan assets (excluding amounts included in net interest expense)	24,689	18,416
Administrative expenses	(47)	(41)
Contributions by employer	12,560	7,343
Exchange differences on foreign arrangements	(460)	(485)
Benefits paid	(8,054)	(8,258)
Closing fair value of plan assets	248,468	215,079

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

	2020 £'000	2019 £'000
Liability driven investments	136,475	119,317
Equities	26,363	21,593
Bonds	13,294	11,875
Other growth assets:		
– absolute return funds	22,291	19,189
– diversified growth funds	39,520	33,386
– emerging market multi-asset funds	9,008	8,504
Cash	1,514	1,207
Insurance policies	3	8
Fair value of plan assets	248,468	215,079

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 and 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 95% of the interest rate risk and approximately 93% of the inflation rate risk against the Scheme's technical provisions. This strategy is subject to a regular review.

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 8%
	Decrease by 0.5%	Increase by 9%
Rate of inflation	Increase by 0.5%	Increase by 4%
	Decrease by 0.5%	Decrease by 3%
Rate of mortality	Increase by 1 year	Increase by 5%

The above sensitivities relate to the main retirement benefit scheme operated by the group, The Thomas Miller & Co. Limited Retirement Benefits Scheme. Furthermore, the above sensitivities do not take into account any potential impact of the change in assumptions on the assets of this scheme, which may have a compensating sensitivity.

31. Retirement benefit schemes (continued)

Future contributions
The group is expected to make the following contributions to the various defined benefit pension schemes during the year to 31 December 2021:

	Contributions to be made in the year £'000
Thomas Miller & Co. Limited Retirement Benefits Scheme	3,700
Annuities payable to former partners and employees	1,419
Thomas Miller (Bermuda) Ltd Retirement Benefits Scheme	94
Thomas Miller (Americas) Inc. Retirement Benefits Scheme	–
	5,213

32. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The remuneration of directors is disclosed in note 5. Certain employees of the group are members of one of the three defined benefit schemes operated by the group, of which details are given in note 31.

33. Consolidated cash flow statement – reconciliation of operating profit to operating cash flows

	2020 £'000	2019 £'000
Group operating profit (including discontinued operations)	19,093	11,502
Depreciation and amortisation charges	9,837	7,147
Increase / (decrease) in provisions	2,582	(874)
Adjustment for pension funding (see below)	(12,514)	(7,302)
Shares awarded to employees under various bonus schemes	1,911	2,523
Equity settled share option (credit) / charge	(360)	1,298
Operating cash flows before movements in working capital	20,549	14,294
Decrease / (increase) in debtors	1,562	(3,998)
(Decrease) / increase in creditors	(7,468)	28,423
Cash generated by operations	14,643	38,719
Corporation tax paid	(4,364)	(3,194)
Interest paid	(261)	(1,362)
Net cash from operating activities	10,018	34,163

The adjustment for pension funding represents the net of current service costs, the gains on curtailment and contributions paid.

Cash at bank and in hand is broken down as follows:	2020 £'000	2019 £'000
Non client cash:		
Liquidity funds	2,060	4,333
Other bank accounts	14,345	23,814
Client cash	45,692	44,685
	62,097	72,832

The client cash is restricted in nature as it is held on behalf of third party clients, including insurance carriers. A corresponding balance is included within trade creditors.

34. Commitments

At 31 December 2020, the group had entered into forward contracts to hedge anticipated currency receipts in two subsidiary companies. The forward contracts are summarised below:

Exercise date	Currency sold	Amount	Currency bought	Contract rate
18 November 2021	USD	2,000,000	GBP	1.3001
28 July 2021	USD	3,700,000	GBP	1.3108
20 June 2022	USD	200,000	GBP	1.2818
20 June 2022	USD	2,400,000	GBP	1.3686

The impact of fair value movements on open forward contracts during 2020 was a gain of £203,000 (2019 – £160,000). The fair value of open forward contracts at 31 December 2020 is shown in note 30.

35. Litigation

The group is subject to certain claims and litigation arising in the normal course of its mutual management business and other activities. Damages are sought in these claims and litigation. However, on the basis of current information and legal advice, the company does not expect that these claims and litigation will have a material impact on the financial position of the group, however, the company has made provisions net of any insurance recoveries against such liabilities where they deem appropriate.

36. Post balance sheet events

On 18 January 2021 Thomas Miller Holdings Ltd. acquired 100% of the share capital in 3D Marine Inc., a leading marine technical and surveying firm in Houston USA, for a total consideration of US$ 2 million, based on an initial consideration and the expected value of the deferred and contingent consideration.

There are no financial effects of this transaction in the financial year ending 31 December 2020. The operating results and assets and liabilities of the acquired partnership will be consolidated from 18 January 2021.

Following the year end, the Thomas Miller (Americas) Inc. Pension Plan was terminated. Thomas Miller (Americas) Inc. made an additional contribution of $1.67 million in order to secure the liabilities in full.

Notice of Meeting

(Registered in Bermuda, No EC26282)

TO: The holders of Ordinary Shares

NOTICE IS HEREBY GIVEN that the Twenty Second Annual General Meeting of the company will take place in London and on webinar on 29 June 2021 at 12:00 noon (BST) for the following purposes:

1. To confirm that the Notice convening the meeting has been sent to all shareholders and SIP participants.
2. To confirm the minutes of the Twenty-First Annual General Meeting held on 26 June 2020.
3. Presentation on the Businesses and the Financials for the Thomas Miller Group.
4. To receive the Auditor's Report.
5. To approve the Financial Statements for the year ended 31 December 2020 and if they are approved to adopt them.
6. Declaration of the Final Dividend.
   The Board has declared a final dividend of 24.0 pence per ordinary share, with the first Interim dividend of 12.5 pence per ordinary share already paid and the second interim dividend of 12.5 pence per ordinary share already paid, declared at the 2020 AGM, making a total for the year of 49.0 pence per ordinary share.
7. To elect Directors and Officers in line with the Bye-Laws of the company.
8. To re-appoint Deloitte LLP as auditor of the company to hold office until the conclusion of the next General Meeting of the company at which accounts are laid before the meeting and to authorise the directors to agree their remuneration.

The Board recommends that you vote in favour of each of the Resolutions.

BY ORDER OF THE BOARD

K P Halpenny
Company Secretary
6 May 2021

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