THOMAS
MILLER

Annual report and accounts 2021

Contents

Financial calendar

Annual General Meeting	10 June 2022
Final 2021 dividend payable	June 2022
Interim results for 2022	October 2022
Interim 2022 dividends payable	October 2022 and March 2023
Final results for 2022 announced	June 2023

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 over 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 26282.

Directors

C E Fenton	Chairman	Appointed 29 June 2021
B M Kesterton	Chief Executive	
R T Cowdell	Non-executive, Independent Director	
J M Goldthorpe	Executive Director	Resigned 06 June 2021
A E Grant	Non-executive, Independent Director	Resigned 07 July 2021
A J Taylor	Executive Director	
S P Trickett	Non-executive, Senior Independent Director	
P A Wogan	Representative Director	Resigned 20 February 2021
H J Wynn-Williams	Chairman to 29 June 21	Resigned 29 June 2021
G Henderson	Representative Director	Appointed 18 May 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 2021

	2021	2020
Revenue	**£156.61 million**	**£155.38 million**
Profit on ordinary activities before taxation	£12.37 million	£19.56 million
Tax on profit on ordinary activities before taxation	£4.21 million	£3.86 million
Profit on ordinary activities after taxation	£8.16 million	£15.70 million
Basic earnings per ordinary share	**73.4p**	**141.6p**
First interim dividend paid	12.5p	12.5p
Second interim dividend payable	12.5p	12.5p
Final dividend payable	24.0p	24.0p
Total	**49.0p**	**49.0p**
Share price at 31 December	£12.20	£11.00

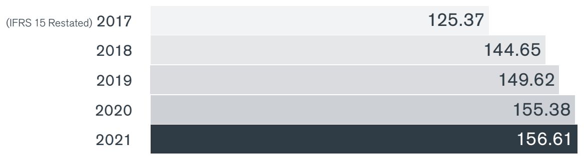
In January 2022, the directors approved a second interim dividend of 12.5p per share (2020 – 12.5p) to be paid to shareholders on the register as at 31 January 2022, paid in March 2022. The directors have agreed that a final dividend of 24.0p per share (2020 – 24.0p) will be paid to shareholders on the register on 31 May 2022. The total estimated dividend to be paid is £2.68 million (2020 – £2.71 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 2021

Thomas Miller manages over $1.2 billion of gross written premium for the Transport, Specialty, and Professional Services industries in the mutual, MGA and captive markets.

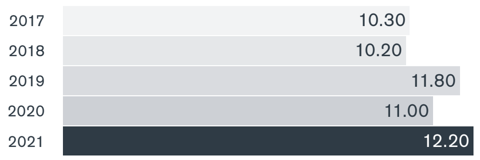
Revenue / £ Million



£156.61m

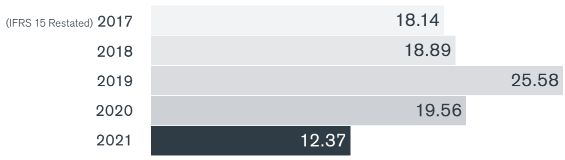
(Includes discontinued operations)

Share price / £



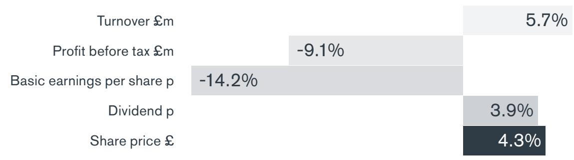
£12.20

Profit before tax / £ Million



£12.37m

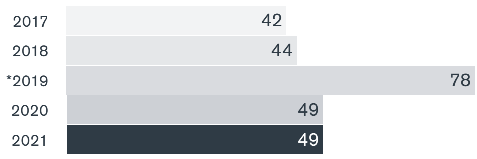
Compound average growth rate 2017-2021



4.3%

Share Price

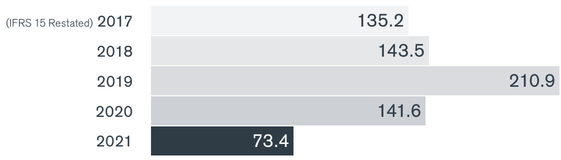
Dividend / p



49p

*(includes a special dividend of 31p)

Basic earnings per share / p



73.4p

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.

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, offshore and constuction.

blpinsurance.com
BLP consultancy services are offered to support risk management practices including life cycle assessments and durability design assessments for off site construction.

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.

fairleadgroup.com
Fairlead provides high quality, relevant and credible private investigation services combined with an investigation management platform designed to increase the efficiency of investigations by improving the flow and transparency of information during a case.

Investment

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

Chairman's Statement

At all times we will continue to be an organisation led by delivering excellent service and an overall product that meets the needs of the customers we serve.

Welcome to the Annual Report and Financial Statements for Thomas Miller Holdings for 2021.

This is my first statement as Chairman and it is right that I begin by thanking my predecessor, Hugo Wynn-Williams who retired at the Annual General Meeting in June, having served for 12 years as Chairman and continuously as a Director since we incorporated in 1999. Under Hugo's leadership the interests of the shareholders of Thomas Miller were well looked after and I will do my best to follow his example and meet the standards he set.

As all readers will be aware 2021, as with 2020 was a year impacted by COVID-19 and the various measures taken globally to manage it. While the virus could yet surprise us, the ability of vaccines to meet its mutations offers considerable encouragement that it might become endemic during 2022. Let us hope so. COVID-19 led to more disruption to working and indeed living patterns in the year and I should like to acknowledge and thank all employees for their work in service of clients of our businesses throughout this period.

As I write this, in many but not yet all of our offices around the world, the post-pandemic ways of working established during 2021 are on the cusp of having a degree of stability we did not see in 2020 or 2021. These arrangements, which have been tailored to meet the needs of our various businesses and locations are aimed at enabling us to maintain our high client service level and allow employees flexibility in their working location.

As you will read in the CEO's report, financial performance in the year has not been at the level targeted by the corporate plan. Covid has played a part in this, but it is not the only factor. This is the first year Thomas Miller has not met or beaten its corporate plan target. I can assure you that the attention of the board and management have been focused on improving the company's financial performance as it became clear that corrective action was necessary, and this focus will continue throughout 2022.

Corporate plan and our culture

The company operates within the framework set by the corporate plan agreed in 2018. In 2021 the Board considered it appropriate to review the plan to ensure it remained fit for purpose. Our updated plan seeks to build on our established footprint in the Professional Services and Specialty Divisions and renews our focus on serving our Club businesses. This is a time of change for many of our mutual Clubs as they embrace the benefits of new technologies and emerge from an environment dominated by the pandemic.

For Professional Services we will continue to invest building out the services we can offer from businesses in the division. For Specialty our activity beyond organic growth will be directed in two broad directions. First and importantly we will look to continue to assist the UK Club diversify its own portfolio by building positions in new lines of business adjacent to its core P&I products. Second we will look to build positions in lines where Thomas Miller already has expertise that is a differentiating factor.

At all times we will continue to be an organisation led by delivering excellent service and an overall product that meets the needs of the customers we serve.

Environmental, Social and Governance ("ESG")

Thomas Miller has always sought to behave as a good corporate citizen. In recent years our Corporate Social Responsibility initiative has provided a framework within which employees can undertake activities beyond their day-to-day employment for the benefit of wider society. Additionally for the last three years our fund raising and gifting activities have been aligned with Mercy Ships, a charity whose work provides medical care and free surgeries for those most in need. Following an employee vote our new corporate charity for the next 2 years is Street Child. This charity works to protect and educate children, in the most marginalised populations across the world. Street Child currently works in 20 countries across sub-Saharan Africa and Asia, and has recently been active in assisting those seeking to leave Ukraine. I am very pleased to say Thomas Miller employees have been very generous in supporting this activity.

We are now developing a company-wide approach to ESG issues alongside similar initiatives in our managed club businesses and we have engaged consultants who will facilitate our thinking. A presentation on this important initiative will be given at the Annual General Meeting ("AGM"). We have a head start on many businesses in this area as our Clubs are genuinely purpose driven businesses created with the community of businesses they serve to meet their needs at creation and as they develop. The challenge for us is to develop initiatives that make a difference in line with society's needs.

Corporate governance

I have mentioned Hugo's retirement as Chairman of Thomas Miller Holdings at the AGM in June. Hugo continues to contribute through his involvement with UK P&I, specifically in leading the Club's European Economic Area ("EEA") entity based in Rotterdam, and more generally as President maintaining an oversight role over some of our marine transport businesses. Alan Grant stood down at the same AGM and we thank Alan for his service both on the Board of Thomas Miller Specialty Underwriting and of course on the Holdings Board. Alan's guidance as we established the Specialty business was extremely valuable.

On 18 May 2021 Dr Grahaeme Henderson OBE joined the Board as the representative director of the UK Club, replacing Paul Wogan. Grahaeme Henderson also currently leads 'Together in Safety', a unique collaborative group to improve the safety performance of the global shipping industry involving all of the shipping industry bodies, major ship owners, Classification Societies, the UK P&I Club and Country Representatives. Grahaeme is an excellent addition to the board.

Importantly the Executive Committee, which comprises the CEO, leaders of our major businesses and two divisions and central functions, was reinvigorated during the year and positioned as the senior decision making group below the Board. In this new role the Committee is able to facilitate change and implement decisions quickly for the benefit of all owned and managed businesses.

Looking Ahead

I would like to thank all employees, whose working lives continue to be destabilised not just by the impact of COVID-19 , but also by many other factors that are causing instability in our environments. It is easy to focus on the negatives, of course, and right that we don't ignore them, but we must also be alert to the opportunities that will also be created in these times. As leaders in our sectors it is our responsibility and indeed it will serve us well to be active in identifying these opportunities.

Thomas Miller remains a fundamentally sound business anchored in long term relationships and I look forward to reporting to you all at the AGM on 10 June about our progress in 2022.

Charles Fenton
Chairman
Thomas Miller Holdings
10 May 2022

Investing in Digital Capabilities

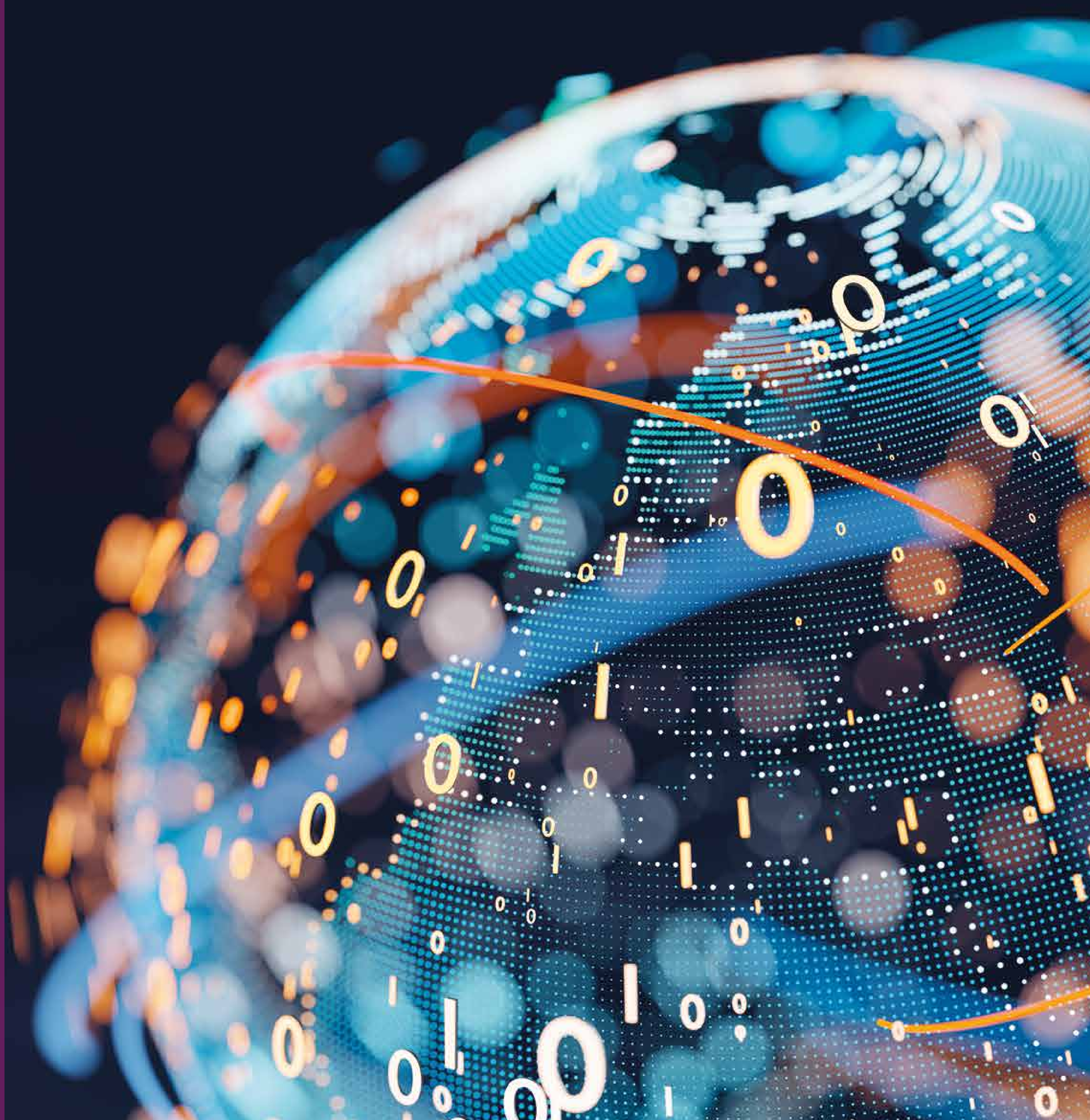
Our Group-wide digital and information technology infrastructure is crucial to delivering outstanding service to our customers and to deliver on our growth plans.

During the past year, we have made significant new appointments and investments that demonstrate our commitment to maintaining robust and effective digital capabilities for all parts of the business.

Lisa Gibbard joined in April 2021 as Group Chief Information Officer to lead the development and implementation of our new digital strategy for the Thomas Miller Group. Lisa brings over 20 years' experience in the finance and insurance sectors where she has driven new digital processes and improved IT capabilities for a range of firms. At Thomas Miller, her focus will be on aligning IT capabilities, such as greater cloud-based services, to business strategy and ensuring delivery of technology-enabled business outcomes. Lisa will work closely with the core businesses to drive this process of reviewing and evolving IT strategies to deliver each one's objectives.

The Group is investing in new technology that will allow us to leverage opportunities from emerging frameworks and support an increasingly mobile workforce and customer base. New platforms include strengthened communications and collaborations capabilities that ensure our people can connect with each other and our clients.

The Group is committed to matching its investment in technology with the right IT skills required. While it can be challenging to recruit for talent in the London IT market, we recognise this need and have demonstrated that we can attract the very best technology people. In addition to Lisa's appointment, we have welcomed Kevin Blunsum as TT Club's first ever Chief Technology Officer.



Chief Executive's Statement and Review of the Year

The onset of the global COVID-19 pandemic in 2020 marked the end of the stable and predictable environment we had enjoyed for many years.

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

As I review 2021, I see the remarkable progress that many countries have made in returning to a degree of normality, driven in the most part by vaccination programmes, but new COVID variants, shortages of vaccines in some parts of the world, and differing public health responses meant that the pandemic continued to impact us all. While the impact on individuals, families, and societies has been most significant, the pandemic continued to drive volatility in the economy and the global markets in which the Thomas Miller Group operates.

Even against this background, the group's financial performance in 2021 was disappointing. As noted in letters to shareholders in early 2022, and at the company update webinar to our employees in March, a combination of:

- The impact of travel restrictions on some of our fee earning activities,
- a delay in the agreement of a new carrier for TMS Construction (the evolution of the old BLP), and
- reduced profitability from the management of the TT Club due to providing for the cost of a major systems upgrade and a late strengthening of claims reserves were the predominant factors in a result that fell below our Corporate Plan target for the first time since incorporation. You will see this particularly in respect of our operational profitability for the year, as set out in the table at the end of this statement, where we not only missed our Corporate Plan target of £20.5 million by £8.1 million, but saw our profit before tax fall by £7.2 million or 37% from our 2020 result.

Fortunately, Thomas Miller is well positioned to weather economically challenging years, with a business that is soundly and conservatively financed, and with established long term business relationships that provide the flexibility to manage unpredictability.

Our current forecasts for 2022 suggest that last year was indeed an anomaly and that we should return to a better level of profitability.

In consequence, the board concluded that it should continue to apply our Progressive Dividend policy and maintain the dividend from 2021 at the same level as 2020 despite the much poorer results. Therefore it declared a final dividend of 24 pence per share, making 49 pence per share in total, the same as 2020. The final dividend will be paid at the end of June to those shareholders on the record at the end of May.

Business Performance – Mutual Clubs

When reviewed overall, the performance of our mutual clubs has been strong across the past year, with some individual exemplar achievements.

The UK P&I Club delivered strong profits that reflected the incentive fee awarded and impressive cost control across the year. The Club's expertise in handling major shipping incidents was demonstrated when the Ever Given blocked the Suez Canal for 6 days in March 2021. The recovery of the ship and subsequent negotiations were conducted in the spotlight of the world's media and the Club's handling of the incident has been widely applauded.

The Club made a step towards diversification with the announcement of a new partnership with Thomas Miller Specialty to provide fixed premium P&I cover from 2022. This follows several years of work in consolidating the various books of fixed premium business by TM Specialty into a cohesive, profitable whole. The Club support has been well received by the market, especially in Germany, and business volumes are running ahead of budget.

The TT Club continued its recent years' exceptional underwriting performance in 2021, with an impressive policy year Combined Ratio below 90%. The Club took provision in its accounts for the majority of the expense to be incurred in updating its key IT systems (the Legacy Modernisation Project, or LMP). While providing for this expense, and separately the strengthening of US Bodily Injury claims reserves in respect of earlier years, diminished our earnings from the management of the Club in 2021, this is essentially a timing difference and will make more secure our earnings for the future. For the avoidance of doubt, the year's profits from the management of TT were simply good, rather than the exceptional results we enjoyed in 2019 and 2020.

2021 was another strong year for ITIC, continuing the Club's historic track record of impressive performance. Looking forward, the Club continues to deliver excellent underwriting results (before continuity credits) and as I write this report ITIC's surplus remains ahead of forecast despite the decline in global investment markets during the first quarter of 2022. 2021 was the year in which the leadership baton passed from Stuart Munro to Tom Irving. Stuart spent most of his 36 years with Thomas Miller building up ITIC's business, including the years following the merger between Thomas Miller-managed TIM and Tindall Riley's CISBA, the last 15 years as the Club's Chief Executive. Stuart leaves behind a vibrant and flourishing mutual, and we thank him for all his successful work and wish him a long and happy retirement.

Elsewhere, the War Risks Clubs, the Defence Club and the PI Division continue to deliver reliable and steady profits, contributing to the Group's overall robust position.

The PI Division's work has been highlighted by PAMIA's role in assisting a client's defence against a claim by a major industrial corporation in the UK High Court. In the case, it was alleged that the patent attorneys involved had missed an appeal deadline in 2012, causing significant harm. The Court made an initial ruling on the case in November 2021, judging that the claimant was only entitled to nominal damages, a significant win when set against the original claim of more than €1bn (a sum that would have exhausted the member firm's insurance cover and bankrupted it).

Business Performance – Specialty

Our Specialty Division now encompasses our existing Specialty Marine, Offshore and After the Event (TM professions) Managing General Agency ("MGA") activities together with brokers TheJudge and OPDU and our Captive Management business in the Isle of Man.

These businesses were joined during the last year by Thomas Miller Specialty Construction ("TMSC"), the successor to Building LifePlans ("BLP"), which we launched formally in October. TMSC will offer latent defect cover for mixed use and tenure developments within the UK, building on the group's many years of experience and knowledge in latent defects insurance. The new business has the advantage of our strong broker and client relationships from BLP.

The TMSC binder was signed with Aviva in October 2021, considerably later than anticipated. The partnership with Aviva provides an attractive underwriting platform with first class systems, framework and compliance as well as state of the art management information for this new business. That said, we had expected to start underwriting much earlier in the year, and the delayed start meant we missed our budgeted income for 2021 by a huge margin. In addition, we took the decision to write off the cost of an investment in software to support the old BLP business, which was no longer going to be used supporting TMSC's much more restricted range of activities (TMSC insures neither Residential nor pure Commercial construction, both of which were covered by BLP).

On a more positive note, business volumes thus far in 2022 indicate that we have a good chance of a much better result in the current year.

Our Marine and Offshore businesses continued their run of strong performances through the past year. These businesses made a major step to expand their reach in the Asia-Pacific region with the appointment of a specialist offshore underwriter in Singapore. The recruitment of Mark Nunn as the first employee of Thomas Miller Specialty (Singapore) PTE Limited represents an initial commitment to growing capacity in the key Asia-Pacific offshore market. Our earnings from Offshore in 2021 were a creditable 10% ahead of those for 2020, although slightly below the budget for the year. At the risk of making this a "jam tomorrow" report, the Gross Written Premium ("GWP") for 2022 is currently tracking not only well ahead of that for 2021, but also ahead of the 2022 budget.

I noted earlier the very positive reaction to the UK Club taking over the underwriting of our fixed premium P&I MGA business. As with Offshore, we are likely to see GWP volumes being written ahead of the budget.

Both TheJudge and TM Professions continue to be affected by the Covid-related slowdown in court processes; in consequence, although profitable at an acceptable level (TheJudge, for example, is showing a 12% return in 2021 on our capital investment, they did not perform in 2021 at our target levels. OPDU and Captive Management, on the other hand, each produced excellent profits at the top end of our expectations in 2021.

So, a mixed result from Specialty. Overall, we made a loss in 2021, with positive results from Offshore, Marine and ATE offset by material legacy issues and a much slower than anticipated start to the TMSC latent defects insurance. Our current projections for 2022 indicate a return to profitability if we hit our GWP targets.

Business Performance – Professional Services

The nature of Brookes Bell's consultancy and investigation services makes it challenging to deliver some of its services without the ability to travel internationally to the sites of incidents. It is therefore pleasing to report that the core business returned to breakeven in 2021, and is forecast to produce a small profit in 2022 despite the ongoing Covid-related travel restrictions. The new laboratory operation reported a loss for 2021, taking Brookes Bell overall into a loss-making position. Current projections – and we must remember that this is a volatile business dependent not only in part on the incidence of claims, but also our ability to travel to those claims, as well as the challenge of building up the new laboratory's earnings – indicate that we should achieve breakeven overall in 2022, made up of a small profit in Brookes Bell's core business, but a small continuing loss as the laboratory moves towards full utilisation. We anticipate that it will be another year before Brookes Bell returns to its previous levels of profitability.

Thomas Miller Claims Management ("TMCM") reported a very small loss on the year, falling just short of break-even. TMCM's performance should be considered in the light of the catastrophic impact of COVID-19 on the cruise industry which, pre-pandemic, was an important market for the business. TMCM has also absorbed the cost of relocating its German operations to the UK during 2021. It is too early to say whether TMCM will return to its normal level of profitability in 2022.

Thomas Miller Investment

The Group's investment professionals had a good 2021 with virtually all of the mutual businesses we manage reporting investment performance above benchmark. This is an extraordinary achievement – most investment houses would be delighted if 70% of their funds beat their benchmark – and deserves to be noted. The investment business delivered a strong profit last year, aided by continuing performance related payments in respect of the 2019 sale of our UK and Isle of Man Wealth Management businesses.

Balance Sheet

Despite our investment programme, we continue to be debt free. While we have access to short and long-term overdraft facilities from our bankers, HSBC, to enable us to cope with cash flow movements, and allow us to make further investments in our business, it is reassuring at the moment to be in a solid financial position.

Of particular note is the Group's pension surplus, which has also expanded significantly, to £30.3 million up from £12.2 million at the end of 2020. This increase is largely due to an increase in the discount rate during the year, which decreases the value of pension obligations, although it has been helped by the 2021 annual contribution of £3.7m into the UK Scheme.

As regular readers of this report will be aware, the pension surplus on our balance sheet is based on the discount factor linked to corporate bond rates, while the trustees of the scheme measure its financial health by reference to (lower) UK Gilts rates. Historically, therefore, the Scheme's Trustees have been looking at a deficit, even though in recent years our accounts showed a surplus. It is therefore very pleasing to report that over the last year, and as I write this report, the Trustees' measure of the Scheme also shows a surplus, albeit much smaller than that shown in our accounts. It is a reasonable assumption that this surplus will be sustainable to the end of the Scheme's current recovery period in June next year, not least given that we have one further annual payment of £3.7m to make into the scheme. It is likely that the next material move in respect of our one remaining pension scheme will be to de-risk its investment policy further, thus reducing the potential for a return to a deficit position.

Long-Term Incentive Plan

The group will move to a new Long-Term Incentive Plan for senior executives in 2022. To transition from legacy arrangements to the new plan, we implemented a bridging scheme in 2020 and 2021. Details of the new plan will be included in future years accounts, once they have been finalised.

Updated Corporate Plan

I began this review of 2021 by emphasising how the fundamentals of our business have positioned us to have flexibility to manage and thrive through uncertainty. This is reflected in the Group Corporate Plan which was updated and relaunched at the end of the year. A copy of the Plan has been sent to shareholders with these accounts (and is available on request from our company secretary, Kieran Halpenny), and is accessible to all employees through the intranet.

The updated Plan is based on the 2018-2022 Plan but now revised and amended to reflect our experience and the evolving external environment over the past three years. We have extended its life to 2026 and we are continuing to focus intensely on our core business while maintaining a modest growth agenda. These are the fundamentals that have served us well and will ensure our continuing success. In updating the Plan we have taken account of the objectives and risk appetite of our key stakeholders, that is our Employees, our Customers, our Shareholders and our Creditors.

The 2022-2026 Corporate Plan focuses on:

- nurturing our existing business, and in particular focusing on delivering operational excellence to our mutual clients as their service provider;
- helping our mutual businesses to grow; and
- delivering growth in Thomas Miller Specialty and Thomas Miller Professional Services.

Our growth plans, focused on both Acquisition and Organic growth, aim to secure our Group's future in part by broadening out its range of activities, thus reducing the impact of a downturn in an individual business line. Success, which will require identifying and recruiting talented new executives and 'rainmakers', will see increasing profits, and therefore an increased dividend stream, over the long term.

Any growth in which the group invests will reflect our stakeholders' risk appetite and will not exceed what we can afford. Our financial target is to achieve an additional 5% per annum rate of profit growth beyond an estimated sustainable inflation rate of 2% per annum.

Our performance and group development during the previous four years has given us important insights into Group cash flow and our ability to raise growth capital. With this in mind, we will review this year whether we have the right mix of existing working capital and access to debt capital.

Looking ahead

As we have continued to manage through the pandemic, I am confident we have the foundations on which to thrive and grow in the face of further uncertainty and disruption in global markets. Looking to the rest of 2022 and beyond, we can see human tragedy unfolding in Europe and economic conditions that most people in developed economies have not seen for almost 50 years. Our purpose and focus at Thomas Miller is to continue to serve our members, customers, and shareholders, delivering service, value, and growth. I am confident that we have the people, resources and attitude to continue our success.

Finally, none of our businesses, mutual or otherwise, would succeed without the efforts of our people, and I'd like to add my thanks to those of Charles for the continued efforts that all of our employees have made over the past year to ensure Thomas Miller and our clients thrive in these strange times.

Bruce Kesterton
Chief Executive Officer
10 May 2022

Review of the Year

Adjusted Operating Profit

Adjusted operating profit	2021 £'000	2020 £'000
Transport division	11,947	17,089
Professional Indemnity division	688	604
Investments division	516	610
Specialty division	(1,300)	692
Professional Services division	(541)	(1,335)
Other, including bonuses	(6,807)	(4,736)
Total	**4,503**	**12,924**
Other gains (note 9)	531	854
Total business operating profit	**5,034**	**13,778**
Adjustments		
Long-Term Share Acquisition Plan ("LTSAP") cost based on financial performance (see note 28 for description of "LTSAP")	–	(1,191)
Adjustment for defined benefit schemes' contributions and other pension costs included within management fee charges	7,122	6,732
International Accounting Standard ("IAS") 19 net finance costs including any gains or losses on curtailment or settlement and liability management exercise (note 31)	210	244
Total adjustments	7,332	5,785
Profit on ordinary activities before taxation	**12,366**	**19,563**

Bruce Kesterton
Chief Executive Officer
10 May 2022

PROFESSIONAL SERVICES

Brookes Bell

The Lab, the independent laboratory facility opened by Brookes Bell in January 2021, has recently celebrated its first twelve months of rapid development and significant progress – with new branding, ten new employees, new industry-leading equipment and a range of new innovative analytical and investigative services.

Launched last year, in the midst of the global pandemic, the independent laboratory facility includes advanced testing and inspection facilities, a fuel testing laboratory, engineering workshop space, flexible training facilities and offices.

One of The Lab's services combines the most experienced inspection engineers with industry-leading technology and equipment to provide the client with unmatched non-destructive testing services ("NDT").

Their team of specialist non-destructive testing and evaluation engineers are able to advise on all aspects of material state evaluation used in condition assessment surveys, failure investigations and latent defect identification in a wide variety of structures and plant. They are also able to provide consultancy and procedure reviews for non-destructive services. This is all matched with technical reporting of the highest standards.

Alongside The Lab's NDT consultancy services, they also offer best-in-class advanced non-destructive testing ("ANDT"), utilising state-of-the-art technology with custom designed mechatronics and software to provide quick, cost-efficient and accurate asset integrity data and reports.

The Lab's growing NDT team uses cutting-edge NDT techniques, like Pulsed Eddy Current Array ("PECA") to reveal the condition of metal structures through composite decks, thick lagging and coatings. These non-intrusive surveys can be performed anywhere in the world for defence sector naval vessels and submarines as well as cruise, superyacht and ro-ro/passenger ships while the vessel is in service, at berth, or at sea.

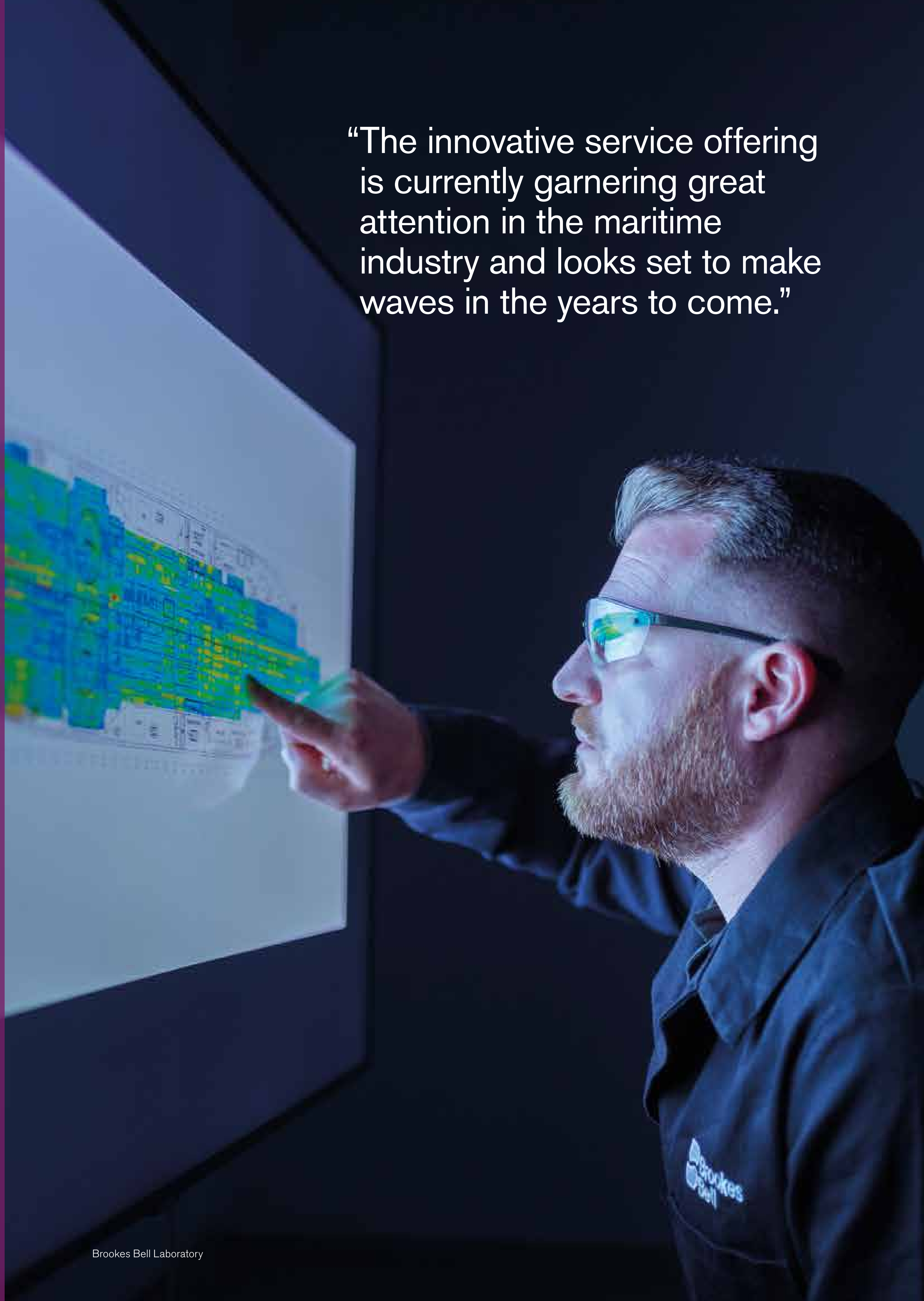
Previously, coating layers had to be removed all over the ships for inspections to be conducted at great expense to the owner. The testing up until now used rudimentary methods such as contact ultrasonic testing – which often doesn't detect problem areas. The whole process created waste and directly increased the down-time of assets in overhaul and maintenance periods – further increasing lost time and therefore cost for the client.

The name given to the advanced data acquisition, analysis and reporting product is "Marine CMAP Evaluation Software". It affords a fast and efficient way to evaluate PECA inspection data and build accurate digital twins of ships' structures for clients, thereby optimising the efficiency of their future inspection strategy by enabling full life cycle trend analysis. Clients can see where problem hotspots are and also predict where they are going to occur in the future.

This means The Lab can create real time corrosion map (CMAP) models for ships approaching their drydock refits or mandatory intermediate or special classification surveys, allowing clients to save time and money by streamlining their planning and costing. The innovative service offering is currently garnering great attention in the maritime industry and looks set to make waves in the years to come.

Brookes Bell

The Lab at Brookes Bell



"The innovative service offering is currently garnering great attention in the maritime industry and looks set to make waves in the years to come."

Brookes Bell Laboratory

Corporate Governance Report

Corporate Governance Report

Board composition and balance

The board comprises the Executive Chairman, two independent non-executive directors, one representative director and two other executive directors and it is responsible for the long-term success of the company.

Board Responsibilities and Delegation

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;

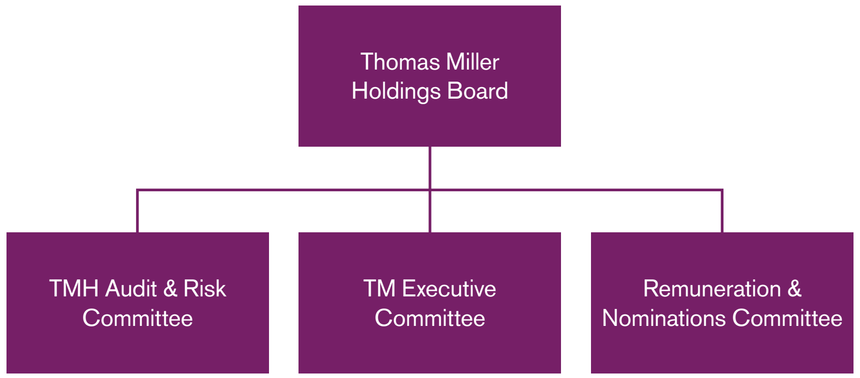
- managing the company's day-to-day operations;
- developing the company's annual budget and recommending it to the Board for approval; and
- managing the day-to-day operations within the budget.

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.

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;

Committee Structure



- 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 is also the Chairman of the Thomas Miller Defined Benefits Pension Scheme. He is 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 & 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

Corporate Governance Report (continued)

the group as well as representatives from central services. During the year a comprehensive review of the responsibilities of the Thomas Miller Executive Committee was completed, which led to a number of changes implemented both for the Executive Committee and its sub-committees.

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.

Set out below is a table showing director attendance at Board and Committee meetings in 2021.

Audit & Risk Committee

With the various changes to the board and Committees of Thomas Miller Holdings Ltd. ("TMH") it was considered appropriate to review the existing arrangements of maintaining separate TMH Audit and Risk Committees. Following detailed discussions it was concluded that there was a likely benefit in the efficiency, both in terms of the aggregate attendance, time spent and administrative effort, of bringing the committees together into a single forum; but more importantly in the 'joining up' of risk management, compliance and assurance (both Internal and External Audit) perspectives that would result. This should lead to avoiding unnecessary duplication; refining the committee materials; ensuring a better focus on and Committee consideration of material key issues; and enhance Thomas Miller's audit and risk governance and oversight.

The Audit & Risk 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 & Risk Committee are set out under the following key headings;

Financial Reporting

- Reviews the Annual Financial Statements in advance of their approval at the TMH Board and the Annual General Meeting
- Reviews the financial reporting for the group throughout the year

External Audit

- Makes 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.

Set out to the right is a table showing Director attendance at Board and Committee meetings in 2021

	Board	Audit	Risk	Audit & Risk	Remuneration and Nominations
Hugo Wynn-Williams	4/4	2/2	2/2	n/a	2/2
Bruce Kesterton	8/8	3/3	2/2	2/2	4/4
Bob Cowdell	8/8	3/3	2/2	2/2	4/4
Charles Fenton	8/8	3/3	2/2	2/2	4/4
Jonathan Goldthorpe	4/4	1/2	1/2	n/a	n/a
Alan Grant	4/4	1/2	1/2	n/a	1/2
Andrew Taylor	8/8	3/3	2/2	2/2	n/a
Paul Trickett	8/8	3/3	2/2	2/2	4/4
Grahaeme Henderson	4/4	1/1	n/a	1/2	n/a
Paul Wogan	1/2	n/a	n/a	n/a	n/a

- Oversees the selection process for a new external auditor and, if an auditor resigns, investigates the issues leading to this and decides whether any action is required and reports the results of the investigation to the board.
- Receives the external auditor's reports including its views as to the key risks facing the group from an external audit perspective, and how its audit approach seeks to address these.
- Receives and considers reports from the external auditor detailing any control deficiencies identified during the course of their work.
- Monitors the independence of external auditors and has established a policy for non-audit services to be provided by the auditors and assesses performance of the auditors annually.

Internal Audit

- Recommends the appointment of the head of Internal Audit.
- 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.
- Meets with both the external auditors and Head of Internal Audit privately at least once a year.
- Receives reports from the Internal Audit Function which is managed and led by the Group Internal Audit Director who reports functionally to the Audit & Risk Committee via the Chairman, and administratively to the Chief Executive Officer.
- Approves the annual internal audit plan at the beginning of the year which is subject to ongoing review and revision as required, throughout the year.
- Reviews the Internal Audit's effectiveness annually.

Risk Management

- Oversees and advises the board on the risks to the company's business objectives and its Risk Management strategy.
- Recommends to the board the company's overall Risk Appetite following review by the Group Risk and Compliance Director on an at least annual basis.
- Oversees the identification and management of new and emerging risks.
- Review regular reports to keep under review the adequacy and effectiveness of the company's compliance arrangements.

In addition the Audit and Risk Committee receives reports and information on managing risk covering areas such as;

- 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 systems which 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 Audit & Risk Committee
- Receives and reviews the Thomas Miller Holdings Risk Register at each committee meeting
- 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

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. 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 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.
Annual Report and Accounts 2021

Environmental, Social and Governance Statement

We value and engage with our employees, communities and the wider world.

Both the ethical and practical values of Environment, Social and Governance ("ESG") issues have always been at the heart of what Thomas Miller and our businesses stand for. We want to ensure our ESG strategy is right for our business, our clients and our community. We began our ESG and climate journey in 2018 with the launch of the 'Be the Difference' Corporate Social Responsibility ("CSR") programme. Our CSR programme remains a vital pillar of Thomas Miller's culture and creates an environment in which our people are motivated, positively challenged and engaged with each other and the community.

With the support of the Deloitte Climate Change and Sustainability practice the expansion of our CSR programme into the development of a formal ESG strategy is well underway with more news on our key ESG priorities, targets and measures to follow over the coming months.

Thomas Miller's core business is as a service provider through the management of its mutual clubs and it will be important that the Group ESG strategy is compatible with, and complementary to the strategies of the clubs. We have been working closely with the ESG representatives from the three largest clubs to make sure that there is alignment where it is needed. We will continue to develop this ESG relationship as Thomas Miller and each of the clubs define their respective ESG strategies relevant for their business.

Whilst the Thomas Miller Holdings board has ultimate responsibility for the group ESG strategy, the Executive Committee has been charged with its delivery through the implementation of an ESG roadmap and plan. Our plan will outline our short, medium and longer term priorities with a focus on what is material for us as a group.

Our ESG assessment has directed us towards high ranking 'Social' topics including Recruitment and Retention, Inclusion and Diversity, 'Governance' topics focusing on ESG Metrics and KPIs and Stakeholder Engagement and 'Environmental' concerns focussing on our Carbon Footprint and Regulatory Developments.

An employee engagement survey, a global carbon footprint mapping exercise, gathering of diversity data and a scan of the regulatory horizon will be our early 'quick wins' in support of the new ESG strategy.

We will be presenting more information about our ESG Roadmap following Thomas Miller's annual general meeting in June.

People and Talent

At Thomas Miller, we are a people business and our people are therefore our greatest asset. We pride ourselves on aiming to get the best out of everyone, whatever role they play in the company.

During the pandemic we have striven to make sure everyone has continued to feel connected through enhancements in our communications, collaboration tools and in our overall approach to Employee Wellbeing. This has been achieved through a number of ways from regular Chief Executive newsletters and quarterly business update webinars through to the launch of Microsoft Teams and wellbeing initiatives such as Around the World with Thomas Miller event when 46 teams competed virtually taking over 144 million steps between them. It is ironic, but some of these simple initiatives have made us feel more connected globally than we ever have before.

During 2021, we also spent time looking for ways to improve some of our important people processes including Succession Management and Management Development and on our return to offices in many of our locations, adopted new ways of working to reflect the changing environment in the world of work post COVID-19.

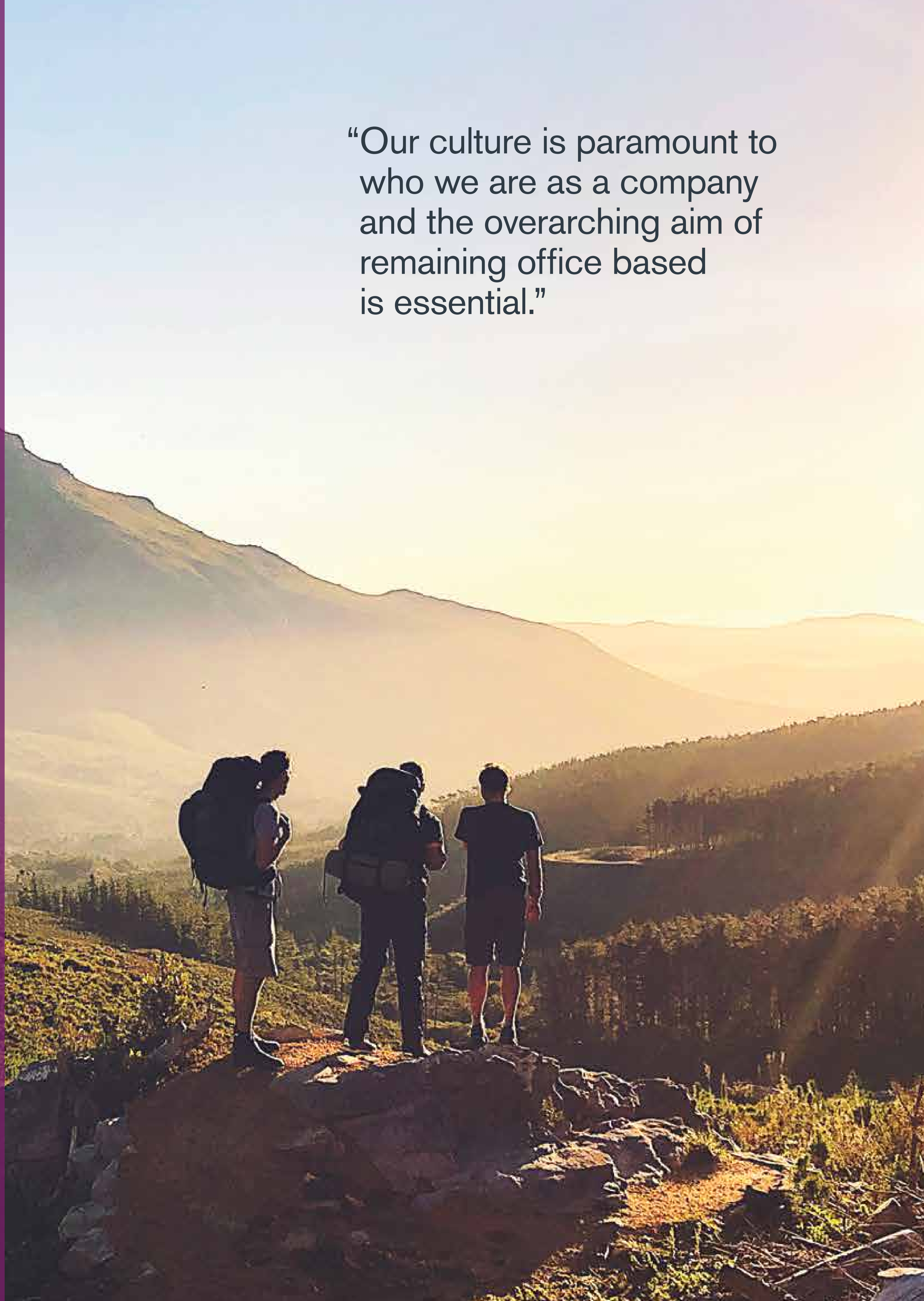
Our new Succession Management framework provides a clear structure within which all of our businesses and functions can manage and develop their people to make sure everyone is working in the role that is right for them. When it has been fully implemented in the second quarter of 2022, we will have clearer lines of sight of upcoming talent for each of our senior level roles. This platform will enable us to more easily identify development needs so employees are prepared better for the next step up the ladder.

Very much linked to this is the development of our managers and leaders and we have launched our new Management Development programme. The two distinctive levels of Aspiring Manager and Experience Manager means we are identifying early talent and bringing them through their training in a mix of in-house and external interactions with modern management at the heart. A third bespoke level takes our aspiring senior leaders through an external programme that is best suited to them. Since our return to offices towards the end of 2021, we have harnessed our COVID-19 experiences of remote working and adopted new ways of working in many of our businesses. We recognised that a 'one size fits all' approach would not work because of the diverse nature of the businesses within the group.

In businesses which are predominantly office based, we now have people working primarily two, but sometimes three days a week away from the office and for people and in businesses where travel is a significant part of their role, the opportunities for remote working are more limited there continues to be opportunities for collaboration and interactions with colleagues. Our culture is paramount to who we are as a company and the overarching aim of remaining office based is essential.

On a final note, a quick summary of our Corporate Social Responsibility ("CSR") 'Be The Difference' programme. Unfortunately COVID-19 impacted our ability to fully capitalise on our partnership with Mercy Ships but this did not detract from the strong relationship we built up with them over the three year period.

During this time we raised money through bingo, runs, bike rides, Christmas jumper days, yoga and many other initiatives. This partnership has now ended and at the start of 2022 we begin a two year partnership with Street Child. We will also be looking to coordinate our CSR and ESG initiatives together as appropriate in the coming year.



"Our culture is paramount to who we are as a company and the overarching aim of remaining office based is essential."

CASE STUDY – SPECIALTY DIVISION

Specialty

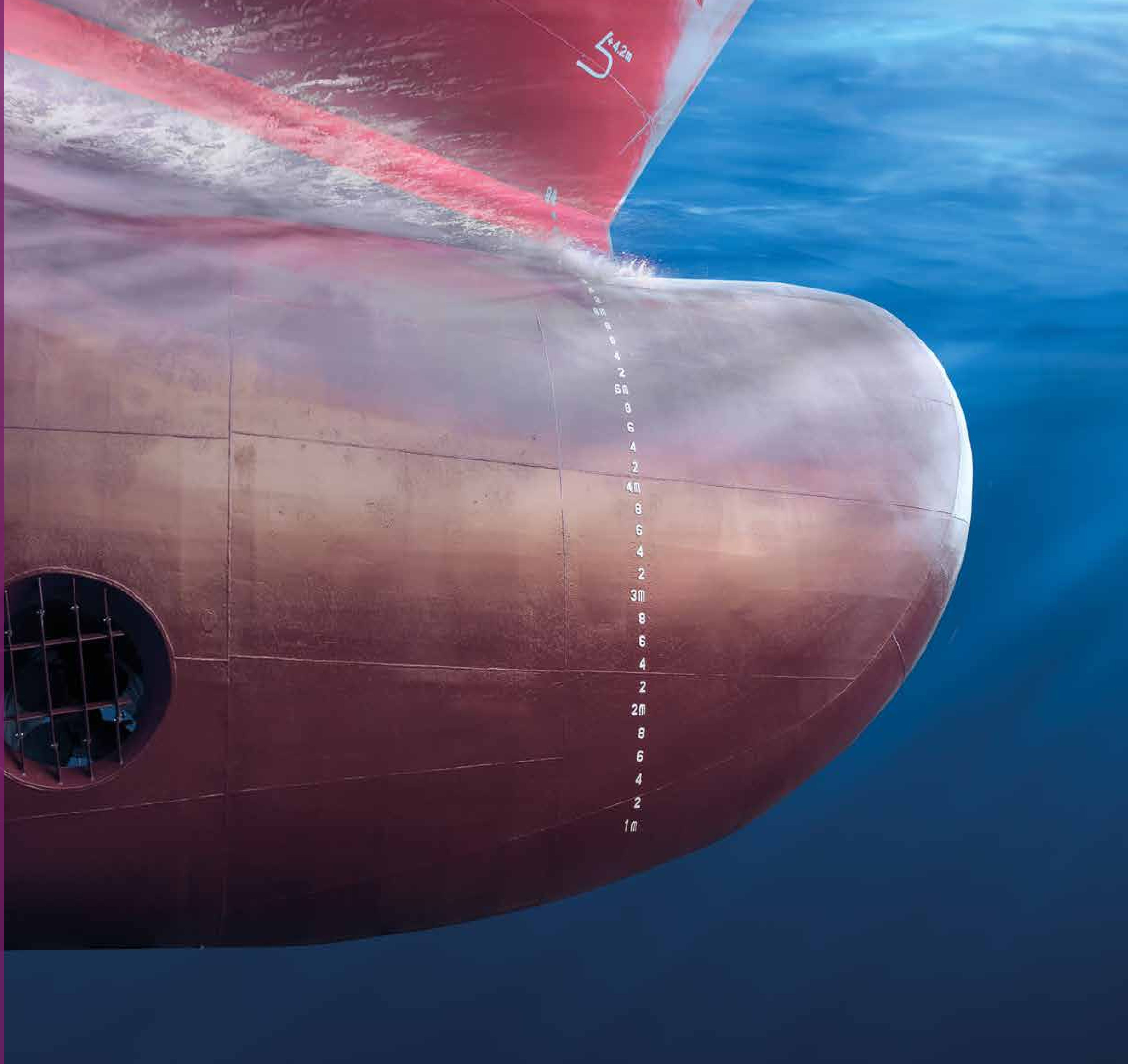
Our Specialty Division now encompasses a breadth of businesses, the existing activities in Specialty Marine and Offshore, construction TheJudge, Captives and OPDU.

In July 2021, Thomas Miller Specialty established a new UK construction business, Thomas Miller Specialty Construction (TMSC). It allowed TMSC to offer market leading latent defect cover for mixed use and tenure developments within the UK.

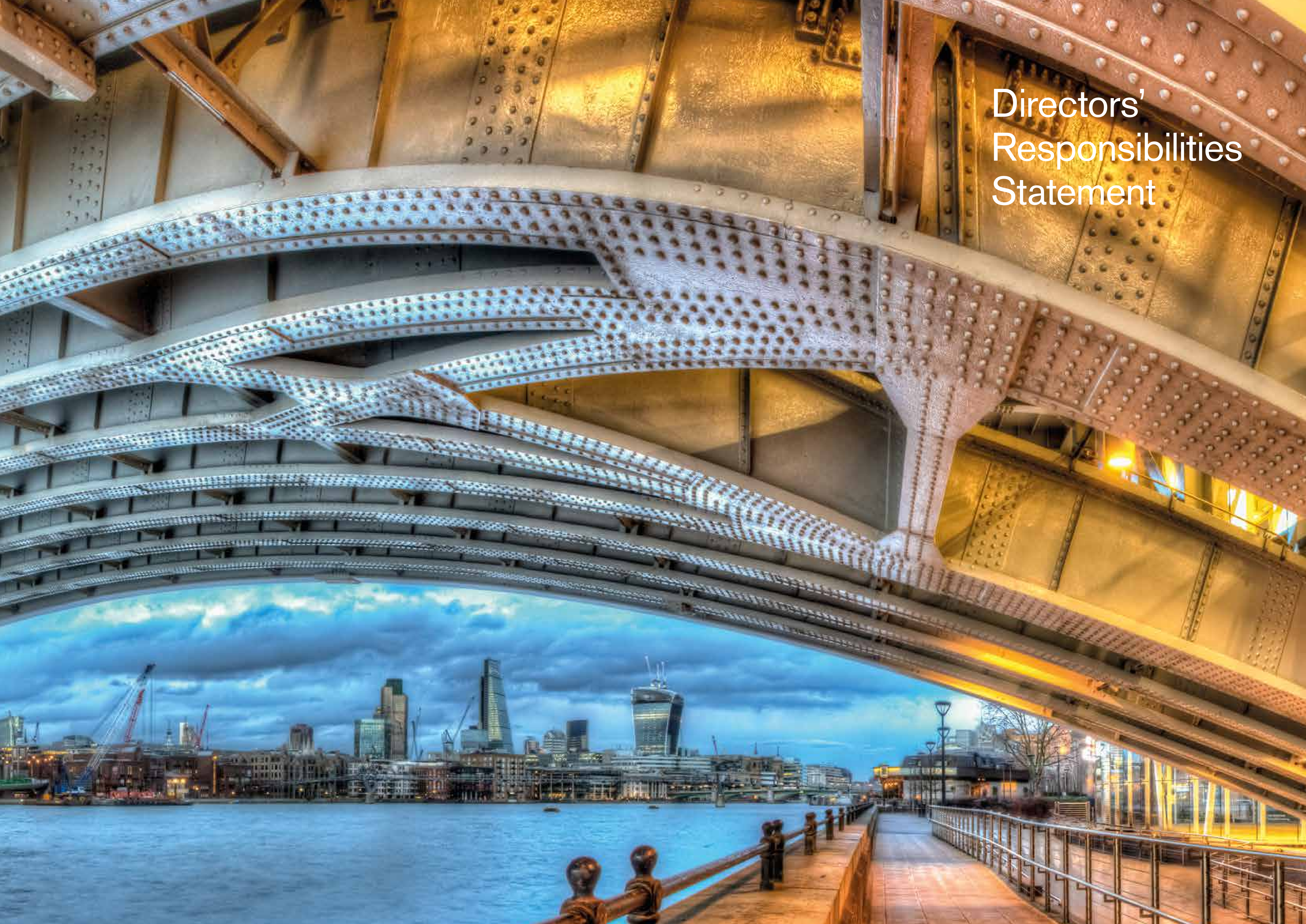
TMSC built on Thomas Miller's many years of expertise within latent defect insurance with a strong focus on service, target clients, and the provision of extensive cover.

As well as building out their construction offering, Specialty and the UK Club announced a partnership to provide fixed premium P&I cover. The working partnership between Specialty and the UK Club will further cement Thomas Miller as one of the leading providers of P&I insurance and provide a comprehensive product offering to both Members and clients.

THOMAS
MILLER
SPECIALTY



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 26282.

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 United Kingdom. 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 United Kingdom 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
10 May 2022

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

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Thomas Miller Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the parent company's and the groups affairs as at 31 December 2021 and of the group's profit for the year then ended; and
- the group financial statements have been properly prepared in accordance with 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
- have been prepared in accordance with the provisions of the Companies Act 2006 which would have applied if the financial statements were statutory financial statements.

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 IFRSs as issued by the IASB and the provisions of the Companies Act 2006 that would have applied were these statutory financial statements. 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) and the provisions of the Companies Act 2006 that would have applied were these statutory financial statements.

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 parent company and the group 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 parent company's and the group'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 non-statutory financial statements and our auditor's report thereon. The directors are responsible for the other information contained within

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

the annual report. Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the parent company's and the group'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 parent company and the group 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. These included UK and Bermuda Companies Act, pensions legislation, tax legislation, UK Bribery Act; 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 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 parent company's directors, as a body, in accordance with our engagement letter and solely for the purpose of expressing our opinion on the group's consolidated financial statements. Our audit work has been undertaken so that we might state to the parent company's directors 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 parent company, for our audit work, for this report, or for the opinions we have formed.

Colin Rawlings FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 May 2022

Our Accounts

Accounts

Consolidated Income Statement for the year ended 31 December 2021

Continuing operations	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Revenue	3		156,614		155,376
Administrative expenses			(144,285)		(136,285)
Group operating profit	4		12,329		19,091
Profit on ordinary activities before interest and taxation			12,329		19,091
Finance income	7	163		358	
Finance costs	8	(680)		(777)	
			(517)		(419)
Other gains and losses	9		531		858
Share of operating profit of associates	17		23		32
Profit on ordinary activities before taxation			12,366		19,562
Income tax	10, 11		(4,209)		(3,862)
Profit on ordinary activities after taxation			8,157		15,700
Profit for the financial year			8,157		15,700
From continuing operations:					
Basic earnings per ordinary share	14		73.4p		141.6p
Diluted earnings per ordinary share	14		72.8p		140.0p

The notes on pages 46 to 93 form an integral part of these financial statements.

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Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Profit for the financial year		8,157	15,700
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit liability	31	12,512	(3,860)
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	(1,100)	1,091
		11,412	(2,769)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency net investments		(286)	(363)
Other comprehensive expense for the year net of income tax		11,126	(3,132)
Total comprehensive income for the year		19,283	12,568

All amounts derive from continuing operations unless otherwise stated.
The notes on pages 46 to 93 form an integral part of these financial statements.

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Consolidated Balance Sheet as at 31 December 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Intangible assets	15		18,509		17,832
Property, plant and equipment	16		10,799		13,379
Right of use assets	27		17,737		16,430
Investments – interests in associates	17		140		140
Investments – other investments	17		401		401
Trade and other receivables	20		12,039		4,462
Deferred tax assets	20, 21		–		1,299
Derivative financial instruments	30		1		12
			59,626		53,955
Retirement benefits and similar assets	31		31,689		15,584
Current assets					
Investments	19	2,665		1,774	
Trade and other receivables	20	49,390		64,650	
Derivative financial instruments	30	9		192	
Cash at bank and in hand	33	57,937		62,097	
		110,001		128,713	
Current liabilities					
Trade and other payables	22	(101,175)		(112,650)	
Current tax liabilities	22	(800)		(473)	
Derivative financial instruments	22, 30	(7)		–	
Lease liabilities	27	(4,971)		(5,732)	
		(106,953)		(118,855)	
Net current assets			3,048		9,859
Non-current liabilities					
Deferred tax liabilities	21, 22	(4,949)		(2,611)	
Lease liabilities	27	(16,195)		(14,688)	
Provisions for liabilities and charges	23	(1,922)		(2,731)	
Retirement benefits and similar obligations	31	(1,400)		(3,368)	
Derivative financial instruments	30	(29)		–	
			(24,495)		(23,398)
Net assets			69,868		55,999
Equity					
Called up share capital	24		1,393		1,398
Share premium account			3,033		3,586
Retained earnings			80,639		66,877
Capital redemption reserve			20		20
Own shares held by Employee Benefit Trusts ("EBTs")	26		(15,217)		(15,882)
Total equity			69,868		55,999

The financial statements of Thomas Miller Holdings Ltd. (registered number FC021864) were approved by the board of directors and authorised for issue on 10 May 2022 and signed on its behalf by:

C E Fenton — Director

B M Kesterton — Director

The notes on pages 46 to 93 form an integral part of these financial statements.

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Consolidated Statement of Changes in Equity for the year ended 31 December 2021

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	2021 Total equity £'000	2020 Total equity £'000
Opening shareholders' funds / (deficits)	1,398	3,586	66,877	20	(15,882)	55,999	50,326
Profit for the financial year	–	–	8,157	–	–	8,157	15,700
Dividends paid	–	–	(5,458)	–	–	(5,458)	(5,183)
Currency translation differences on foreign currency net investments	–	–	(286)	–	–	(286)	(363)
Purchase of own shares	(5)	(553)	–	–	–	(558)	(604)
Equity settled share based (receipts) / payments	–	–	173	–	–	173	(360)
Current tax on share based payment transactions	–	–	27	–	–	27	24
Deferred tax on share based payment transactions	–	–	28	–	–	28	(35)
Acquisition of own shares by EBTs	–	–	–	–	(3,352)	(3,352)	(4,353)
Value of shares awarded to employees	–	–	–	–	2,161	2,161	1,911
Net loss on shares awarded to employees	–	–	(296)	–	296	-	–
Proceeds on disposal of EBT shares	–	–	–	–	1,560	1,560	1,705
Actuarial loss relating to the pension deficit net of current and deferred tax	–	–	11,417	–	–	11,417	(2,769)
Net (reduction) / addition to shareholders' funds	(5)	(553)	13,762	–	665	13,869	5,672
Closing shareholders' funds / (deficit)	1,393	3,033	80,639	20	(15,217)	69,868	55,999

Company	Share capital £'000	Share premium account £'000	Retained earnings £'000	Capital redemption reserve £'000	2021 Total £'000	2020 Total £'000
Opening shareholders' funds	1,398	3,586	30,718	20	35,722	30,856
Profit for the financial year	–	–	7,783	–	7,783	11,013
Dividends paid	–	–	(5,458)	–	(5,458)	(5,183)
Purchase of own shares	(5)	(553)	–	–	(558)	(604)
Equity settled share based payments	–	–	173	–	173	(360)
Net (reduction) / addition to shareholders' funds	(5)	(553)	2,498	–	1,940	4,866
Closing shareholders' funds	1,393	3,033	33,216	20	37,662	35,722

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 46 to 93 form an integral part of these financial statements.

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Company Balance Sheet as at 31 December 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Investments – subsidiary undertakings	17		53,816		53,816
Investments – other investments	17		125		125
Trade and other receivables	20		10,476		9,329
Deferred tax assets			390		–
			64,807		63,270
Current assets					
Investments	19	2		2	
Trade and other receivables	20	2,688		5,229	
Cash and cash equivalents		6,793		27	
		9,483		5,258	
Current liabilities					
Trade and other payables	22	(36,628)		(32,798)	
Net current liabilities			(27,145)		(27,540)
Deferred tax liabilities			–		(8)
Non-current liabilities			–		(8)
Net assets			37,662		35,722
Capital and reserves					
Called up share capital	24		1,393		1,398
Share premium account			3,033		3,586
Retained earnings			33,216		30,718
Capital redemption reserve			20		20
Shareholders' funds			37,662		35,722

These financial statements for Thomas Miller Holdings Ltd. (registered number FC021864) were approved by the board of directors and authorised for issue on 10 May 2022 and signed on its behalf by:

C E Fenton ______________________ Director

B M Kesterton ______________________ Director

The notes on pages 46 to 93 form an integral part of these financial statements.

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Consolidated Cash Flow Statement for the year ended 31 December 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Net cash from operating activities	33		16,633		10,018
Investing activities					
Interest and other similar income received		204		340	
Dividends from associates		26		18	
Payments for acquisition of subsidiaries (net of cash acquired)		(1,678)		–	
(Increase) / decrease in current asset investments		(932)		716	
Payments to acquire tangible fixed assets		(4,184)		(8,468)	
Payments to acquire intangible fixed assets		(34)		(35)	
Proceeds from sales of fixed assets		340		–	
Net cash used in investing activities			(6,258)		(7,429)
Financing activities					
Equity dividends paid		(5,458)		(5,183)	
Repayment of lease liabilities		(6,349)		(5,562)	
Loans repaid		(115)		(15)	
Acquisition of own shares by the EBT		(2,761)		(3,357)	
Proceeds from exercise of options		969		711	
Own shares purchased		(557)		(604)	
Net cash used in financing activities			(14,271)		(14,010)
Net decrease in cash and cash equivalents			(3,896)		(11,421)
Cash and cash equivalents at beginning of year			62,097		72,832
Effect of foreign exchange rate changes			(264)		686
Cash and cash equivalents at the end of the year			57,937		62,097

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 46 to 93 form an integral part of these financial statements.

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Notes to the Accounts for the year ended 31 December 2021

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 United Kingdom 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.

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 £12.37 million for 2021 (2020 – £19.56 million) and had net cash inflows from operating activities of £16.63 million (2020 – £10.01 million). The 2020 cash position included an additional cash outflow of £7.5 million – a payment into the Thomas Miller & Co. defined benefit pension scheme. 2020 also included a cash outflow of £8.5 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. 2021's cash position was impacted by the acquisition of 3D Marine Inc. and also a final contribution in respect of the closure of the Thomas Miller Americas defined benefit pension scheme. 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 20 month period ending December 2023 which indicates headroom before any mitigating actions. 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 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.

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Notes to the Accounts for the year ended 31 December 2021 (continued)

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 asset or liability 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 below.

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

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

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Notes to the Accounts for the year ended 31 December 2021 (continued)

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. 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 29.

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 the 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).

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

Notes to the Accounts for the year ended 31 December 2021 (continued)

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 become a financial assets), 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;
- 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.

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

Notes to the Accounts for the year ended 31 December 2021 (continued)

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. Curtailments 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.

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

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. 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. 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

Notes to the Accounts for the year ended 31 December 2021 (continued)

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
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. 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. 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. 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 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

Notes to the Accounts for the year ended 31 December 2021 (continued)

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 2021, that the Refund Liability changes by £69,169 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:	2021 £'000	2020 £'000
Bermuda	14,095	18,620
United Kingdom and Europe	128,569	125,411
Americas	6,126	5,195
Asia Pacific	6,294	5,090
Africa	1,530	1,060
	156,614	155,376

Revenue by nature of business is shown below:	2021 £'000	2020 £'000
Insurance management fees	115,290	112,349
Investment management fees	2,912	2,955
Consultancy fees	16,893	14,744
Insurance commissions	15,739	18,696
Claims management	3,533	3,871
Rental income	196	237
Other income	2,051	2,524
	156,614	155,376

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 2021.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:	2021 £'000	2020 £'000
Receivables (which are included in 'Trade and other receivables')		
Contract assets	30,019	34,312
Contract liabilities	(40,533)	(39,428)

For 2021, revenue includes £38.3 million included in the contract liability balance at the beginning of the period.

Contract assets	2021 £'000	2020 £'000
Contract assets at the beginning of the period	34,312	27,322
(Disposals) / additions	(4,293)	6,990
Contract assets at the end of the period	30,019	34,312

Contract liabilities	2021 Deferred income £'000	2021 Refund liability £'000	2020 Deferred income £'000	2020 Refund liability £'000
Contract liabilities at the beginning of the period	38,277	1,150	36,851	1,381
Payments received in advance	1,426	–	1,426	–
Charge / (credit) during the year	–	(320)	–	(231)
Contract liabilities at the end of the period	39,703	830	38,277	1,150

Notes to the Accounts for the year ended 31 December 2021 (continued)

4. Operating profit

This is stated after charging / (crediting):	2021 £'000	2020 £'000
Depreciation and amortisation charges:		
– Owned assets	5,658	2,330
– Leasehold improvements	761	686
– Intangible assets	478	861
– Right of use assets	5,075	5,549
– Goodwill impairment	193	410
Rentals under operating leases	224	(694)
Gain on disposal of tangible fixed assets	(19)	(110)
Exchange losses / (gains)	542	(342)
Exchange losses on forward contracts	28	300

Charitable donations paid by the group in 2021 amounted to £95,000 (2020 – £112,000).

The analysis of auditor remuneration is as follows:	2021 £'000	2020 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	114	114
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)	384	341
Fees payable to other auditors for the audit of the company's subsidiaries pursuant to legislation	149	111
Total audit fees	647	566
– Tax services	26	24
– Other services	227	163
Total non-audit fees	253	187

Fees payable to the company's auditor and their associates in respect of associated pension schemes:	2021 £'000	2020 £'000
– Audit	–	15

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:	2021 £'000	2020 £'000
Salaries, fees and short-term employee benefits	3,091	2,944
Post-employment benefits	30	27
Share based payments	584	4,104
	3,705	7,075

Analysis of Directors' Remuneration (a)	2021 £'000	2020 £'000
Salaries, fees and short-term employee benefits		
Annual salary	1,690	2,003
Cash bonus	539	499
Other cash payments (car allowance, pension allowance and other)	624	166
Risk benefits	31	38
Non-Executive director fees	207	238
	3,091	2,944
Post employment benefits		
Defined contribution pension scheme	30	27
Share based payments		
Long-Term Share Acquisition Plan ("LTSAP") Restricted share award (b)	584	718
Long-term incentive award (LTIP") (c)	–	3,386
	584	4,104
	3,705	7,075

(a) Directors remuneration is reported on an 'as paid' basis. Bonus and share based awards reported above therefore relate to performance in the prior financial year. These awards in respect of 2021 will be paid in 2022 and will therefore be formally reported in the 2022 annual report and accounts – these are reported at note 4 below for information.
(b) LTSAP is awarded in restricted shares with a five year restriction period.
(c) The LTIP figure reported for 2020 is in respect of the awards made through the 2017 Executive LTIP which closed on 31 December 2019 and was settled in 2020.
In both 2020 and 2021, LTIP awards in the form of unvested nil-cost options were made to executive directors. The nominal value of these awards will be reported on vesting in 2023 and 2024.
(d) Awards approved by the Remuneration and Nominations Committee in their March 2022 meeting for current TMH Executive Directors in respect of 2021 are:
Cash bonus – £240,186
Restricted share award – £231,173
Long Term Incentive Award (unvested nil-cost options) – £814,100

(ii) Directors and retirement benefits The number of directors to whom retirement benefits are accruing in respect of qualifying services was:	2021 Number	2020 Number
Defined benefit schemes	1	2
Defined contribution schemes	1	1
Exercised options over shares in the parent company	–	2
Had awards receivable in the form of shares under a long-term incentive scheme	5	5

6. Employee information (including directors)

The average number of persons employed by the group during the year was 846 (2020 – 811). The split between geographical areas was as follows:	2021 Number	2020 Number
United Kingdom and Europe	702	675
Asia	86	82
Americas	43	42
Australasia	14	11
Middle East	1	1
	846	811

The total payroll costs of these persons were as follows:	2021 £'000	2020 £'000
Wages and salaries (including bonuses)	81,462	77,209
Redundancy costs	998	195
Social security costs	8,320	8,560
Other pension costs – defined contribution schemes	7,056	6,751
	97,836	92,715

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

	2021 £'000	2020 £'000
Interest receivable and similar income	(48)	114
Net finance income on retirement benefit schemes (note 31)	211	244
	163	358

8. Finance costs

	2021 £'000	2020 £'000
Bank Interest	8	7
Interest on IFRS 16 and other finance leases	659	759
Other interest	13	11
	680	777

9. Other gains and losses

	2021 £'000	2020 £'000
Net gain arising on financial assets measured at FVPTL	531	858

In 2021, a net gain of £531,000 (2020 – £854,000), represented a further deferred consideration payment for the sale of the Private Wealth business in 2019.

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	1,081	1,030
Foreign tax suffered	389	606
	1,470	1,636
Foreign tax relief	(4)	(62)
Overseas taxation – adjustments in respect of prior years	11	261
UK taxation – adjustments in respect of prior years	248	(400)
Total current tax	1,725	1,435
Deferred tax:		
Current year	1,162	2,117
Effect of changes in tax rates	1,799	322
Adjustments in respect of prior years	(477)	(12)
Total deferred tax charge / (credit)	2,484	2,427
Tax on profit on ordinary activities	4,209	3,862

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

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

Notes to the Accounts for the year ended 31 December 2021 (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:

	2021 £'000	2020 £'000
Profit before tax on continuing operations	12,367	19,563
Tax at the standard UK corporation tax rate of 19% (2020 – 19%)	2,350	3,717
Effects of:		
Increase from effect of expenses not deductible in determining taxable profit / (tax loss)	1,368	134
Decrease from effect of revenues exempt from taxation	(1,158)	(99)
Deferred tax expense relating to changes in tax rates or laws	1,799	322
Decrease from effect of exercise of employee share options	–	(9)
Increase / (decrease) from effect of foreign tax rates	227	(427)
Decrease from effects of double tax relief	–	(26)
Decrease from tax losses for which no deferred tax asset was recognised	–	(5)
Tax decrease from utilisation of tax losses	(388)	–
Increase from effect of unrelieved losses on foreign subsidiaries	240	432
Tax increase / (decrease) from other short term timing differences	–	(27)
Deferred tax credit from unrecognised temporary difference from a prior period	(477)	(12)
Increase / (decrease) in current tax from adjustment for prior periods	248	(138)
Tax charge for the year	4,209	3,862

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:	2021 £'000	2020 £'000
Current tax:		
Items that will not be reclassified subsequently to profit or loss:		
Excess tax credits / (deductions) related to contributions to defined benefit schemes	–	(731)
Deferred tax:		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liability	1,100	(360)
	1,100	(1,091)

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:	2021 £'000	2020 £'000
Current tax:		
Excess tax deductions related to share-based payments on exercised options	(27)	(24)
Deferred tax:		
Change in estimated excess tax deductions related to share-based payments	(28)	35
Total income tax recognised directly in equity	(55)	11

12. Profit attributable to the company

The profit for the financial year dealt with in the financial statements of the parent company was £7.82 million (2020 – £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

	2021 £'000	2020 £'000
Second interim dividend paid for year ended 31 December 2020 of 12.5p (2019 – 12.5p) per share	1,373	1,363
Final dividend of 24.0p paid for the year ended 31 December 2020 (2019 final – 22.0p) per share	2,690	2,415
First interim dividend paid for the year ended 31 December 2021 of 12.5p (2020 – 12.5p) per share	1,395	1,405
	5,458	5,183

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 2021 of 12.5p per share – paid in March 2022.	1,378

The proposed final dividend for 2021 of 24.0p per share is estimated to be £2.68 million (2020 – £2.71 million). The proposed final dividend is payable to all shareholders on the Register of Members on 31 May 2022. The total estimated dividend to be paid for the year is 49.0p per share (2020 – 49.0p 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.

	2021 £'000	2020 £'000
Earnings		
Profit for the financial year	8,157	15,700
Basic and diluted earnings attributable to ordinary shareholders	8,157	15,700

	2021 Number '000	2020 Number '000
Number of shares		
Weighted average number of ordinary shares	11,111	11,090
Effect of dilutive share options	88	123
Adjusted weighted average number of ordinary shares	11,199	11,213
From continuing operations:		
Basic earnings per share	73.4p	141.6p
Diluted earnings per share	72.8p	140.0p

Notes to the Accounts for the year ended 31 December 2021 (continued)

15. Intangible fixed assets

Group	Goodwill £'000	Software and customer lists £'000	Total £'000
Cost			
At 1 January 2021	15,840	6,384	22,224
Exchange adjustments	–	(125)	(125)
Additions	1,327	33	1,360
Impairment	(193)	–	(193)
Disposals	(360)	–	(360)
At 31 December 2021	16,614	6,292	22,906
Accumulated amortisation			
At 1 January 2021	1,416	2,976	4,392
Provided in the year	–	365	365
Disposals	(360)	–	(360)
At 31 December 2021	1,056	3,341	4,397
Carrying amount			
At 31 December 2021	15,558	2,951	18,509
At 31 December 2020	14,424	3,408	17,832

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	2021 £'000	2020 £'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 (including 3D Marine Inc.)	Goodwill on acquisition of business	5,379	4,051
Thomas Miller Insurance (Germany) Gmbh	Goodwill on acquisition of business	3,969	4,163
TheJudge Group Holdings Ltd	Goodwill on acquisition of business	3,347	3,347
		15,558	14,424

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.

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 2021, impairment has been reconsidered and none was proposed.

Due to the uncertain economic environment, additional impairment testing (sensitivity analysis) work was performed on the Brookes Bell, Specialty, Germany and TheJudge CGU's. For Brookes Bell, reverse stress testing indicated that a reduction in EBITDA in financial year 2024 of at least £834,000 (or 42% of the latest forecast) and continued thereafter in perpetuity, would be required to cause an impairment of £0.5 million. The directors consider this situation to be extremely unlikely and such a reduction in income would represent a decline to levels not seen in recent history (i.e. before the COVID-19 pandemic). For Specialty and Germany, reverse stress testing indicated that for the goodwill headroom to be reduced to nil, profit before tax in 2022 and 2023 would need to be 70% of the current forecasted position which is considered to be highly unlikely based on current expectations. For TheJudge, sensitivity analysis indicated that, for the goodwill headroom to become nil, all forecasted earnings would need to be nil for 2022 and in 2023 and 2024 the profit before tax would have to be 84% of the current forecasted position – an unlikely scenario based on current trends.

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 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, Thomas Miller Insurance (Germany) Gmbh 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 2022-2024 budgets and then in perpetuity with the extrapolation using a 2% 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 2021	250	5,853	2,365	22,790	3	31,261
Exchange adjustments	–	2	(1)	(22)	(1)	(22)
Additions	250	1,043	–	2,821	70	4,184
Disposals	(250)	(516)	(33)	(4,828)	–	(5,627)
At 1 December 2021	250	6,382	2,331	20,761	72	29,796
Accumulated depreciation						
At 1 January 2021	14	2,172	2,336	13,357	3	17,882
Exchange adjustments	–	(13)	–	(5)	–	(18)
Provided in the year	(14)	761	–	5,658	–	6,405
Disposals	–	(516)	(30)	(4,726)	–	(5,272)
At 1 December 2021	–	2,404	2,306	14,284	3	18,997
Net book value						
At 1 December 2021	250	3,978	25	6,477	69	10,799
At 31 December 2020	236	3,681	29	9,433	–	13,379

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

Additions and disposals also include some reclassifications within each heading due to transfers of assets between two group subsidiaries.

Notes to the Accounts for the year ended 31 December 2021 (continued)

17. Investments held as fixed assets

Group	Share of net assets £'000
Interests in associates	
At 1 January 2021	140
Foreign exchange adjustment	3
Dividends received from associates	(26)
Share of operating profit of associates for the year	23
At 31 December 2021	140

Group	Other fixed asset investments £'000
Other investments – unlisted	
At 1 January 2021	401
At 31 December 2021	401

The ordinary stock of ShipServ is no longer be accounted for as an associate, as on a diluted basis (with the preferred stock) the group no longer exercises significant influence. Equity accounting no longer applies and the associate has been redesignated as a fixed asset investment at FVTPL. In the absence of an external buyer, or credible valuation, it is management's view that the ordinary stock should continue to be held at £nil value.

Company	Subsidiary undertakings £'000	Other fixed asset investments £'000	Total £'000
At 1 January 2021	53,816	125	53,941
At 31 December 2021	53,816	125	53,941

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 Ltd*	Agency and management services
Thomas Miller Defence Ltd.*	Agency and management services
Thomas Miller Professional Indemnity Limited*	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
Fairlead Group Inc.* (USA)	Private investigation services

Notes to the Accounts for the year ended 31 December 2021 (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
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
3D Marine Inc.* (America)	Marine engineering consultancy
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
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
ShipServ Inc. (34.3% ordinary stock, 14.5% preferred stock)	Marine e-procurement

*Held via an intermediate holding company

18. Acquisition of subsidiary

On 18 January 2021, the group acquired 100 per cent of the issued share capital of 3D Marine USA Inc., which specialises in all aspects of marine transportation, offering vessel and cargo surveys, casualty and marine engineering consultancy services. The services provided by the business will be complementary to those provided by Brookes Bell.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below:

	3D Marine Inc. £'000
Cash	703
Other current assets	736
Work in progress	183
Current liabilities	(28)
Identifiable assets and liabilities	1,594
Purchased goodwill	1,327
Consideration	2,921
Satisfied by:	
Initial cash consideration	2,381
Deferred consideration	540
Consideration	2,921
Acquisition of subsidiaries (cash paid)	2,381
Net cash acquired with subsidiary	(703)
Other assets and liabilities	(891)
Deferred consideration	540
Goodwill	1,327

19. Investments held as current assets

Group	Unlisted investments £'000	Listed debt securities £'000	Total £'000
At 1 January 2021	2	1,773	1,775
Net cost of bonds / investments sold	–	932	932
Foreign exchange revaluation	–	(4)	(4)
Unrealised gains	–	(38)	(38)
At 31 December 2021	2	2,663	2,665

Company	Unlisted investments £'000
At 1 January and 31 December 2021	2

20. Trade and other receivables

Due within one year	Company 2021 £'000	Group 2021 £'000	Company 2020 £'000	Group 2020 £'000
Amounts owed by subsidiary undertakings	2,619	–	5,229	–
Trade debtors	–	19,146	–	24,462
Other debtors	–	7,508	–	5,687
Prepayments	62	3,858	–	3,940
Accrued income	–	17,983	–	29,855
Corporation tax debtor	7	895	–	706
	2,688	49,390	5,229	64,650

Due after one year	Company 2021 £'000	Group 2021 £'000	Company 2020 £'000	Group 2020 £'000
Deferred tax (note 21)	390	–	–	1,299
Accrued income	–	12,039	–	4,462
Subordinated loans	10,476	–	9,329	–
	10,866	12,039	9,329	5,761

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.

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 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
Charge 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 as restated	849	42	8	(2,662)	316	135	(1,312)
Adjustment in respect of prior periods	424	(278)	(1)	195	(145)	282	477
Credit / (charge) to profit or loss	(34)	446	(2)	(1,687)	(210)	325	(1,162)
Charge / (credit) to other comprehensive income	–	–	–	(1,634)	–	–	(1,634)
Credit direct to equity	–	–	–	–	10	–	10
Exchange differences	(5)	–	–	–	–	(75)	(80)
Effect of change in tax rate:							
– income statement	332	65	2	(2,363)	(14)	178	(1,800)
– other comprehensive income	–	–	–	534	–	–	534
– equity					18		18
At 31 December 2021	1,566	275	7	(7,617)	(25)	845	(4,949)

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:

	2021 £'000	2020 £'000
Deferred tax assets	3,466	1,299
Deferred tax liabilities	(8,415)	(2,611)
	(4,949)	(1,312)

At the balance sheet date, the group has unused tax losses of £10.1 million (2020 – £6.1 million) available for offset against future profits. A deferred tax asset has been recognised in respect of £3.1 million (2020 – £0.5 million) of such losses. No deferred tax asset has been recognised in respect of the remaining £7.0 million (2020 – £5.6 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 £16.3 million (2020 – £13.8 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.

Notes to the Accounts for the year ended 31 December 2021 (continued)

22. Trade and other payables

Amounts falling due within one year	Company 2021 £'000	Group 2021 £'000	Company 2020 £'000	Group 2020 £'000
Trade creditors	–	12,839	–	22,657
Amounts owed to subsidiary undertakings	35,048	–	29,331	–
Amounts due under finance leases and hire purchase agreements	–	–	–	53
Corporation tax payable	–	800	–	473
PAYE and social security	–	222	–	107
Other creditors	1,561	28,908	3,467	32,309
Accruals	19	18,390	–	17,573
Deferred income	–	39,703	–	38,277
Derivative financial instruments	–	7	–	–
Provision for refund liability	–	830	–	1,150
Future expense run off provision	–	283	–	524
	36,628	101,982	32,798	113,123

Other creditors includes £13.9 million (2020 – £25.7 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 2021 £'000	Group 2021 £'000	Company 2020 £'000	Group 2020 £'000
Other creditors	1,561	–	–	–
Deferred taxation (note 21)	–	4,949	8	2,611
	1,561	4,949	8	2,611

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	2020 £'000	Profit and loss account charge £'000	Adjustment £'000	2021 £'000
Claims reserves	1,054	(62)	(900)	92
Dilapidations provision	1,677	153	–	1,830
	2,731	91	(900)	1,922

Claims reserves represent amounts provided by the group's captive insurer for professional indemnity claims. £900,000 of sundry claims creditors (previously included within Claims Reserves) relating to balances in Thomas Miller Specialty Underwriting Agency Ltd have been reclassified to other creditors.

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.

24. Called up share capital

	2021 £'000	2020 £'000
Called up, allotted and fully paid:		
Equity interests: 13,929,497 ordinary shares of £0.10	1,393	1,398

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 2021	4,811	11.80	481	56,289
Internal share market Dec 2021	41,069	12.20	4,107	496,935

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

24. Called up share capital (continued)

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
65,000	10.30	May 2021
7,764	10.20	May 2022
1,500	7.45	Apr 2020
12,500	8.15	Dec 2018
7,202	10.30	Apr 2021
20,000	9.35	Jun 2019
18,179	9.35	Jul 2019
15,000	9.35	Jun 2020
15,000	9.35	Jun 2021
11,764	10.20	Mar 2022
5,400	9.70	Apr 2022
15,989	10.20	Apr 2022
6,618	10.20	Mar 2023
14,102	10.30	Apr 2023
6,125	11.80	Apr 2023
21,395	10.75	Jul 2021
9,302	10.75	Jul 2022
9,303	10.75	Jul 2023
22,232	10.75	Oct 2021
19,989	10.75	Oct 2022
19,989	10.75	Oct 2023
6,618	10.20	Mar 2024
2,070	10.20	Apr 2024
16,992	11.00	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
3,150	11.80	Apr 2025
6,225	11.00	Apr 2026
110,216	11.00	Jan 2023

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.

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
3,606	8.15	Mar 2021
7,259	10.30	Mar 2021
22,253	9.70	Mar 2022
29,090	10.20	Mar 2022
22,889	10.30	Mar 2023
29,783	11.80	Mar 2023
23,623	10.20	Mar 2024
32,107	11.00	Mar 2024
26,855	11.80	Mar 2025
31,636	11.00	Mar 2026

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 2021	Market value 2021 £'000	Average cost 2021 £'000	Number of shares 2020	Market value 2020 £'000	Average cost 2020 £'000
Thomas Miller Employee Share Trust No.1	257,688	3,144	3,040	337,997	3,718	3,704
Thomas Miller Employee Share Trust No.2	2,656,003	32,403	12,178	2,656,003	29,216	12,118
	2,913,691	35,547	15,218	2,994,000	32,934	15,822

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 2021 share market (2020 – £nil).

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.

Notes to the Accounts for the year ended 31 December 2021 (continued)

26. Own shares

	2021 £'000	2020 £'000
Balance at 1 January	15,882	17,242
Proceeds received on exercise of options by employees	(969)	(711)
Loss on EBT shares acquired by employees	(324)	(2,162)
Purchase of shares in the market	3,352	4,353
Proceeds on sale of shares in the market	(459)	(844)
Value of shares awarded to employees under share awards	(2,161)	(1,911)
Profit on shares awarded to employees	28	62
Other disposals	(132)	(147)
Balance at 31 December	15,217	15,882

The shares held by the EBT are to be used to settle share awards under the various share schemes operated by the group. The remaining shares are intended to be used to satisfy share options, to distribute as bonuses and to distribute to employees on reaching three years continuous service with the group. As at 31 December 2021, the cost of the shares held by the EBT exceed the anticipated proceeds from the exercise of outstanding options and other share awards held in the EBTs by £69,998 (2020 – £119,637).

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
146,963 shares purchased in July 2021	£11.80	1,734
132,592 shares purchased in December 2021	£12.20	1,618
		3,352

The 1st June 2021 price of £11.80 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 2021 of £12.20 was determined on the same basis by the same valuer.

27. Leases

Right-of-use assets

Cost	Buildings £'000	Motor vehicles £'000	Equipment £'000	Total £'000
At 1 January 2021	53,730	128	153	54,011
Additions	6,034	284	76	6,394
Foreign exchange movements	(20)	–	–	(20)
De-recognitions	(1,169)	(76)	(115)	(1,360)
At 31 December 2021	58,575	336	114	59,025
Accumulated depreciation				
At 1 January 2021	37,363	91	127	37,581
Charge for the year	5,060	56	(41)	5,075
Foreign exchange movements	(9)	–	–	(9)
De-recognitions	(1,169)	(75)	(115)	(1,359)
At 31 December 2021	41,245	72	(29)	41,288
Carrying amount				
At 31 December 2021	17,330	264	143	17,737
At 31 December 2020	16,367	37	26	16,430

The group leases several assets including buildings, motor vehicles and photocopiers. The average lease term is 3.0 years (2020 – 4.7 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 2021 is 2.75% (2020 – 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.

Notes to the Accounts for the year ended 31 December 2021 (continued)

27. Leases (continued)

Amounts recognised in consolidated income statement	2021 £'000
Depreciation expense on right-of-use assets	5,075
Profit on disposal of assets	(11)
Interest expense on lease liabilities	659
Expense relating to dilapidations	57

Lease liabilities	2021 £'000
Analysed as:	
Non-current	16,195
Current	4,971

Maturity analysis	2021 £'000
Year 1	5,222
Year 2	5,104
Year 3	1,112
Year 4	790
Year 5	782
Onwards	3,185

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

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 2021						
Outstanding at beginning of period	504,563	9.79	280,462	10.18	785,025	9.93
Granted during the period	133,433	11.00	65,542	11.00	198,975	11.00
Forfeited during the period	(43,553)	10.10	(39,916)	10.27	(83,469)	10.18
Exercised during the period	(102,583)	8.28	(76,987)	9.13	(179,570)	8.64
Outstanding at the end of the period	491,860	10.41	229,101	10.75	720,961	10.52
Exercisable at the end of the period	204,470	9.92	10,430	–	214,900	9.92
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

The weighted average share price at the date of exercise for share options exercised during the period was £11.51. The options outstanding at 31 December 2021 had a weighted average exercise price of £10.52, and a weighted average remaining contractual life of 3.63 years.
The aggregate of the estimated fair values of the options granted in 2021 is £194,957 (2020 – £80,901).

28. Share-based payments (continued)

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

	2021	2020
Weighted average share price	£11.00	£11.80
Weighted average exercise price	£11.00	£11.80
Expected volatility	25%	25%
Expected life (years)	1.95	1.91
Risk-free rate	0.73%	0.43%
Expected dividends	43.01p	46.94p
Dividend yield	3.91%	3.98%

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:

	2021 £'000	2020 £'000
Equity-settled share option schemes	173	183
Executive Directors' Long-Term Incentive Plan	826	1,444
Shares awarded under bonus schemes – cash-settled	1,660	1,287
Cash-settled share option schemes	229	8
Charges in respect of service award scheme – cash-settled	222	69
	3,110	2,991

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.

(vi) Thomas Miller Holdings Ltd. 2021 LTIP
The 2021 LTIP is structured as nil paid options that vest at the end of 2023. 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 2021 £'000	Group 2021 £'000	Company 2020 £'000	Group 2020 £'000
Financial assets				
Fixed asset investments	53,941	541	53,941	542
Current asset listed investments	–	2,663	–	1,773
Current asset unlisted investments	2	2	2	2
Cash and cash equivalents	6,793	57,937	27	62,097
Trade and other receivables	2,688	49,390	5,229	64,650
	63,424	110,533	59,199	129,064
Financial liabilities				
Trade and other payables	36,628	100,062	32,798	110,881
Tax liabilities	–	800	–	473
Obligations under finance leases	–	–	–	53
Provisions	–	1,922	–	2,731
Fair Value Through Profit and Loss ("FVTPL") – held as trading	–	(26)	–	204
Retirement benefit obligation	–	1,400	–	3,368
	36,628	104,158	32,798	117,710

Financial liabilities designated as at FVTPL

	Company 2021 £'000	Group 2021 £'000	Company 2020 £'000	Group 2020 £'000
Difference between carrying amount and contractual amount at maturity:				
Amount payable at maturity	–	3,653	–	6,961
Less: Fair value of liabilities designated at FVTPL	–	(3,679)	–	(6,758)
	–	(26)	–	203

29. Financial instruments (continued)

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).

	2021 Level 1 £'000	2021 Level 2 £'000	2021 Level 3 £'000	2020 Level 1 £'000	2020 Level 2 £'000	2020 Level 3 £'000
Current asset listed investments	2,663	–	–	1,772	–	–
Forward contracts	–	(26)	–	–	203	–
Accrued income	–	–	16,804	–	–	18,260

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.

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 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 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 2021 £'000	Non-interest bearing 2021 £'000	Total 2021 £'000	Floating rate 2020 £'000	Non-interest bearing 2020 £'000	Total 2020 £'000
Financial assets						
£ Sterling	29,607	8,098	37,705	27,892	13,197	41,089
US$	625	14,031	14,656	57	14,863	14,920
Other	396	5,180	5,576	501	5,587	6,088
	30,628	27,309	57,937	28,450	33,647	62,097

Company	Floating rate 2021 £'000	Non-interest bearing 2021 £'000	Total 2021 £'000	Floating rate 2020 £'000	Non-interest bearing 2020 £'000	Total 2020 £'000
Financial assets						
£ Sterling	6,756	10	6,766	–	10	10
US$	19	7	26	9	8	17
	6,775	17	6,792	9	18	27

29. Financial instruments (continued)

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 2021 £'000	Assets 2020 £'000	Liabilities 2021 £'000	Liabilities 2020 £'000
US$	9,182	7,001	2,981	2,258
Other	15,589	12,269	17,467	7,655
	24,771	19,270	20,448	9,913

Company	Assets 2021 £'000	Assets 2020 £'000	Liabilities 2021 £'000	Liabilities 2020 £'000
US$	10	16	–	–

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:

	2021 £'000	2020 £'000
Profit before tax decrease	21	71

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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Assets				
Forward foreign currency contracts	9	192	1	12
Liabilities				
Forward foreign currency contracts	7	–	29	–

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 2021 was £5.53 million (2020 – £5.27 million).

Defined benefit schemes
The group operates funded and unfunded defined benefit final salary pension schemes; the funded scheme has been set up under a trust that hold the 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 2021 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 30 June 2020 and was updated to 31 December 2021 by external actuaries. It showed that, on an IAS 19 Employee Benefits basis, the market value of the Scheme's assets was £235,043,000 (2020 – £235,130,000) and that the actuarial value of these assets represented 148% (2020 – 107%) 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. had operated a funded final salary pension scheme. The funded scheme was set up under trusts that hold their financial assets separately from those of the company. Valuations had been performed in accordance with the requirements of IAS 19 as at each reporting date by an independent external actuary. All remaining benefits payable to member of this scheme were settled during the year.

Thomas Miller (Bermuda) Ltd operated a defined benefit pension scheme which was set up under trusts that hold their financial assets separately to those of the company. Valuations were performed in accordance with the requirements of IAS 19 as at each reporting date by an external firm of actuaries. Remaining benefits payable to member of this scheme were settled during the year.

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 returns
Future investment returns are lower than anticipated and so additional contributions are required from the group to pay all the benefits promised.

Investment strategy
Changes in asset values are not matched by changes in the scheme's defined benefit obligation. For example, if equity values fall with no changes in corporate bond yields, the net pension asset would reduce.

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 higher and so benefit payments are higher than anticipated.

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

31. Retirement benefit schemes (continued)

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 1.9% (2020 – 1.3%). 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:

	2021	2020
UK and Bermuda Schemes		
Discount rate	1.90%	1.30%
Future inflation-linked pension increases	3.30%	2.90%
Future inflation – RPI	3.40%	2.90%
Future inflation – CPI	2.60%	2.00%
USA Scheme		
Discount rate	N/A	3.10%
Salary inflation (US scheme only)	N/A	N/A
Inflation	N/A	2.25%

Mortality	**2021 UK and Bermuda schemes only**	**2020 UK and Bermuda schemes only**
Male	S3NA_L Tables	S3NA_L Tables
Females	S3NA Tables	S3NA Tables
Projections	CMI 2020 long-term rate 1.25% per annum	CMI 2019 long-term rate 1.25% per annum

The assumed life expectations on retirement at age 63:

	2021	2020
Retiring today		
Males	25.2	25.2
Females	27.0	26.9
Retiring in 20 years		
Males	26.5	26.5
Females	28.3	28.3

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:

	2021 £'000	2020 £'000
Fair value of assets	235,042	248,468
Present value of funded obligations	(203,353)	(236,252)
	31,689	12,216
Present value of unfunded obligations	(1,400)	(2,062)
Net surplus arising from defined benefit scheme obligations	30,289	10,154

At 31 December 2021, the group had an overall "net surplus" of £31.1 million in respect of its defined benefit schemes. This included an accounting surplus of £31.7 million, arising in respect of the TMC Scheme. The other schemes have an overall deficit of £0.6 million.

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

	2021 £'000	2020 £'000
Net interest on net defined benefit liability	(212)	(244)
Losses on settlements	194	–
Administrative expenses	8	47
	(10)	(197)

US Scheme pension expenses of £8,000 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 2021, remaining benefits payable to members of the Thomas Miller (Americas), Inc. Pension Plan and the Thomas Miller (Bermuda) Ltd Defined Benefit Retirement Benefits Scheme were settled in full, with an overall settlement cost of £194,000 being recognised in the income statement.

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 a cost on materiality grounds.

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

	2021 £'000	2020 £'000
The losses / (gain) on plan assets (excluding amounts included in net interest expense)	1,333	(24,689)
Actuarial (gains) / losses arising from changes in demographic assumptions	(687)	1,651
Actuarial (gains) / losses arising from changes in financial assumptions	(14,278)	28,271
Actuarial losses / (gains) arising from experience adjustments	1,120	(1,373)
Remeasurement of the net defined benefit liability / (surplus)	(12,512)	3,860

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

	2021 £'000	2020 £'000
Opening defined benefit obligation	236,252	211,789
Interest cost	2,871	4,457
Remeasurement (gains) / losses:		
Actuarial (gains) / losses arising from changes in demographic assumptions	(687)	1,651
Actuarial (gains) / losses arising from changes in financial assumptions	(14,278)	28,271
Actuarial losses / (gains) arising from experience adjustments	1,120	(1,373)
Liabilities extinguished on settlements	(14,463)	–
Exchange differences on foreign arrangements	(128)	(489)
Benefits paid	(5,934)	(8,054)
Closing defined benefit obligation	204,753	236,252

31. Retirement benefit schemes (continued)

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

	2021 £'000	2020 £'000
Opening fair value of plan assets	248,468	215,079
Interest income	3,083	4,701
Remeasurement gain:		
The (deficit) / return on plan assets (excluding amounts included in net interest expense)	(1,333)	24,689
Administrative expenses	(8)	(47)
Assets distributed on settlements	(14,657)	–
Contributions by employer	5,556	12,560
Exchange differences on foreign arrangements	(133)	(460)
Benefits paid	(5,934)	(8,054)
Closing fair value of plan assets	235,042	248,468

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

	2021 £'000	2020 £'000
Liability driven investments	165,092	136,475
Equities	24,997	26,363
Bonds	–	13,294
Other growth assets:		
– absolute return funds	22,336	22,291
– diversified growth funds	19,766	39,520
– emerging market multi-asset funds	–	9,008
Cash	2,848	1,514
Insurance policies	3	3
Fair value of plan assets	235,042	248,468

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 aims to hedge 100% of the interest rate risk and approximately 100% of the inflation rate risk against the Scheme's technical provisions. This strategy is subject to a regular review.

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

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

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

The above sensitivities relate to the main retirement benefit scheme operated by the group, The Thomas Miller & Co. Limited Retirement Benefits Scheme. The "impact on scheme liabilities" sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice – for example, a change in the rate of inflation is unlikely to occur without any movement in the value of assets held by the Scheme. The 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.

Future contributions

The group is expected to make the following contributions to the various defined benefit pension schemes during the year to 31 December 2022:

	Contributions to be made in the year £'000
Thomas Miller & Co. Limited Retirement Benefits Scheme	3,700
Annuities payable to former partners and employees	208
	3,908

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 defined benefit scheme 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

	2021 £'000	2020 £'000
Group operating profit	12,329	19,093
Depreciation and amortisation charges	12,165	9,837
(Decrease) / increase in provisions	(809)	2,582
Adjustment for pension funding (see below)	(5,355)	(12,514)
Shares awarded to employees under various bonus schemes	2,161	1,911
Equity settled share option (credit) / charge	173	(360)
Operating cash flows before movements in working capital	20,664	20,549
Decrease in debtors	9,461	1,562
(Decrease) / increase in creditors	(11,783)	(7,468)
Cash generated by operations	18,342	14,643
Corporation tax paid	(1,478)	(4,364)
Interest paid	(231)	(261)
Net cash from operating activities	16,633	10,018

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:	2021 £'000	2020 £'000
Non client cash:		
Liquidity funds	7,765	2,060
Other bank accounts	11,082	14,345
Client cash	39,090	45,692
	57,937	62,097

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 2021, 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
5 January 2022	USD	200,000	GBP	1.3830
1 March 2022	USD	175,000	GBP	1.3673
1 June 2022	USD	175,000	GBP	1.3654
20 June 2022	USD	200,000	GBP	1.2818
20 June 2022	USD	2,400,000	GBP	1.3685
1 September 2022	USD	175,000	GBP	1.3631
30 September 2022	USD	160,000	GBP	1.3388
1 December 2022	USD	175,000	GBP	1.3606
1 March 2023	USD	70,000	GBP	1.3596
1 June 2023	USD	70,000	GBP	1.3586
26 June 2023	USD	900,000	GBP	1.3588
1 September 2023	USD	70,000	GBP	1.3581
29 September 2023	USD	130,000	GBP	1.3362
1 December 2023	USD	70,000	GBP	1.3580

The impact of fair value movements on open forward contracts during 2021 was a loss of £26,000 (2020 – £203,000 gain). The fair value of open forward contracts at 31 December 2021 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

Ukraine crisis

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

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

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

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

Notice of Meeting

(Registered in Bermuda, No 26282)

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 10 June 2022 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 29 June 2021.
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 2021 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 2021 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.
9. Presentation on Corporate Plan 2022 – 2026.
10. Presentation on ESG/CSR.

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

BY ORDER OF THE BOARD

K P Halpenny
Company Secretary
10 May 2022

Registered Office:
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Hamilton
HM 10
Bermuda

thomasmiller.com

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THOMAS
MILLER

Annual report and accounts 2021

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Financial calendar

Annual General Meeting	10 June 2022
Final 2021 dividend payable	June 2022
Interim results for 2022	October 2022
Interim 2022 dividends payable	October 2022 and March 2023
Final results for 2022 announced	June 2023