THOMAS
MILLER

Annual report and accounts 2022

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Financial calendar

Annual General Meeting	26 June 2023
Final 2022 dividend payable	June 2023
Interim results for 2023	October 2023
Interim 2023 dividends payable	October 2023 and March 2024
Final results for 2023 announced	June 2024

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 850 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

100
Our global network of offices serves Members and customers in over 100 countries worldwide

22
Businesses

24
Offices

850+
People

Officers and Professional Advisers

Thomas Miller Holdings Ltd. is a company incorporated in Bermuda, registration number 26282.

Directors

C E Fenton	Chairman	
H H Titcomb	Chief Executive	Appointed 01 October 2022
B M Kesterton	Chief Executive	Retired 30 September 2022
R T Cowdell	Non-Executive Independent Director	
G Henderson	Representative Director	
A J Taylor	Executive Director	
A Taylor	Executive Director	Appointed 08 September 2022
S P Trickett	Non-Executive Senior Independent Director	

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 2022

	2022	2021
Revenue	**£168.11 million**	**£156.61 million**
Profit on ordinary activities before taxation	£16.13 million	£12.37 million
Tax on profit on ordinary activities before taxation	£2.52 million	£4.21 million
Profit on ordinary activities after taxation	£13.62 million	£8.16 million
Basic earnings per ordinary share	**123.9p**	**73.4p**
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	£12.60	£12.20

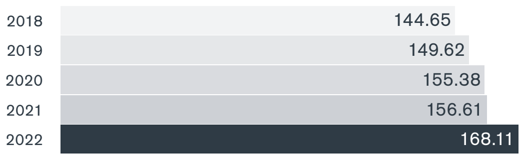
In February 2023, the directors approved a second interim dividend of 12.5p per share (2021 – 12.5p) to be paid to shareholders on the register as at 31 January 2023, paid in March 2023. The directors have agreed that a final dividend of 24p per share (2021 – 24.0p) will be paid to shareholders on the register on 31 May 2023. The total estimated dividend to be paid is £2.59 million (2021 – £2.68 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 2022

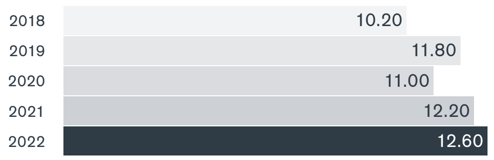
Thomas Miller manages over $1.6 billion of gross written premium for the Transport, Specialty, and Professional Services industries in the mutual, MGA and captive markets.

Revenue / £ Million



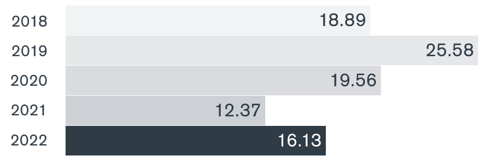
£168.11m

Share price / £



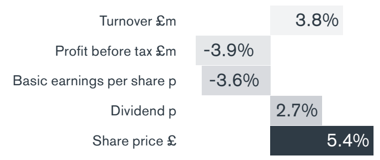
£12.60

Profit before tax / £ Million



£16.13m

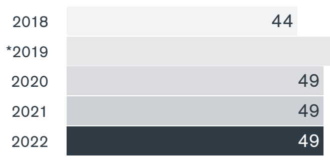
Compound average growth rate 2018-2022



5.4%

Share Price

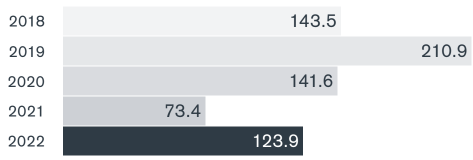
Dividend / p



49p

*(includes a special dividend of 31p)

Basic earnings per share / p



123.9p

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 insurers 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.

Discretionary Mutuals

fric.org.uk
Fire & Rescue Indemnity Company (FRIC) provides risk protection products for Members' core risks including vehicle fleet, liability and property.

activitiesindustrymutual.co.uk
Activities Industry Mutual (AIM) specialises in providing an alternative to conventional insurance for the activities sector.

Livery Companies' Mutual
Livery Companies' Mutual (LCM) provides discretionary cover and arranges insurance for 84 livery companies.

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

I am a strong believer in the importance of culture to the success of the Group. We are a service driven organisation with a strong, shared identity and value set.

Welcome to the annual report and financial statements for Thomas Miller Holdings for 2022.

I should open by saying that while my comments on 2022 are a little downbeat, I am optimistic about 2023 and beyond. As with all years since 2020, 2022 presented Thomas Miller with a highly challenging and unpredictable environment, and this was the principal reason the Group missed its financial targets. Overall, however, our business has shown great resilience and we are now well placed to get back on track.

In 2022, we continued to be impacted by the measures put in place to prevent the spread of COVID, particularly in China, but also, notably, by the conflict in Ukraine. This conflict not only affected those businesses trading into Ukraine, Russia and Belarus, but it was also a major contributing factor to an adverse investment environment that affected those of our businesses with investment portfolios. Shortly following the start of the conflict, a number of our transport businesses decided to discontinue their relationships with Russian and Belarusian clients, while other parts of the Group saw a major increase in work to enable their clients to continue to operate. We also faced a major task in navigating and complying with the sanctions regimes put in place following the Russian invasion and I am pleased that every business managed this successfully.

I am of course disappointed that Thomas Miller missed its Corporate Plan target in 2022 and for the second year running. I wrote last year about the Board's commitment to take action to ensure the Group can get back on track and work is in progress to review both the Group's activities and the Corporate Plan so we are positioned to deliver results in line with expectations. In 2022, there were a small number of factors which adversely impacted performance and foremost amongst these was the business result of the TT Club. Following excellent returns in the years running up to 2021, returns in both 2021 and 2022 were below budget. We are however hopeful of an improvement in the Club's results in 2023. Further, underperformance in our owned businesses is being addressed and good progress is being made. Whilst uncertainty continues to be a notable feature of our operating environment, the indications from our performance in the early part of the year are positive and I do believe there are grounds for optimism about 2023. Hugh Titcomb, our new CEO, shares more detail on this in his CEO's Report.

I am a strong believer in the importance of culture to the success of the Group. We are a service driven organisation with a strong, shared identity and value set. It is important that we continue to invest in our culture as we grow. In this context, we now employ over 850 employees and a significant number of people have joined in the past year, which puts a premium on making sure we blend existing practices with embracing new ideas as we continue our unequivocal focus on providing the highest levels of service to our clients.

Among the new joiners in 2022, I would like to welcome those who have joined following our assumption of the management of three mutual insurers: the Activities Industry Mutual, the Livery Companies Mutual and the Fire & Rescue Indemnity Company Mutual. Taking on the management of these businesses is a welcome addition to our portfolio of businesses and, of course, the management of mutuals is at the heart of the Thomas Miller Group. We also welcome those joining from Neal Consulting Engineers following Brookes Bell's acquisition of the business as part of its strategy to expand the range of services it can offer.

Environmental, Social and Governance

Diversity, equity and inclusion are important to us across all of our businesses and for every colleague. We recognise that embracing such factors is not only the right thing to do, but also encourages more creative thinking, improved decision making and, ultimately, better business outcomes. Led by the Executive Committee, we are actively pursuing a range of measures aimed at improving our performance in this area. These initiatives are part of the project to develop our Environmental, Social and Governance (ESG) credentials.

ESG is a major area of focus for the bigger Clubs we manage and for Thomas Miller itself. Last year, I reported on the initial steps we had taken and our plans for the future. Now, in these financial statements, you will see we have published our first ESG report. You will read that we have developed a roadmap to guide the work we will do over the next few years and we are working together with those developing plans for the Clubs to establish a comprehensive set of initiatives that recognise where we can make most impact. Our Investment business has embedded ESG considerations into its investment process in line with client requirements and has supported this with UN PRI submissions, a voluntary initiative but one we believe is important for our businesses to be part of.

I believe that embracing ESG initiatives takes into account who we are and what difference we can make, aligns well with our culture and is at the heart of our values. We have always worked hard to be a good corporate citizen and ESG gives a framework within which to identify and implement initiatives.

Corporate Social Responsibility (CSR)

Our most notable CSR work continues to be in partnership with our chosen charity, Street Child. Street Child are experts in education, economic empowerment and protection programming. Their interventions are designed to confront challenges, assuring safety as they afford access to schooling. Since the Ukraine crisis began in March 2022, Thomas Miller employees have collectively raised over £11,000 for the Street Child Ukraine Appeal, with Thomas Miller donating a further £20,000. This follows total donations of £90,000 to Street Child in the first year of our partnership.

The Board and Governance

The work of the Thomas Miller Holdings Board is vital to the Group and I would like to thank our non-executive directors for their time and dedication. Their work, and indeed that of all directors, assumes even more importance when the business is not running on target. The Board has spent a considerable amount of time in 2022 discussing, and then agreeing, the actions to take to address the challenges the business faces.

Notably, and after 35 years with Thomas Miller and 16 years as CEO, Bruce Kesterton retired from the Group in October. Bruce was central to most of the big decisions taken during his time with the Group, notably the change from a partnership structure to incorporation in 1999. The Group owes Bruce a huge debt of gratitude for his service and I am sure all shareholders will wish to join with me in recording our thanks to him. In October, we welcomed Hugh Titcomb as Bruce's successor. Hugh previously led our investment business and many of you will have seen or heard from Hugh as he reported on our performance in the final quarter of the year. I'm sure you will join with me and wish him well in the role.

In the year, Adam Taylor was appointed as our Chief Financial Officer and to the Board, and we wish him well in the role.

The Executive Committee, which is led by Hugh as CEO, is made up of the leaders of our major businesses, our two divisions and our largest central functions. This Committee was reinvigorated during 2021 and became established in 2022. In its role, the Committee is able to facilitate change and implement decisions quickly for the benefit of all owned and managed businesses. I am pleased the new structure is already working well.

The environment in which we operate will no doubt continue to present challenges, but the manner in which we have weathered and adapted to the obstacles faced in recent years, and the inherent strength of the business, give us much to be positive about for the future. Thomas Miller is a great organisation and I do believe we have a bright future ahead.

Of course, none of what we do would be possible without the support of our clients, our business partners and indeed our dedicated and hardworking employees. These are challenging times for businesses but they are equally challenging for individuals and their families. The continued commitment of all our colleagues is never taken for granted and is always very much appreciated.

Charles Fenton
Chairman
Thomas Miller Holdings
18 May 2023

Growing our Mutual Management

In September 2022, Thomas Miller was appointed as the Manager of three established discretionary mutuals: Fire & Rescue Indemnity Company (FRIC), Livery Companies' Mutual (LCM) and Activities Industry Mutual (AIM).

Each mutual selected Thomas Miller as its preferred supplier to replace Regis Mutual Management (RMM), which went into administration in June this year.

They chose Thomas Miller rather than transferring to a new manager in a 'pre pack' following RMM's move into administration.

The three mutuals are a natural fit with Thomas Miller's Professional Indemnity Division.

Fire & Rescue Indemnity Company Limited (FRIC) was formed in 2015 when a group of 12 fire & rescue authorities identified a gap in the market for a set of products that combined the benefits of insurance with those of risk and financial pooling.

Livery Companies' Mutual (LCM), established in 1999, provides discretionary cover and arranges insurance for 84 livery companies, London's ancient and modern trade associations and guilds, and similar organisations such as private members' clubs.

Activities Industry Mutual (AIM), formed in 2005, provides cost-effective and high-quality discretionary liability cover and insurance to more than 1,000 activity providers and organisations such as large-scale residential multi-activity centres offering watersports, climbing walls and mountain biking.

These very successful mutuals are highly valued by their members and we are looking forward to working with each of them to continue to provide an excellent service and help them achieve their growth targets.

The management of mutuals is fundamental to Thomas Miller. We have been a mutual manager for over 135 years and currently provide management services for 11 mutuals.

We offer the full range of operational and advisory services that a mutual requires to meet the needs of its members. We work closely with the mutual's Board to ensure we complement its expertise and skills. We provide end-to-end support to cover every aspect of those companies' operations: from underwriting, claims management, to regulatory and compliance, accounting and administrative operations, end-to-end technological support, investment management, customer service, corporate governance and company secretarial services.

Chief Executive's Statement and Review of the Year

I am pleased to present my first annual statement following my appointment as CEO in October 2022, having taken over from Bruce Kesterton. Bruce's 35 year service with Thomas Miller, including 16 years as CEO, is truly admirable and I look forward to building on the Group's significant achievements over this period in the years ahead.

The Thomas Miller Group delivered an improved performance in 2022 compared with the previous year. Pre-tax profit was £16.1 million against £12.4 million in 2021.

2022 started with a cautious optimism that some degree of social and economic uplift was in prospect following two years of COVID-19 pandemic restrictions. However, the Russian/Ukraine conflict which commenced in earnest in the early months of the year introduced both uncertainty and unpredictability at levels not experienced in the recent past. The conflict is the largest such conflict seen in Europe since 1945 with the end of the second World War and in addition to the tragic loss of lives, it introduced significant levels of political and economic instability across the world. It is very much hoped a resolution can be found in the near future.

Notwithstanding this challenging backdrop, the Thomas Miller Group delivered an improved performance in 2022 compared with the previous year. Pre-tax profit was £16.1 million against £12.4 million in 2021. Whilst this result was below the Corporate Plan target of £20.9 million, it reflects some good underlying progress within our various business units. For completeness, the numbers quoted reflect an accounting standards driven addition relating to contributions made to the Thomas Miller Defined Benefit Pension Fund (£3.8 million in 2022 and £5.6 million in 2021).

The overall result is stated after a number of one-off costs, including: £1.6 million for restructuring; £2.4 million for the acquisition of part of a minority economic interest in the TM Specialty Offshore business (under the terms of a contractual obligation); and a £1.8 million goodwill impairment charge for the Group's investment in three businesses: notably, Brookes Bell, Captives and TMS Germany (2021 included a one-off write-off of £2.5 million in respect of IT project costs). These goodwill write-downs reflect a combination of accounting standards requirements, higher interest rates and a review of future prospects relative to when the businesses were first acquired.

Mutual Management

The performance of the mutual management business in aggregate was just ahead of last year, with a contribution to the Group of £13.6 million (2021 – £12.6 million). Whilst the underlying mutual businesses in the main performed well during the year, their overall results were impacted by losses in their investment portfolios reflecting the heightened market volatility, particularly in fixed income investments. This had a consequential adverse impact on some of the incentive fees paid to the Group, notably from the TT Club where the incentive fee is directly geared to the Club's overall result, including the impact – positive or negative – of the performance of its investment portfolio.

2022 was an eventful year for the P&I industry, with the merger of North and Standard P&I Clubs making headlines. Despite the merger, the UK Club remains the third largest P&I insurer in the International Group. The Club has partnered with Thomas Miller Specialty to provide a fixed premium P&I product for the market. The Club also welcomed a new Chief Underwriting Officer, William Beveridge, in 2022.

Towards the latter part of the year, as noted in Charles's Chairman's statement, we brought three new discretionary mutuals into the Thomas Miller stable – Activities Industry Mutual, Livery Companies Mutual and Fire & Rescue Indemnity Company Mutual. These Mutuals were previously managed by another manager which went into administration earlier in the year and our market leading position within the mutual management sector meant we were well placed to take over as manager. All three Mutuals have strong track records and are highly valued by their members – we look forward to developing our relationships with them in the future. Whilst the contribution from the three Mutuals was broadly break-even last year, we anticipate a positive contribution in the current financial year and beyond.

Specialty Division

The Specialty Division comprises our Managing General Agency (MGA) underwriting businesses – Offshore, Marine, Construction and After the Event (TM Professions) – together with TheJudge litigation funding brokerage business, Captives Management and the Occupational Pensions Defence Union (OPDU) business.

In aggregate, the Division delivered an improved performance in the year, whilst continuing to invest in its systems and operating capability. It achieved a positive contribution for the Group of £1.48 million (2021 – £1 million loss), after accounting for the £2.4 million cost relating to the acquisition of part of the minority interest in the Offshore business noted above. All business units delivered improved operating results and notable contributors were TheJudge, which delivered a £3.4 million contribution, and the Marine fixed premium MGA business developed in partnership with the UK Club, which contributed £2.1 million.

The Division comprises a broad church of business activities and whilst the improved performance is encouraging, the result was below Corporate Plan targets. A review of the Division, its structure and its activities is in course to support the delivery of performance in line with expectations.

OPDU celebrated its 25th anniversary in September 2022, which is a truly significant achievement.

Professional Services

The Professional Services Division comprises Brookes Bell, TM Claims Management and TM Law. It offers technical, legal, claims management and handling services to a broad range of client companies.

The Division delivered an improved performance and made a £0.5 million positive contribution to the Group in the year, against a loss of £0.5 million in 2021. The easing of COVID-related travel restrictions and an increased demand for the testing services offered by the Laboratory in the second half of the year supported the performance of Brookes Bell. TM Claims Management and TM Law benefited from an increase in the number of referrals and increased activity levels from both Thomas Miller related parties and external clients, with work arising from the sanctions regime imposed on Russia being a notable factor.

Activity levels and fee levels across the Division have improved and this will be an area of continued focus over the coming year.

Nicky Cowans was appointed as CEO of the Professional Services Division with effect from the start of 2023, having previously held a number of Finance and Commercial Director roles within the Thomas Miller Group.

Investments

The investment markets were particularly challenging in 2022, with significant volatility and unconventional correlation patterns between different asset classes being notable features. This backdrop impacted the absolute returns achieved on client portfolios; however, TMI's relative returns against applicable benchmarks were particularly strong and this has been both recognised and appreciated by clients.

TMI's contribution to the Group was in line with the previous year at £1 million and included the benefit of the final earn-out payment from the sale of the Private Client businesses, which completed in 2019.

David Smith was appointed as CEO of TMI in the final quarter of 2022, having previously held the role of Group Risk and Compliance Director.

Employee Development

The Group continues to invest in the development and well-being of employees. A range of training and personal and management programmes are made available to all staff and these are supported by many well-being initiatives and social activities across the Group's offices. The Group's intranet site receives a very high volume of visits, averaging circa 16,000 per month and this provides a highly digestible and user friendly medium to communicate opportunities and events. A staff survey was undertaken in August 2022 623 employees took part, and encouragingly 90% of our employees would recommend Thomas Miller as a good place to work.

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

Corporate Plan

Our current Group Corporate Plan was updated and relaunched in late 2021, with focus on:

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

Whilst we did not meet the Plan's financial targets in 2022, the Group did deliver an improved performance over the previous year, which is a creditable achievement against the backdrop of particularly challenging and unpredictable market conditions. Notwithstanding, 2022 is the second year running that we have not achieved the Corporate Plan targets and work is in course to review the performance and outlook for the Group's various activities. The output of this work will be incorporated into a review of the Corporate Plan, which I sign-posted would be undertaken in my letter to shareholders of 20 October 2022. Further communications on this will follow later this year.

Dividends

I am pleased to confirm the final dividend for the 2022 year will be paid at the end of June 2023 at the rate of 24 pence per share, thereby maintaining the total for the year, allowing for the two interim dividends already paid, at the same level as last year – 49 pence per share.

We anticipate maintaining our policy of distributing profits to shareholders going forward, although clearly this will be dependent on both the Group's future profitability and its net cash flow generation.

Looking Ahead

Our focus on Environmental, Social and Governance matters is fundamental to ensuring we have an attractive proposition for all our stakeholders and undertake our activities with due responsibility. This will continue and I am very pleased to note the significant contributions being made by many colleagues across the Group towards progressing our work in these areas. I encourage all readers of this statement to read the specific ESG report which is published alongside this annual report.

A number of initiatives are in course to upgrade some legacy IT systems used across the Group, particularly those used by our Mutual Management clients. Whilst these are demanding in terms of time and resource, we have a clear commitment to the work with a focus on ensuring we are able to continue providing the highest possible levels of service to our clients going forward. I am pleased to advise very good progress is being made with these initiatives.

Inflation has been the topic of much comment over recent months. We are not immune to the pressures this is causing, which are showing through in such areas as staffing costs and supplier contracts. This will require careful management for the foreseeable future.

Clearly, the macro environment in which we and our clients operate continues to be both uncertain and challenging. Notwithstanding, the fundamentals of our business are very sound, underpinned by our long-standing and loyal client base and our unequivocal commitment to providing the highest level of service. We are very well placed to deal with the challenges and continue our development going forward.

Finally, I would like to echo Charles's comments and thank our colleagues throughout the Group for their truly significant contribution, it is greatly appreciated. Our success is dependent on our people and we are very fortunate to have highly skilled and committed teams in every corner of our business.

Hugh Titcomb
Chief Executive Officer
18 May 2023

Review of the Year

Adjusted Operating Profit

Adjusted operating profit	**2022 £'000**	**2021 £'000**
Transport Division	12,683	11,947
Professional Indemnity Division	882	688
Investments Division	1,042	1,047
Specialty Division	1,479	(1,300)
Professional Services Division	472	(541)
Other, including bonuses	(6,984)	(7,338)
Total	**9,574**	**4,503**
Other gains (note 9)	273	531
Total business operating profit	**9,847**	**5,034**
Adjustments		
Long-Term Share Acquisition Plan ("LTSAP") cost based on financial performance (see note 27 for description of LTSAP)	–	–
Adjustment for defined benefit schemes' contributions and other pension costs included within management fee charges	5,658	7,122
International Accounting Standard ("IAS") 19 net finance costs including any gains or losses on curtailment or settlement and liability management exercise (note 30 – pension note number)	629	210
Total adjustments	6,287	7,332
Profit on ordinary activities before taxation	**16,134**	**12,366**

H H Titcomb
Chief Executive Officer
18 May 2023

Thomas Miller Claims Management

Thomas Miller Claims Management (TMCM) is a unique risk management consultancy providing claims, casualty and risk management solutions to its clients in Thomas Miller's heartland marine and transport sectors.

Created in 2007 to make Thomas Miller's wealth of experience and global reach available to a wide audience, TMCM has matured into an established and trusted partner to some of the biggest operators and insurers in the sector, with a team of over 40 people across its UK, US and Australian offices.

TMCM's origins remain at its core, with liability claims handling and incident support a major pillar of its services. It provides fully outsourced or delegated-authority claims and TPA services to shipping, ports and logistics operators, as well as to smaller or specialised insurers in the marine market. Caseloads vary from everyday cargo and property damage claims, to serious incidents and major losses entailing high-value litigation and arbitration, and multiple insurers and reinsurers.

The firm has also developed a first-class range of marine medical services, including the provision of medical advice to vessels at sea, case management and repatriation of crewmembers landed ashore with serious illness and injury, and support to cruise ships with their significant need for medical services ashore during port calls. At any one time, TMCM will be managing dozens of medical emergencies, hospitalised cases and medical repatriations worldwide, joining up hospitals, medical experts, air ambulance providers and others to provide seamless solutions, anywhere in the world.

Additionally, TMCM specialises in resolution of complex crew matters, assembling long-term medical solutions and negotiating compensation packages, and resolving sensitive seafarer abandonment cases under Maritime Labour Convention provisions.

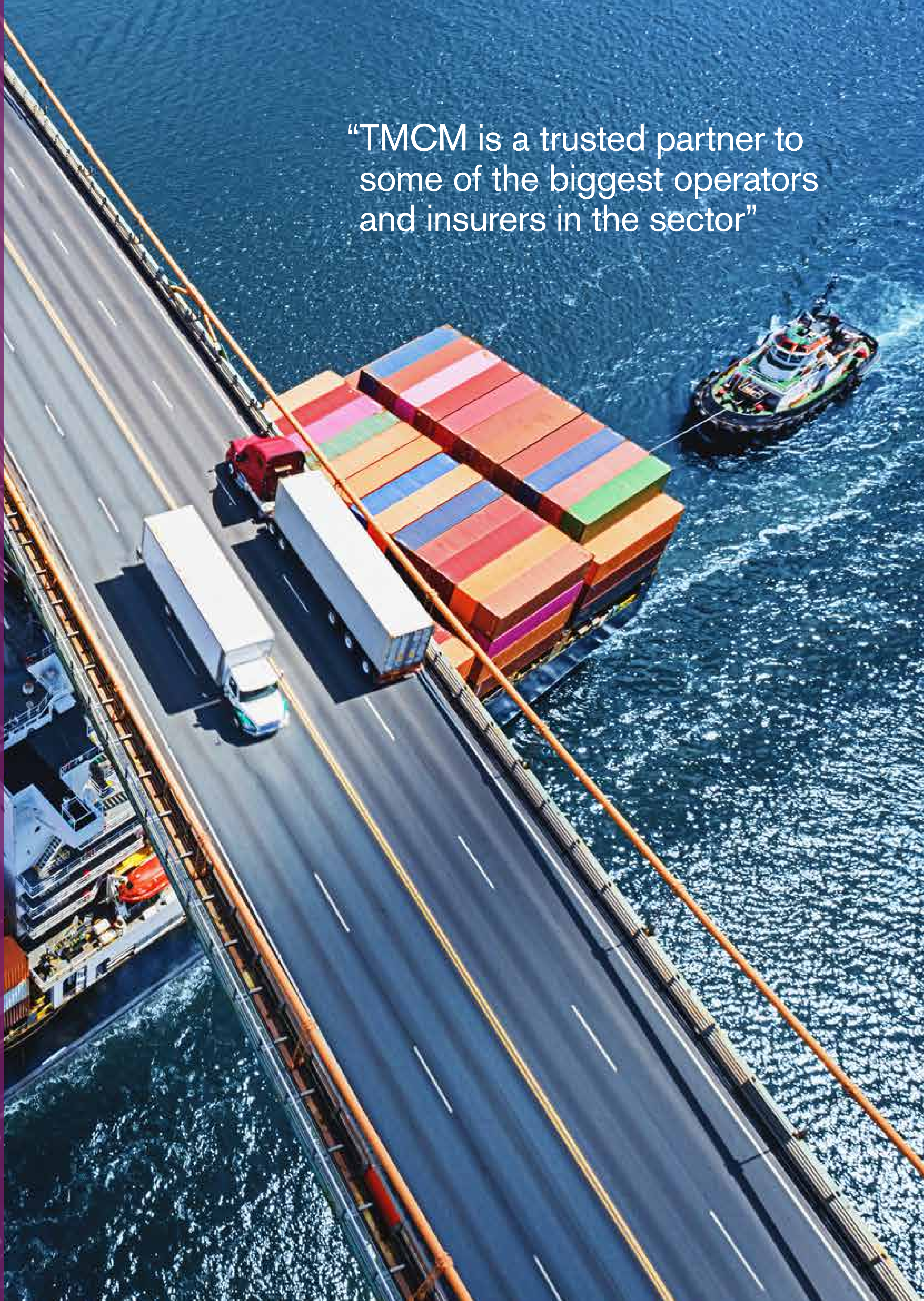
Within the Thomas Miller Group, TMCM provides the claims function of Thomas Miller Specialty, as well as being a Network Partner to TT Club, P&I correspondents in the UK and Australia, and providing communications and service support to UK P&I, UK Defence and TT Club.

Many of TMCM's clients are also Members or clients of Thomas Miller managed Clubs or owned businesses, including cruise lines, energy majors, and ports and logistics operators. TMCM works closely with the insurance divisions of the Group to enhance the service offering to these clients overall, for instance, handling claims within the client's risk retention, or joining up specific services with claims and loss prevention teams.

Beginning with a small team in Newcastle with backgrounds in P&I, TMCM's team now includes senior marine claims specialists, former mariners and ship managers, crew and passenger claims and emergency experts, a doctor, a nurse and marine lawyers qualified in several jurisdictions.

The client services are led by Jessica Maitra, who joined TMCM in 2022 as Senior Director of Claims and Legal Services, having previously been a marine partner in a global law firm. Original CEO Peter Jackson is supporting the firm's new venture in the US, based in Miami, with a small marine claims, legal and technical team.

Within Thomas Miller's Professional Services Division, TMCM looks actively for opportunities to partner with TM Law and Brookes Bell on client claims, casualties and projects. The skills and capabilities of the three firms complement each other very well and, in combination, these represent an entirely unique proposition in the marine and transport sector.



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 correct financial resources and people are in place.

The board carries out its role by:

- monitoring performance against the 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 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 Officer 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.

Following a rigorous process to identify a successor for Bruce Kesterton as Group Chief Executive, the Board approved the appointment of Hugh Titcomb as the Thomas Miller Group Chief Executive in September, 2022. Adam Taylor, previously Thomas Miller's Group Financial Controller, was appointed to the board of Thomas Miller Holdings as its Chief Financial Officer in September 2022.

Fiona Cowie, previously Chief of Staff, has taken up the position of Group Chief Operating Officer, focusing more of her time on the delivery of key corporate initiatives across the Group.

Charles Fenton, Executive Chairman of Thomas Miller, is responsible for:

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

Hugh Titcomb, 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 as an intermediary for the other directors, where necessary. 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 & 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. The committee meets on a regular basis to consider business and operational matters.

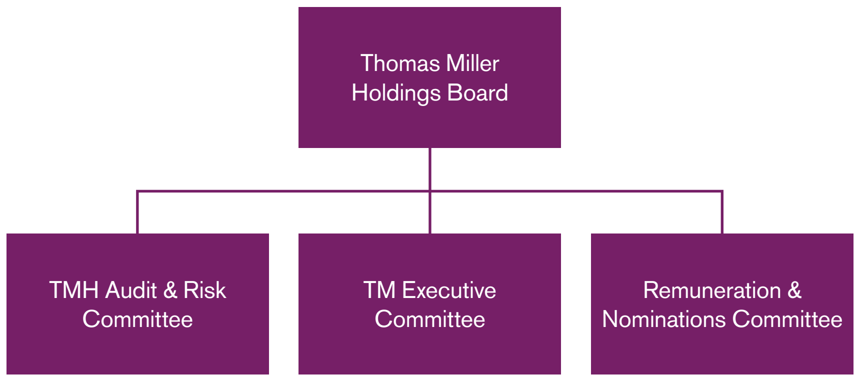
Board performance and evaluation

During 2022, an external board effectiveness review was completed, with recommendations being implemented as the board moves forward into 2023.

The performance of individual executive directors is reviewed annually.

The Remuneration & Nominations Committee considers the contribution of each of the executive directors. The board is responsible for the company's systems of internal control, which consist 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 to monitor and review matters which come to management's and the board's attention.

Committee Structure



Corporate Governance Report (continued)

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 Hugh Titcomb and includes all the executive directors on the board of Thomas Miller Holdings Ltd, along with senior executives from the managers of the main Clubs and businesses within the Group as well as representatives from central services. The board continues to review the responsibilities of the Thomas Miller Executive Committee in line with the changes to the composition of the board.

Remuneration & Nominations Committee ("RNC")

The Remuneration & 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, 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 senior executives in the businesses.

Set out below is a table showing director attendance at Board and committee meetings in 2022.

Audit & Risk Committee

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.
- 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 its work.
- Monitors the independence of the external auditor and has established a policy for non-audit services to be provided by the auditor, and assesses performance of the auditor 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 auditor 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.
- Reviews regular reports to keep under review the adequacy and effectiveness of the company's compliance arrangements.

In addition, the Audit & 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 2022

	Board	Audit & Risk	Remuneration & Nominations
C E Fenton	9/9	4/4	3/3
B M Kesterton	6/6	2/2	2/2
H H Titcomb	3/3	1/1	1/1
R T Cowdell	9/9	4/4	3/3
G Henderson	9/9	4/4	–
A J Taylor	9/9	4/4	–
A Taylor	5/5	4/4	–
S P Trickett	9/9	4/4	3/3

Director attendance at Board and committee meetings in 2022.

Environmental, Social and Governance Statement

In January this year we engaged with the Deloitte Climate Change and Sustainability practice with a view to developing an Environmental, Social and Governance ("ESG") strategy for Thomas Miller. We began our ESG and climate journey in 2018 with the launch of the 'Be the Difference' Corporate Social Responsibility ("CSR") programme which we are looking to further develop alongside the ESG strategy.

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 both through the initial stages of the ESG project and on an ongoing basis.

Our ESG project began with an Executive Committee workshop to develop a base level of ESG understanding with stakeholders and to use the output of the discussions to inform the development of a Thomas Miller ESG Framework.

A working group of business and function representatives was then brought together for interviews and to gain insights into their views on Thomas Miller ESG to enable an analysis of the ESG areas which most urgently need our attention. The output was a Materiality Assessment of our business operations mapping out the priority areas for ESG action, recognising that we are at the start of our ESG journey and laying the foundations.

The trends from the Materiality Assessment were consistent with high ranking social topics including recruitment and detention, inclusion and diversity, governance topics focusing on ESG metrics and Key Performance Indicators ("KPIs") and stakeholder engagement and environmental concerns focussing on regulatory developments.

We are currently developing our ESG Framework through which the principles of Thomas Miller ESG will be agreed and working on our ESG Roadmap which will articulate our 'quick wins' for immediate focus and as our programme develops, the outline for short, medium and long-term priorities.

'Quick wins' are likely to include a Carbon Footprint mapping exercise, a scan of the Regulatory horizon and engagement with our people through launch communications and an engagement survey with an ESG focus.

In the short to medium term we will look to develop further our ESG goals, metrics and KPIs across all ESG topics, decide energy use and efficiency goals – primarily across our real estate and travel policies and through our internal stakeholders, set Inclusion and Diversity, Recruitment and Retention and Equal Opportunity strategies.

Our ESG Roadmap will be communicated in more detail at the 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.

We strive to ensure our people feel connected through our commitment to communication, our enhanced collaboration tools and our overall approach to Employee Wellbeing.

Our 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. This platform will enable us to more easily identify development needs so employees are prepared better for the next step up the ladder.

Linked to this is the development of our managers and leaders and we regularly run a New Management Development programme. The two distinctive levels of Aspiring Manager and Experienced Manager mean 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 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 and the opportunities for remote working are more limited, there continue 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.

We have recently updated and published our global Diversity, Equity and Inclusion ("DEI") policy which incorporates our DEI Mission Statement. Our DEI mission will be embedded in our HR policies and processes to ensure that we have clearly articulated the standards we have set ourselves. We expect our leaders, managers and employees to live by these policies in their day-to-day roles and interactions with each other.

In 2022, we implemented diversity data monitoring in the UK and Isle of Man as a pilot. We are pleased to have achieved a 40% response rate so far and are well on our way to having a broader dataset that will enable us to set more meaningful diversity targets in time. We will continue to encourage our employees to provide this data to us through explaining the benefits of having more robust diversity data and reassuring them that all data is confidential and treated with respect. This data will enable us to better track our progress against our DEI actions over time; without it, our targets will necessarily be more subjective.

"We strive to ensure our people feel connected through our commitment to communication, our enhanced collaboration tools and our overall approach to Employee Wellbeing."

SPECIALTY DIVISION

TheJudge

In 2021, the senior management team of TheJudge, together with Thomas Miller, which acquired the broker in 2019, launched Erso Capital, a specialist litigation finance company.

Through its extensive global insurer relationships, TheJudge can provide litigation insurance solutions for small businesses requiring less than £100,000 of adverse costs or own side costs insurance, through to indemnities exceeding £100 million.

Between its discretionary funds, single managed accounts and co-investment funds, Erso has access to capital in excess of USD $1.0 billion.

Founded in 2000, TheJudge is an international broker for specialty legal risk insurances and is ranked Tier 1 by Chambers & Partners.

With offices in the UK, US and Canada, TheJudge has been a pioneer in the development of the After The Event insurance ("ATE") market over the past two decades and, more recently, has become an industry innovator with regards to the creation of contingency fee insurances for law firms (known as 'DBA Insurance' in the UK). Until 2020, TheJudge was also a broker of litigation finance.

The Judge

ERSO CAPITAL

TheJudge and Erso Capital can readily combine to create optimal litigation risk transfer solutions, through an efficient one-stop service for litigants and law firms alike.

Diverse range of insurance cover

TheJudge sources and advises on policies for:

- Adverse Costs
- Own Disbursements
- Own Solicitors Fees
- Appeals
- Law firm WIP (DBA & CFA Insurance)

Full spectrum of coverage Limits

Depending on the type of litigation insurance, coverage limits for a single case can range from as low as £50,000 through to £100+ million.

TheJudge is part of the Thomas Miller Specialty Division.

Thomas Miller Specialty was set up to utilise our considerable experience and expertise to provide specialist insurance services to niche or underserved markets.

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 ("IFRS") 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
- 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
18 May 2023

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 non-statutory financial statements of Thomas Miller Holdings Limited (the 'company') and its subsidiaries (together the 'group'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee ("IFRSIC") interpretations as adopted by the United Kingdom with respect to the consolidated financial statements, and, have been properly prepared in accordance with Financial Reporting Standard 102 (FRS 102), issued by the Financial Reporting Council with respect to the parent company's financial statements; 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 35.

The financial reporting framework that has been applied in their preparation 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.

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 non-statutory financial statements section of our report.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 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 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 non-statutory 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

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

material misstatement in the non-statutory 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, internal audit, and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's business sector.

We obtained an understanding of the legal and regulatory frameworks 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, and the 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.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- valuation of goodwill:
  - evaluated the design and implementation of a key management review control;
  - assessed the reasonableness of assumptions used when calculating the value-in-use of the Group's subsidiary Brookes Bell LLP; and
  - in line with ISA 540 (Revised), we perform a stand back test to assess the overall reasonableness of the assumptions
- valuation of TheJudge Limited's accrued income asset:
  - Evaluated the design and implementation of the control around the review of TheJudge accrued income calculation, including the policy data and loss frequency and discounting factors used in the analysis;
  - Selected sample of transactions listed in the contract asset model breakdown and that there is evidence of the insurance policy or contractual agreement in place and that the client agreed in writing to be bound by these agreements;
  - Challenged the decay and discounting factors used to calculate the present value of the balance, including the compliance of the discount factors used with the accounting requirements; and,
  - In line with ISA 540 (Revised) we will perform a stand back test to assess the reasonableness of the assumptions.

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, internal audit and in-house 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, reviewing internal audit reports, and reviewing correspondence with HMRC and the FRC.

Use of our report

This report is made solely to the 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 and parent company's non-statutory financial statements. Our audit work has been undertaken so that we might state to the 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 company, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
London, United Kingdom
18 May 2023

Our Accounts

Accounts

Consolidated Income Statement for the year ended 31 December 2022

Continuing operations	Notes	2022 £'000	2021 £'000
Revenue	3	168,113	156,614
Administrative expenses		(152,315)	(144,285)
Group operating profit	4	15,798	12,329
Profit on ordinary activities before interest and taxation		12,329	12,329
Finance income	7	811	163
Finance costs	8	(807)	(680)
		4	(517)
Other gains and losses	9	273	531
Share of operating profit of associates	17	59	23
Profit on ordinary activities before taxation		16,134	12,366
Income tax	10, 11	(2,515)	(4,209)
Profit on ordinary activities after taxation		13,619	8,157
Profit for the financial year		13,619	8,157
From continuing operations:			
Basic earnings per ordinary share	14	123.9p	73.4p
Diluted earnings per ordinary share	14	123.0p	72.8p

The notes on pages 46 to 92 form an integral part of these financial statements.

Accounts

Consolidated Statement of Comprehensive Income for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Profit for the financial year		13,619	8,157
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit liability	30	(16,535)	12,512
Income tax relating to items that will not be reclassified subsequently to profit or loss	11	2,964	(1,100)
		(13, 571)	11,412
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency net investments		(172)	(286)
Other comprehensive expense for the year net of income tax		(13,743)	11,126
Total comprehensive income for the year		(124)	19,283

All amounts derive from continuing operations unless otherwise stated.
The notes on pages 46 to 92 form an integral part of these financial statements.

Accounts

Consolidated Balance Sheet as at 31 December 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Non-current assets					
Goodwill	15		13,770		15,558
Other intangible assets	15		2,548		2,951
Property, plant and equipment	16		13,893		10,799
Right-of-use assets	26		20,811		17,737
Investments – interests in associates	17		183		140
Investments – other investments	17		401		401
Trade and other receivables	19		12,205		12,039
Deferred tax assets	19, 20		351		3,466
Derivative financial instruments	29		–		1
			64,162		63,092
Retirement benefits and similar assets	30		19,426		31,689
Current assets					
Investment assets accounted for at FVTPL	18	2,467		2,665	
Trade and other receivables	19	58,427		49,390	
Derivative financial instruments	29	–		9	
Cash at bank and in hand	32	60,129		57,937	
		121,023		110,001	
Current liabilities					
Trade and other payables	21	(112,623)		(101,175)	
Current tax liabilities	21	(749)		(800)	
Derivative financial instruments	21, 29	(150)		(7)	
Lease liabilities	26	(5,023)		(4,971)	
		(118,545)		(106,953)	
Net current assets			2,478		3,048
Non-current liabilities					
Trade and other payables	21	(697)		–	
Deferred tax liabilities	20, 21	(2,532)		(8,415)	
Lease liabilities	26	(20,609)		(16,195)	
Provisions for liabilities and charges	22	(724)		(1,922)	
Retirement benefits and similar obligations	30	(1,286)		(1,400)	
Derivative financial instruments	29	(14)		(29)	
			(25,862)		(27,961)
Net assets			60,204		69,868
Equity					
Called up share capital	23		1,390		1,393
Share premium account			2,617		3,033
Retained earnings			74,976		80,639
Capital redemption reserve			20		20
Own shares held by Employee Benefit Trusts ("EBTs")	25		(18,799)		(15,217)
Total equity			60,204		69,868

The financial statements of Thomas Miller Holdings Ltd. (registered number FC021864) were approved by the board of directors and authorised for issue on 18 May 2023 and signed on its behalf by:

C E Fenton — Director

H H Titcomb — Director

The notes on pages 46 to 92 form an integral part of these financial statements.

Accounts

Consolidated Statement of Changes in Equity for the year ended 31 December 2022

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	2022 Total equity £'000	2021 Total equity £'000
Opening shareholders' funds / (deficits)	1,393	3,033	80,639	20	(15,217)	69,868	55,999
Profit for the financial year	–	–	13,619	–	–	13,619	8,157
Dividends paid (note 13)	–	–	(5,907)	–	–	(5,907)	(5,458)
Currency translation differences on foreign currency net investments	–	–	(172)	–	–	(172)	(286)
Purchase of own shares	(3)	(416)	–	–	–	(419)	(558)
Equity settled share-based (receipts) / payments	–	–	137	–	–	137	173
Current tax on share-based payment transactions	–	–	14	–	–	14	27
Deferred tax on share-based payment transactions	–	–	10	–	–	10	28
Adjustment for prior period application of ASC842			334			334	–
Acquisition of own shares by EBTs	–	–	–	–	(6,897)	(6,897)	(3,352)
Value of shares awarded to employees	–	–	–	–	1,816	1,816	2,161
Net loss on shares awarded to employees	–	–	(127)	–	127	0	–
Proceeds on disposal of EBT shares	–	–	–	–	1,372	1,372	1,560
Actuarial loss relating to the pension deficit net of current and deferred tax	–	–	(13,570)	–	–	(13,570)	11,417
Net (reduction) / addition to shareholders' funds	(3)	(416)	(5,662)	–	(3,582)	(9,663)	13,869
Closing shareholders' funds / (deficit)	1,390	2,617	74,977	20	(18,799)	60,204	69,868

Company	Share capital £'000	Share premium account £'000	Retained earnings £'000	Capital redemption reserve £'000	2022 Total £'000	2021 Total £'000
Opening shareholders' funds	1,393	3,033	33,216	20	37,662	35,722
Profit for the financial year	–	–	9,116	–	9,116	7,783
Dividends paid	–	–	(5,401)	–	(5,401)	(5,458)
Adjustment in respect of share records	–	–	3	–	3	–
Purchase of own shares	(3)	(416)	–	–	(419)	(558)
Equity settled share-based payments	–	–	137	–	137	173
Net (reduction) / addition to shareholders' funds	(3)	(416)	3,854	–	3,435	1,940
Closing shareholders' funds	1,390	2,617	37,070	20	41,097	37,662

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

The notes on pages 46 to 92 form an integral part of these financial statements.

Company Balance Sheet as at 31 December 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Non-current assets					
Investments – subsidiary undertakings	17		53,192		53,816
Investments – other investments	17		125		125
Trade and other receivables	19		10,371		10,476
Deferred tax assets			121		390
			63,809		64,807
Current assets					
Investment assets accounted for at FVTPL	18	2		2	
Trade and other receivables	19	4,314		2,688	
Cash and cash equivalents		10,586		6,793	
		14,901		9,483	
Current liabilities					
Current tax liabilities	21	–		–	
Trade and other payables	21	(37,613)		(36,628)	
		(37,613)		(36,628)	
Net current liabilities			(22,712)		(27,145)
Deferred tax liabilities			–		–
Non-current liabilities			–		–
Net assets			41,097		37,662
Capital and reserves					
Called up share capital	23		1,390		1,393
Share premium account			2,617		3,033
Retained earnings			37,070		33,216
Capital redemption reserve			20		20
Shareholders' funds			41,097		37,662

These financial statements for Thomas Miller Holdings Ltd. (registered number FC021864) were approved by the board of directors and authorised for issue on 18 May 2023 and signed on its behalf by:

C E Fenton — Director

H H Titcomb — Director

The notes on pages 46 to 92 form an integral part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 December 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Net cash from operating activities	32		16,885		16,633
Investing activities					
Interest and other similar income received		863		204	
Dividends from associates		19		26	
Payments for acquisition of subsidiaries (net of cash acquired)		–		(1,678)	
(Increase) / decrease in current asset investments		193		(932)	
Payments to acquire / transfers of tangible fixed assets		(6,633)		(4,184)	
Payments to acquire intangible fixed assets		(27)		(34)	
Proceeds from sales of fixed assets		4		340	
Net cash (used in) investing activities			(5,581)		(6,258)
Financing activities					
Equity dividends paid		(5,907)		(5,458)	
Repayment of lease liabilities		(3,865)		(6,349)	
Loans repaid		–		(115)	
New secured loan		4,000		–	
Acquisition of own shares by the EBT		(6,429)		(2,761)	
Proceeds from exercise of options		904		969	
Own shares purchased		(416)		(557)	
Net cash (used in) financing activities			(11,713)		(14,271)
Net (decrease) in cash and cash equivalents			(409)		(3,896)
Cash and cash equivalents at beginning of year			57,937		62,097
Effect of foreign exchange rate changes			2,601		(264)
Cash and cash equivalents at the end of the year			60,129		57,937

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 92 form an integral part of these financial statements.

Accounts

Notes to the Accounts for the year ended 31 December 2022

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. Thomas Miller Holdings Limited is the Group holding company and the ultimate controlling entity of the Group.

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 ("IFRSs") 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's 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 £16.13 million for 2022 (2021 – £12.37 million) and had net cash inflows from operating activities of £16.88 million (2021 – £16.63 million). The 2022 cash position included an additional cash outflow of £3.84 million (2021 – £5.56 million) – a payment into the Thomas Miller & Co. 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 19 month period ending December 2024 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 12 months since the authorisation of these financial statements.

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.

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.

Accounts

Notes to the Accounts for the year ended 31 December 2022 (continued)

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:

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

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.

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

Notes to the Accounts for the year ended 31 December 2022 (continued)

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 as 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 28.

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 foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary

Notes to the Accounts for the year ended 31 December 2022 (continued)

items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial 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

Two group subsidiaries have applied IFRS 16 or the United States equivalent ASC842 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented. The details of 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

Notes to the Accounts for the year ended 31 December 2022 (continued)

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

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

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

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

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

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

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

During the year, the Group offset current tax assets and liabilities (and deferred tax assets and liabilities) where they relate to income taxes levied by the same tax authority and the tax authority permits the entity to make or receive a single net payment. This is a change to the approach adopted in 2021 which incorrectly offset all current tax assets and liabilities (and all deferred tax assets and liabilities).

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 30) 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, comprising 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

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Notes to the Accounts for the year ended 31 December 2022 (continued)

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 provides consultancy services per terms of engagement and the client is invoiced when the engagement is complete. Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Insurance commissions
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 ATE 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 27.

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 Issues Task Force Abstract 32 Employee Benefit Trusts and other 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.

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 28).

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, the quality of the bonds and the identification of outliers which are excluded. Please refer to the sensitivity analysis in note 30 for further information.

Notes to the Accounts for the year ended 31 December 2022 (continued)

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

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

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

Refund liability
The refund liability represents the amount of commission received or receivable on insurance policies bound but not incepted, for which the Group does not expect to be entitled. Historical data is used across product lines to estimate such returns when the policy is bound based on an expected value methodology and is updated at the end of each reporting period for changes in circumstances. Sensitivity analysis has shown for 2022, that the Refund Liability changes by £21,619 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 20% to 80% 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 £14.72 million shown at the balance sheet date. Due to the significant increase of interest rates in the market, we have performed a sensitivity analysis on these to show for 2022 that the contingent commission decreases by £111,066 for each percentage point that the interest rate increases.

3. Revenue
Disaggregation of revenue

Revenue by geographical origin is shown below:	2022 £'000	2021 £'000
Bermuda	13,085	14,095
United Kingdom and Europe	138,496	128,569
Americas	9,848	6,126
Asia Pacific	5,248	6,294
Africa	1,436	1,530
	168,113	156,614

Revenue by nature of business is shown below:	2022 £'000	2021 £'000
Insurance management fees	118,306	115,290
Investment management fees	3,214	2,912
Consultancy fees	17,649	16,893
Insurance commissions	23,077	15,739
Claims management	4,138	3,533
Rental income	539	196
Other income	1,190	2,051
	168,113	156,614

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 2022.

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:	2022 £'000	2021 £'000
Receivables (which are included in 'Trade and other receivables')		
Contract assets	31,027	30,019
Contract liabilities	(38,703)	(40,533)

Contract assets are comprised of current and non-current Accrued income set out in Note 19.
Contract liabilities are comprised of Deferred income and Provision for refund liability set out in Note 21.
For 2022, revenue includes £39.7 million included in the contract liability balance at the beginning of the period.

Contract assets	2022 £'000	2021 £'000
Contract assets at the beginning of the period	30,019	34,312
(Disposals) / additions	1,008	(4,293)
Contract assets at the end of the period	31,027	30,019

Contract liabilities	2022 Deferred income £'000	2022 Refund liability £'000	2021 Deferred income £'000	2021 Refund liability £'000
Contract liabilities at the beginning of the period	39,703	830	38,277	1,150
Payments received in advance	–	–	1,426	–
Charge / (credit) during the year	(1,400)	(430)	–	(320)
Contract liabilities at the end of the period	38,303	400	39,703	830

4. Operating profit

This is stated after charging / (crediting):

	2022 £'000	2021 £'000
Depreciation and amortisation charges:		
– Owned assets	2,710	5,658
– Leasehold improvements	945	761
– Intangible assets	439	478
– Right-of-use assets	4,805	5,075
– Goodwill impairment	1,787	193
Rentals under operating leases	(244)	224
(Losses) / gains on disposal of tangible fixed assets	17	(19)
Exchange losses / (gains)	(1,619)	542
Exchange losses on forward contracts	187	28

Charitable donations paid by the Group in 2022 amounted to £96,000 (2021 – £95,000).

The analysis of auditor remuneration is as follows:	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	164	114
Fees payable to the company's auditor and its associates for other services to the Group:		
– The audit of the company's subsidiaries pursuant to legislation (including overseas subsidiaries)	431	384
Fees payable to other auditors for the audit of the company's subsidiaries pursuant to legislation	208	149
Total audit fees	803	647
– Tax services	28	26
– Other services	207	227
Total non-audit fees	235	253

Fees payable to the company's auditor and its associates in respect of associated pension schemes:	2022 £'000	2021 £'000
– Audit	–	–

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:	2022 £'000	2021 £'000
Salaries, fees and short-term employee benefits	3,530	3,091
Post employment benefits	45	30
Share-based payments	719	584
	4,294	3,705

Analysis of Directors' Remuneration (a)	2022 £'000	2021 £'000
Salaries, fees and short-term employee benefits		
Annual salary	2,030	1,690
Cash bonus	395	539
Other cash payments (car allowance, pension allowance and other)	64	126
Risk benefits	46	31
Compensation for loss of office	828	498
Non-executive director fees	167	207
	3,530	3,091
Post employment benefits		
Defined contribution pension scheme	45	30
Share-based payments		
Restricted share award (b)	719	584
Long-term incentive award ("LTIP") (c)	–	–
	719	584
	4,294	3,705

(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 2022 will be paid in 2023 and will therefore be formally reported in the 2023 annual report and accounts – these are reported at note 4 below for information.
(b) Long-Term Share Acquisition Plan ("LTSAP") is awarded in restricted shares with a five year restriction period.
(c) In 2020, 2021 and 2022, LTIP awards in the form of unvested nil-cost options were made to executive directors. The value of these awards will be reported on vesting in 2023, 2024 and 2025 respectively.
(d) Awards approved by the Remuneration & Nominations Committee in its March 2023 meeting for current TMH executive directors in respect of 2022 are:
Cash bonus – £469,598 (2021 – £240,186)
Restricted share award – £237,181 (2021 – £231,173)
Long Term Incentive Award (unvested nil-cost options) – £1,326,000 (2021 – £826,000)

The awards above relate to payments due in respect of the 2022 financial year, and exclude loss of office and gardening leave elements.

(ii) Directors and retirement benefits The number of directors to whom retirement benefits are accruing in respect of qualifying services was:	2022 Number	2021 Number
Defined benefit schemes	1	1
Defined contribution schemes	2	1
Exercised options over shares in the parent company	5	–
Had awards receivable in the form of shares under a long-term incentive scheme	–	5

Notes to the Accounts for the year ended 31 December 2022 (continued)

6. Employee information (including directors)

The average number of persons employed by the Group during the year was 862 (2021 – 846). The split between geographical areas was as follows:	2022 Number	2021 Number
United Kingdom and Europe	726	702
Asia	83	86
Americas	40	43
Australasia	12	14
Middle East	1	1
	862	846

The total payroll costs of these persons were as follows:	2022 £'000	2021 £'000
Wages and salaries (including bonuses)	89,451	81,462
Redundancy costs	2,833	998
Social security costs	8,926	8,320
Other pension costs – defined contribution schemes	7,489	7,056
	108,699	97,836

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

	2022 £'000	2021 £'000
Interest receivable and similar income	184	(48)
Net finance income on retirement benefit schemes (note 30)	627	211
	811	163

8. Finance costs

	2022 £'000	2021 £'000
Bank interest	26	8
Interest on IFRS 16 and other finance leases	781	659
Other interest	–	13
	807	680

9. Other gains and losses

	2022 £'000	2021 £'000
Net gain arising on financial assets measured at FVPTL	273	531

In 2022, a net gain of £273,000 (2021 – £531,000) represented a further deferred consideration payment for the sale of the Private Wealth business in 2019. Deferred consideration was calculated on the performance of the sold business over the earn-out period which concluded in April 2022, with a final £439,000 gain recognised in 2022 less contractually agreed commission payments of £166,000.

10. Income Tax

The tax charge is based on the profit for the year and represents:	2022 £'000	2021 £'000
Current tax on profit on ordinary activities		
UK corporation tax	2,215	1,081
Foreign tax suffered	710	389
	2,925	1,470
Foreign tax relief	–	(4)
Overseas taxation – adjustments in respect of prior years	(44)	11
UK taxation – adjustments in respect of prior years	123	248
Total current tax	3,004	1,725
Deferred tax:		
Current year	(678)	1,162
Effect of changes in tax rates	(52)	1,799
Adjustments in respect of prior years	241	(477)
Total deferred tax charge / (credit)	(489)	2,484
Tax on profit on ordinary activities	2,515	4,209

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 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 2022 (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:	2022 £'000	2021 £'000
Profit before tax on continuing operations	16,134	12,366
Tax at the standard UK corporation tax rate of 19% (2021 – 19%)	3,065	2,350
Effects of:		
Increase from effect of expenses not deductible in determining taxable profit / (tax loss)	1,183	1,368
Decrease from effect of revenues exempt from taxation	(1,762)	(1,158)
Deferred tax expense relating to changes in tax rates or laws	(52)	1,800
Increase from effect of foreign tax rates	188	227
Tax decrease from utilisation of tax losses	(427)	(388)
Tax (decrease) / increase from effect of unrelieved losses on foreign subsidiaries	–	239
Deferred tax credit from unrecognised temporary difference from a prior period	241	(477)
(Decrease) / increase in current tax from adjustment for prior periods	79	248
Tax charge for the year	2,515	4,209

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised in other comprehensive income:	2022 £'000	2021 £'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	(715)	–
Deferred tax:		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit liability	(2,249)	1,100
	(2,964)	1,100

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:	2022 £'000	2021 £'000
Current tax:		
Excess tax deductions related to share-based payments on exercised options	(14)	(27)
Deferred tax:		
Change in estimated excess tax deductions related to share-based payments	(10)	(28)
Total income tax recognised directly in equity	(24)	(55)

12. Profit attributable to the company

The profit for the financial year dealt with in the financial statements of the parent company was £9.16 million (2021 – £7.82 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

	2022 £'000	2021 £'000
TM Holdings Dividends		
Second interim dividend paid for year ended 31 December 2021 of 12.5p (2020 – 12.5p) per share	1,378	1,373
Final dividend of 24p paid for the year ended 31 December 2021 (2020 final – 24.0p) per share	2,660	2,690
First interim dividend paid for the year ended 31 December 2022 of 12.5p (2021 – 12.5p) per share	1,363	1,395
	5,401	5,458
TMS Dividends		
Final dividend of £1,444 paid for the year ended 31 December 2021 (2020 final – £0) per share	505	–
Total Dividends	5,907	5,458

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 2022 of 12.5p per share – paid in March 2023.	1,348

The proposed final dividend for 2022 of 24.0p per share is estimated to be £2.59 million (2021 – £2.68 million). The proposed final dividend is payable to all shareholders on the Register of Members on 31 May 2023. The total estimated dividend to be paid for the year is 49.0p per share (2021 – 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.

	2022 £'000	2021 £'000
Earnings		
Profit for the financial year	13,619	8,157
Basic and diluted earnings attributable to ordinary shareholders	13,619	8,157

	2022 Number '000	2021 Number '000
Number of shares		
Weighted average number of ordinary shares	10,988	11,111
Effect of dilutive share options	81	88
Adjusted weighted average number of ordinary shares	11,069	11,199
From continuing operations:		
Basic earnings per share	123.9p	73.4p
Diluted earnings per share	123.0p	72.8p

15. Intangible fixed assets

Group	Goodwill £'000	Software and customer lists £'000	Total £'000
Cost			
At 1 January 2022	16,613	6,292	22,905
Exchange adjustments	–	111	111
Additions	–	27	27
Impairment	(1,787)	–	(1,787)
Disposals	–	–	–
At 31 December 2022	14,826	6,430	21,256
Accumulated amortisation			
At 1 January 2022	1,056	3,341	4,397
Exchange adjustments	–	102	102
Provided in the year	–	439	439
Disposals	–	–	–
At 31 December 2022	1,056	3,882	4,938
Carrying amount			
At 31 December 2022	13,770	2,548	16,318
At 31 December 2021	15,557	2,951	18,508

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	2022 £'000	2021 £'000
Thomas Miller & Co. Limited, Thomas Miller (Isle of Man) Limited and Thomas Miller Bermuda Ltd	Goodwill arising on acquisition of former partnerships	981	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
Brookes Bell LLP (including 3D Marine Inc.)	Goodwill on acquisition of business	4,844	5,378
Thomas Miller Insurance (Germany) GmbH	Goodwill on acquisition of business	3,625	3,969
TheJudge Group Holdings Ltd	Goodwill on acquisition of business	3,345	3,347
		13,770	15,557

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
£981,000 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 2022, 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, Castletown Insurance Services Ltd, and TheJudge CGUs. For Brookes Bell, due to the historic impact of COVID-19 on business performance, a conservative approach has been adopted; therefore, the impairment test has been based on a reverse stress scenario indicating EBITDA rising by 17% in financial year 2023 but just 2% thereafter in perpetuity. This has resulted in an impairment of £535,000 being recorded based on a value in use asset of £9.5 million. A further reduction in the EBITDA growth rate assumption of 1% would result in a further impairment of £0.7 million, while an increase in the discount rate used of 1% would result in a further impairment of £0.9 million. For Castletown, there has been a full write-off of goodwill (£906,000) resulting from a change in assumptions in respect of the ongoing cost base.

For Specialty and Germany, reverse stress testing indicated that for the goodwill headroom to be reduced to nil, profit before tax in 2023 and 2024 would need to be 40% and 25% respectively 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 2024 and 2025, the profit before tax would have to be 64% and 70% respectively of the current forecasted position – an unlikely scenario based on current trends.

TMS Germany has written down the remaining asset value in respect of its Zeller subsidiaries. This treatment has been mirrored at the Group level, and has resulted in an impairment of £346,000.

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 ("CGU"), 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. An individual discount rate is used for the impairment reviews of each CGU, the range applied is 10.5% to 12.0%.

The revenue and cost growth rates used are based on reasonable management expectations for the 2023-2025 budgets and then in perpetuity with the extrapolation using a 2% growth rate.

Notes to the Accounts for the year ended 31 December 2022 (continued)

16. Property, plant and equipment

Group	Freehold buildings	Leasehold improvements	Office machinery, fixtures & fittings Leased/financed	Office machinery, fixtures & fittings Owned	Motor vehicles Owned	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2022	250	6,383	2,331	20,856	72	29,892
Exchange adjustments	–	150	3	155	4	312
Additions	–	256	–	6,377	–	6,633
Disposals	–	(161)	(1,156)	(6,675)	–	(7,992)
At 31 December 2022	250	6,628	1,178	20,713	76	28,845
Accumulated depreciation						
At 1 January 2022	–	2,404	2,306	14,380	3	19,093
Exchange adjustments	–	37	2	73	–	112
Provided in the year	–	945	–	2,710	–	3,655
Gain loss on disposal	–	–	–	36	–	36
Disposals	–	(161)	(1,155)	(6,655)	–	(7,971)
At 31 December 2022	–	3,225	1,153	10,544	3	14,925
Net book value						
At 31 December 2022	250	3,403	25	10,169	73	13,920
At 31 December 2021	250	3,979	25	6,476	69	10,799

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.

17. Investments held as fixed assets

Group	Share of net assets £'000
Interests in associates	
	2022
At 1 January 2022	140
Foreign exchange adjustment	4
Dividends received from associates	(20)
Share of operating profit of associates for the year	59
At 31 December 2022	183
	2021
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	
	2022
At 1 January 2022	401
At 31 December 2022	401
	2021
At 1 January 2021	401
At 31 December 2021	401

The ordinary stock of ShipServ is no longer 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
			2022
At 1 January 2022	53,816	125	53,941
Disposals	(624)	–	(624)
At 31 December 2022	53,192	125	53,317
			2021
At 1 January 2021	53,816	125	53,941
At 31 December 2021	53,816	125	53,941

Notes to the Accounts for the year ended 31 December 2022 (continued)

17. Investments held as fixed assets (continued)

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.

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 Specialty Agency Ltd (Singapore) Pte. Limited	
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
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

Name of Company	Nature of business
Subsidiary undertakings	
Entremain Limited	Investment holding
Thomas Miller (Americas) Inc.* (America)	Agency services
Thomas Miller (San Francisco) Inc.* (USA)	Agency services
Thomas Miller (Seatle) Inc.* (USA)	Agency services
Fairlead Group Inc.* (USA)	Private investigation services
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
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
TJ Versicherungsmakler GmbH	After The Event insurance
Subsidiary undertakings (Dormant)	
Davies Johnson Law Ltd	
Prestwick Law Ltd	
Thomas Miller Americas Investment Holdings Inc	
Thomas Miller Healthcare Trustees Ltd	
TMC Trustee Company Ltd	
Thomas Miller (Management Services) Ltd	
Thomas Miller Professional Indemnity Holdings Ltd	
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

Notes to the Accounts for the year ended 31 December 2022 (continued)

18. Assets accounted for at FVTPL

Group	Unlisted investments £'000	Listed debt securities £'000	Total £'000
At 1 January 2022	2	2,663	2,665
Net cost of bonds / investments sold	–	(195)	(195)
Foreign exchange revaluation	–	53	53
Unrealised gains	–	(56)	(56)
At 31 December 2022	2	2,465	2,467

Company	Unlisted investments £'000
At 1 January and 31 December 2022	2

19. Trade and other receivables

Due within one year	Company 2022 £'000	Group 2022 £'000	Company 2021 £'000	Group 2021 £'000
Amounts owed by subsidiary undertakings	4,244	–	2,619	–
Trade debtors	–	26,049	–	19,146
Other debtors	–	5,320	–	7,508
Prepayments	70	7,463	62	3,858
Accrued income	–	18,822	–	17,980
Accrued Interest	–	8	–	3
Corporation tax debtor	–	765	7	895
	4,314	58,427	2,688	49,390

Due after one year	Company 2022 £'000	Group 2022 £'000	Company 2021 £'000	Group 2021 £'000
Deferred tax (note 20)	121	351	390	–
Accrued income	–	12,205	–	12,039
Subordinated loans	10,371	–	10,476	–
	10,492	12,556	10,866	12,039

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.

20. Deferred taxation

The following are 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 2020	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)
Charge 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)
Adjustment in respect of prior periods	4	–	–	–	–	(245)	(241)
Credit / (charge) to profit or loss	1,526	(867)	(2)	469	(37)	(410)	678
Charge / (credit) to other comprehensive income	–	–	–	2,249	–	–	2,249
Credit direct to equity	–	–	–	–	10	–	10
Exchange differences	19	(0)	–	–	–	1	20
Effect of change in tax rate:							
– income statement	41	(305)	–	331	–	(15)	52
– other comprehensive income	–	–	–	–	–	–	–
– equity	–	–	–	–	–	–	–
At 31 December 2022	3,156	(898)	5	(4,568)	(51)	176	(2,181)

During the year, the Group offset deferred tax assets and liabilities where they relate to income taxes levied by the same tax authority and the tax authority permits the entity to make or receive a single net payment. This is a change to the approach adopted in 2021 which offset all deferred tax assets and liabilities. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

The comparative deferred tax asset and deferred tax liability values in the balance sheet have been restated. Deferred tax asset has been restated to £3,466 from £0, whilst deferred tax liability has been restated from £4,949 to £8,415. This restatement has no impact on profit or brought forward retained earnings.

	2022 £'000	2021 £'000
Deferred tax assets	351	3,466
Deferred tax liabilities	(2,532)	(8,415)
	(2,181)	(4,949)

At the balance sheet date, the Group has gross unused tax losses of £12.2 million (2021 – £10.1 million) available for offset against future profits. A deferred tax asset has been recognised in respect of £0.7 million (2021 – £3.1 million) of such losses. No deferred tax asset has been recognised in respect of the remaining £11.5 million (2021 – £7.0 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 £15.1 million (2021 – £16.3 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 2022 (continued)

21. Trade and other payables

Amounts falling due within one year	Company 2022 £'000	Group 2022 £'000	Company 2021 £'000	Group 2021 £'000
Trade creditors	–	20,004	–	12,839
Amounts owed to subsidiary undertakings	33,457	–	35,048	–
Corporation tax payable	–	749	–	800
PAYE and social security	–	1,936	–	222
Other creditors	4,015	26,261	1,561	28,908
Accruals	141	25,574	19	18,390
Deferred income	–	38,303	–	39,703
Derivative financial instruments	–	150	–	7
Provision for refund liability	–	400	–	830
Future expense run off provision	–	145	0	283
	37,613	113,522	36,628	101,982

Other creditors includes £6.5 million (2021 – £13.9 million) owed to third parties by Ilex Global Reinsurance Company Limited, which is a subsidiary of Thomas Miller (Isle of Man) Limited.

The Group has a revolving credit facility of £7.5 million of committed and £12.5 million of uncommitted financing from HSBC. Other creditors for the company and Group includes a £4.0 million (2021 – £0.0 million) fixed draw down of this facility. Net assets of £12.8 million have been pledged as collateral from the agreed Guarantor Group.

Amounts falling due after more than one year	Company 2022 £'000	Group 2022 £'000	Company 2021 £'000	Group 2021 £'000
Other creditors	–	697	–	–
Deferred taxation (note 21)	–	2,532	–	8,415
	–	3,229	–	8,415

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 the remaining financing leases.

22. Provisions for liabilities and charges

Group	Dilapidations provision £'000	Claims reserves £'000	Total £'000
At 31 January 2022	1,830	92	1,922
Profit and loss account charge	(1,156)	(42)	(1,198)
At 31 December 2022	674	50	724

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

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

23. Called up share capital

	2022 £'000	2021 £'000
Called up, allotted and fully paid:		
Equity interests: 13,895,288 ordinary shares of £0.10	1,390	1,393

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 2022	15,143	11.80	1,514	177,173
Internal share market Dec 2022	19,066	12.60	1,907	238,325

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

23. 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
12,500	8.15	Dec 2018
20,000	9.35	Jun 2019
16,040	9.35	Jul 2019
15,000	9.35	Jun 2020
55,000	10.30	May 2021
15,000	9.35	Jun 2021
21,395	10.75	Jul 2021
11,674	10.75	Oct 2021
11,764	10.20	Mar 2022
7,764	10.20	May 2022
9,302	10.75	Jul 2022
6,663	10.75	Oct 2022
110,216	11.00	Jan 2023
66,729	12.20	Jan 2023
6,618	10.20	Mar 2023
11,190	10.30	Apr 2023
6,125	11.80	Apr 2023
3,618	10.20	May 2023
9,303	10.75	Jul 2023
6,663	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 2024
3,150	11.80	Apr 2025
10,975	12.20	Apr 2025
6,225	11.00	Apr 2026
5,249	12.20	Apr 2027

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
21,958	10.30	Mar 2023
26,919	11.80	Mar 2023
20,743	10.20	Mar 2024
29,214	11.00	Mar 2024
25,203	11.80	Mar 2025
18,321	12.20	Apr 2025
26,728	11.00	Mar 2026
14,044	12.20	Apr 2027

24. 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 27.

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

	Number of shares 2022	Market value 2022 £'000	Average cost 2022 £'000	Number of shares 2021	Market value 2021 £'000	Average cost 2021 £'000
Thomas Miller Employee Share Trust No.1	543,203	6,844	6,621	257,688	3,144	3,040
Thomas Miller Employee Share Trust No.2	2,656,003	33,466	12,178	2,656,003	32,403	12,178
	3,199,206	40,310	18,799	2,913,691	35,547	15,218

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 ("EBTs") 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 2022 share market (2021 – £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.

25. Own shares

	2022 £'000	2021 £'000
Balance at 1 January	15,217	15,882
Proceeds received on exercise of options by employees	(904)	(969)
Loss on EBT shares acquired by employees	(136)	(324)
Purchase of shares in the market	6,897	3,352
Proceeds on sale of shares in the market	(323)	(459)
Value of shares awarded to employees under share awards	(1,816)	(2,161)
Profit on shares awarded to employees	9	28
Other disposals	(145)	(132)
Balance at 31 December	18,799	15,217

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 2022, the cost of the shares held by the EBT exceed the anticipated proceeds from the exercise of outstanding options and other share awards by £462,970 (2021 – £69,998).

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
297,430 shares purchased in July 2022	£11.80	3,510
268,832 shares purchased in December 2022	£12.60	3,387
		6,897

The 1 June 2022 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 2022 of £12.60 was determined on the same basis by the same valuer.

Notes to the Accounts for the year ended 31 December 2022 (continued)

26. Leases

Right-of-use assets

Cost	Buildings £'000	Motor vehicles £'000	Equipment £'000	Total £'000
At 1 January 2022	58,575	336	114	59,025
Additions	7,903	112	9	8,024
Foreign exchange movements	(5)	–	–	(5)
Disposals	(976)	(16)	(7)	(999)
At 31 December 2022	65,497	432	116	66,045
Accumulated depreciation				
At 1 January 2022	41,245	72	(29)	41,288
Charge for the year	4,696	97	12	4,805
Foreign exchange movements	(57)	–	–	(57)
Disposals	(779)	(16)	(7)	(802)
At 31 December 2022	45,105	153	(24)	45,234
Carrying amount				
At 31 December 2022	20,392	279	140	20,811
At 31 December 2021	17,330	264	143	17,737

The Group leases several assets including buildings, motor vehicles and photocopiers. The average lease term is 2.7 years (2021 – 3.0 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 2022 is 3.72% (2021 – 2.75%)

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

Amounts recognised in consolidated income statement	2022 £'000	2021 £'000
Depreciation expense on right-of-use assets	4,805	5,075
Profit on disposal of assets	(25)	(11)
Interest expense on lease liabilities	781	659
Expense relating to dilapidations	45	57

Lease liabilities	2022 £'000	2021 £'000
Analysed as:		
Non-current	20,609	16,195
Current	5,023	4,971
	25,632	21,165

Maturity analysis	2022 £'000	2021 £'000
Year 1	5,023	4,971
Year 2	4,808	5,222
Year 3	1,038	5,104
Year 4	2,457	1,112
Year 5	2,939	790
Onwards	9,367	3,966
	25,632	21,165

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

Notes to the Accounts for the year ended 31 December 2022 (continued)

27. 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 share 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 Share 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 2022						
Outstanding at beginning of period	491,860	10.41	229,101	10.75	720,961	10.52
Granted during the period	82,953	12.20	40,201	12.20	123,154	12.20
Forfeited during the period	(57,775)	10.32	(37,576)	10.78	(95,351)	10.50
Exercised during the period	(39,577)	10.57	(48,596)	9.99	(88,173)	10.25
Outstanding at the end of the period	477,461	10.82	183,130	11.27	660,591	10.95
Exercisable at the end of the period	202,102	9.96	–	–	202,102	9.96
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

The weighted average share price at the date of exercise for share options exercised during the period was £12.16. The options outstanding at 31 December 2022 had a weighted average exercise price of £10.95, and a weighted average remaining contractual life of 2.68 years.
The aggregate of the estimated fair values of the options granted in 2022 is £173,767 (2021 – £194,957).

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

	2022	2021
Weighted average share price	£12.20	£11.00
Weighted average exercise price	£12.20	£11.00
Expected volatility	25%	25%
Expected life (years)	2.01	1.95
Risk-free rate	1.33%	0.73%
Expected dividends	47.70p	43.01p
Dividend yield	3.91%	3.91%

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:

	2022 £'000	2021 £'000
Equity-settled share option schemes	137	173
Executive Directors' Long-Term Incentive Plan	1,326	826
Shares awarded under bonus schemes – cash-settled	1,448	1,660
Cash-settled share option schemes	128	229
Charges in respect of service award scheme – cash-settled	163	222
	3,202	3,110

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, while 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. 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.

(vi) Thomas Miller Holdings Ltd. 2022 LTIP
The 2022 LTIP is structured as nil paid options that vest at the end of 2024. 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.

28. 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 2022 £'000	Group 2022 £'000	Company 2021 £'000	Group 2021 £'000
Financial assets				
Fixed asset investments	53,317	584	53,941	541
Current asset listed investments	–	2,465	–	2,663
Current asset unlisted investments	2	2	2	2
Cash and cash equivalents	10,586	60,129	6,793	57,937
Trade and other receivables	4,314	58,427	2,688	49,390
	68,219	121,607	63,424	110,533
Financial liabilities				
Trade and other payables	33,598	112,078	36,628	100,062
Tax liabilities	–	749	–	800
Provisions	–	724	–	1,922
Fair Value Through Profit and Loss ("FVTPL") – held as trading	–	(164)	–	(26)
Retirement benefit obligation	–	1,286	–	1,400
	33,598	114,673	36,628	104,158

Financial liabilities designated as at FVTPL

	Company 2022 £'000	Group 2022 £'000	Company 2021 £'000	Group 2021 £'000
Difference between carrying amount and contractual amount at maturity:				
Amount payable at maturity	–	4,037	–	3,653
Less: Fair value of liabilities designated at FVTPL	–	(4,201)	–	(3,679)
	–	(164)	–	(26)

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).

	2022 Level 1 £'000	2022 Level 2 £'000	2022 Level 3 £'000	2021 Level 1 £'000	2021 Level 2 £'000	2021 Level 3 £'000
Current asset listed investments	2,465	–	–	2,663	–	–
Forward contracts	–	(164)	–	–	(26)	–
Accrued income	–	–	18,823	–	–	16,804

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.

28. Financial instruments (continued)

Credit risk

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

– corporate bonds held within the Group;

– amounts due from insurance and other customers; and

– cash balances held with financial institutions.

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

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

Trade receivables and accrued income are subject to impairment using the expected credit losses model. As permitted by IFRS 9, the Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. Consequently, the IFRS 9 concept of a significant increase in credit risk is not applicable to the Group's expected credit losses. To assess expected credit losses, balances are either assessed individually or grouped based on similar credit risk characteristics. The Group is not involved with complex financial instruments, it does not apply hedge accounting, nor has any history of material credit losses. The majority of the Group revenue comprising management and incentive fees and investment management fees is 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 six months old, after deduction of any debts specifically provided for. There were no impairment factors such as significant write-offs present.

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 a 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 2022 £'000	Non-interest bearing 2022 £'000	Total 2022 £'000	Floating rate 2021 £'000	Non-interest bearing 2021 £'000	Total 2021 £'000
Financial assets						
£ Sterling	14,474	9,920	24,393	29,607	8,098	37,705
US$	4,738	21,719	26,457	625	14,031	14,656
Other	323	8,957	9,279	396	5,180	5,576
	19,534	40,596	60,129	30,628	27,309	57,937

Company	Floating rate 2022 £'000	Non-interest bearing 2022 £'000	Total 2022 £'000	Floating rate 2021 £'000	Non-interest bearing 2021 £'000	Total 2021 £'000
Financial assets						
£ Sterling	6,147	1	6,148	6,756	10	6,766
US$	4,185	1	4,185	19	7	26
Euro	–	252	252	–	–	–
	10,332	254	10,586	6,775	17	6,793

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 2022 £'000	Assets 2021 £'000	Liabilities 2022 £'000	Liabilities 2021 £'000
US$	11,605	9,182	7,287	7,001
Other	22,765	15,589	22,093	12,269
	34,370	24,771	29,380	19,270

Company	Assets 2022 £'000	Assets 2021 £'000	Liabilities 2022 £'000	Liabilities 2021 £'000
US$	4,170	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. This has been assumed in the sensitivity analysis and the impact is shown in the table below:

	2022 £'000	2021 £'000
Profit before tax decrease	(311)	21

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.

29. Derivative financial instruments

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

	Current 2022 £'000	Current 2021 £'000	Non-current 2022 £'000	Non-current 2021 £'000
Assets				
Forward foreign currency contracts	–	9	–	1
Liabilities				
Forward foreign currency contracts	14	7	150	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.

30. 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 participant's 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 2022 was £3.83 million (2021 – £5.53 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 holds 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 scheme's assets at the 31 December 2022 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 31 December 2021 and was updated to 31 December 2022 by external actuaries. It showed that, on an IAS 19 Employee Benefits basis, the market value of the Scheme's assets was £153,831,000 (2021 – £235,043,000) and that the actuarial value of these assets represented 114% (2021 – 116%) 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).

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.

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 4.8% (2021 – 1.9%). 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:

	2022	2021
UK Scheme		
Discount rate	4.80%	1.90%
Future inflation-linked pension increases	3.20%	3.30%
Future inflation – RPI	3.30%	3.40%
Future inflation – CPI	2.50%	2.60%

Mortality	**2022 UK scheme only**	**2021 UK and Bermuda schemes only**
Males	S3NA_L Tables	S3NA_L Tables
Females	S3NA_L Tables	S3NA Tables
Projections	CMI 2020 long-term rate 1.25% per annum	CMI 2020 long-term rate 1.25% per annum

The assumed life expectations on retirement at age 63:

	2022	2021
Retiring today		
Males	25.3	25.2
Females	27.1	27.0
Retiring in 20 years		
Males	26.5	26.5
Females	28.4	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:

	2022 £'000	2021 £'000
Fair value of assets	153,831	235,042
Present value of funded obligations	(134,405)	(203,353)
	19,426	31,689
Present value of unfunded obligations	(1,286)	(1,400)
Net surplus arising from defined benefit scheme obligations	18,140	30,289

At 31 December 2022, the Group had an overall "net surplus" of £18.1 million in respect of its defined benefit schemes. This included an accounting surplus of £19.4 million, arising in respect of the TMC Scheme. The other schemes have an overall deficit of £1.3 million.

30. Retirement benefit schemes (continued)

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

	2022 £'000	2021 £'000
Net interest on net defined benefit liability	(629)	(212)
Losses on settlements	–	194
Administrative expenses	–	8
	(629)	(10)

The net interest expense has been included within finance costs (see note 8). The remeasurement of the net defined benefit liability is included in the statement of comprehensive income.

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

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

	2022 £'000	2021 £'000
The losses on Scheme assets (excluding amounts included in net interest expense)	80,336	1,333
Actuarial (gains) arising from changes in demographic assumptions	(394)	(687)
Actuarial (gains) arising from changes in financial assumptions	(68,886)	(14,278)
Actuarial losses arising from experience adjustments	5,479	1,120
Remeasurement of the net defined benefit (surplus) / liability	16,535	(12,512)

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

	2022 £'000	2021 £'000
Opening defined benefit obligation	204,753	236,252
Interest cost	3,806	2,871
Remeasurement (gains) / losses:		
Actuarial (gains) / losses arising from changes in demographic assumptions	(394)	(687)
Actuarial (gains) / losses arising from changes in financial assumptions	(68,886)	(14,278)
Actuarial losses / (gains) arising from experience adjustments	5,479	1,120
Liabilities extinguished on settlements	–	(14,463)
Exchange differences on foreign arrangements	75	(128)
Benefits paid	(9,142)	(5,934)
Closing defined benefit obligation	135,691	204,753

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

	2022 £'000	2021 £'000
Opening fair value of plan assets	235,042	248,468
Interest income	4,433	3,083
Remeasurement gain:		
The (deficit) / return on plan assets (excluding amounts included in net interest expense)	(80,337)	(1,333)
Administrative expenses		(8)
Assets distributed on settlements		(14,657)
Contributions by employer	3,835	5,556
Exchange differences on foreign arrangements		(133)
Benefits paid	(9,142)	(5,934)
Closing fair value of plan assets	153,831	235,042

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

	2022 £'000	2021 £'000
Liability driven investments	116,090	165,092
Equities	8,357	24,997
Bonds	–	–
Other growth assets:		
– absolute return funds	20,117	22,336
– diversified growth funds	7,693	19,766
– emerging market multi-asset funds	–	–
Cash	1,571	2,848
Insurance policies	3	3
Fair value of plan assets	153,831	235,042

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..

Notes to the Accounts for the year ended 31 December 2022 (continued)

30. Retirement benefit schemes (continued)

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 6%
	Decrease by 0.5%	Increase by 7%
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 4%

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 2023:

	Contributions to be made in the year £'000
Thomas Miller & Co. Limited Retirement Benefits Scheme	3,500
Annuities payable to former partners and employees	165
	3,665

31. 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.

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

	2022 £'000	2021 £'000
Group operating profit	15,798	12,329
Depreciation, amortisation and goodwill impairment	10,686	12,165
Profit/(Loss) on sale of fixed assets	84	–
(Decrease) in provisions	(1,198)	(809)
Adjustment for pension funding (see below)	(3,835)	(5,355)
Shares awarded to employees under various bonus schemes	1,816	2,161
Equity settled share option charge	137	173
Operating cash flows before movements in working capital	23,488	20,664
(Increase) / decrease in debtors	(9,047)	9,461
Increase / (decrease) in creditors	8,277	(11,783)
Cash generated by operations	22,718	18,342
Corporation tax paid	(5,180)	(1,478)
Interest paid	(653)	(231)
Net cash from operating activities	16,885	16,633

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:	2022 £'000	2021 £'000
Non client cash:		
Liquidity funds	6,728	7,765
Other bank accounts	16,996	11,082
Client cash	36,405	39,090
	60,129	57,937

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.

Notes to the Accounts for the year ended 31 December 2022 (continued)

33. Commitments

At 31 December 2022, 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
30 December 2024	USD	24,000	GBP	1.2108
30 September 2024	USD	24,000	GBP	1.2090
30 December 2024	USD	60,000	GBP	1.2976
30 September 2024	USD	60,000	GBP	1.2953
28 June 2024	USD	60,000	GBP	1.2927
28 March 2024	USD	60,000	GBP	1.2899
1 December 2023	USD	70,000	GBP	1.3184
1 September 2023	USD	70,000	GBP	1.3185
1 June 2023	USD	70,000	GBP	1.3191
1 March 2023	USD	70,000	GBP	1.3194
29 September 2023	USD	130,000	GBP	1.3362
26 June 2023	USD	900,000	GBP	1.3588
1 December 2023	USD	70,000	GBP	1.3580
1 September 2023	USD	70,000	GBP	1.3581
1 June 2023	USD	70,000	GBP	1.3586
1 March 2023	USD	70,000	GBP	1.3596
28 November 2025	USD	24,000	GBP	1.2231
30 September 2025	USD	24,000	GBP	1.2276
30 June 2025	USD	24,000	GBP	1.2271
31 March 2025	USD	24,000	GBP	1.2269
30 December 2024	USD	20,000	GBP	1.2264
30 September 2024	USD	20,000	GBP	1.2247
28 June 2024	USD	30,000	GBP	1.2245
28 March 2024	USD	30,000	GBP	1.2241
03 January 2023	USD	3,000,000	GBP	1.2125

The impact of fair value movements on open forward contracts during 2022 was a loss of £164,000 (2021 – £35,000 loss). The fair value of open forward contracts at 31 December 2022 is shown in note 29.

34. 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 it deems appropriate.

35. Post balance sheet events

A final dividend for 2022 of 24.0p per share has been proposed, the estimated cost is to be £2.59 million (2021 – £2.68 million). The proposed final dividend is payable to all shareholders on the Register of Members on 31 May 2023.

Notice of Meeting

(Registered in Bermuda, No 26282)

TO: The holders of Ordinary Shares

NOTICE IS HEREBY GIVEN that the Twenty Fourth Annual General Meeting of the company will take place in London and on webinar on 26 June 2023 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 Third Annual General Meeting held on 10 June 2022.
3. Presentation on the Financials and Group Activities.
4. To receive the Auditor's Report.
5. To approve the Financial Statements for the year ended 31 December 2022 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 2022 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 its remuneration.

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

BY ORDER OF THE BOARD

K P Halpenny
Company Secretary
18 May 2023

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