PAMIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Company No. 02418817

PAMIA LIMITED

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PAMIA LIMITED

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Members will be held at the offices of Thomas Miller, 90 Fenchurch Street, London, EC3M 4ST on 10 March 2021 at 4.30pm for the following purposes:

- To receive the Directors' Report and Financial Statements for the period ended 30 June 2020 and if they are approved to adopt them;
- to appoint Directors; and
- to appoint Auditors and authorise the Directors to fix their remuneration.

By order of the Board

K. Halpenny
Secretary

Date: 27 October 2020

Note:	(i)	A Member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A person so appointed must be a Member of the Company. The instrument appointing a proxy shall be deposited with the Secretary not less than 48 hours before the meeting.
Note:	(ii)	An agenda booklet for the Annual General Meeting setting out the resolutions and containing the minutes of the last Annual General Meeting will be sent to all Members prior to the meeting together with a form of proxy.

DIRECTORS OF PAMIA LIMITED

A.R. Findlay *	Chairman	Reddie & Grose LLP
D.A. Gill*	Deputy Chairman	W.P. Thompson Limited
J.G. Leeming	Deputy Chairman	J A Kemp
R.P. Cunningham	Chief Executive Officer	Thomas Miller Professional Indemnity Limited
R.A.A. Harnal	Chief Financial Officer	Thomas Miller Professional Indemnity Limited
A. Argyle		Potter Clarkson LLP
T. Copsey		Kilburn & Strode LLP
R. Gardner		Dehns
I. Gill		A.A.Thornton & Co
A.C. Hayes		Boult Wade Tennant
L. Hoarton		Forresters IP LLP
J. Jappy *		Gill Jennings & Every LLP
G. Lambert		Haseltine Lake LLP
B.R. Lucas		Lucas & Co.
M. Lunt		HGF Limited
D.A. McCarthy		MacLachlan & Donaldson (Ireland) Limited
J.B. Pennant		D. Young & Co. LLP
C.H. Watkins *		Secerna LLP
G. Williams		Marks & Clerks LLP
J. Wills *		Mewburn Ellis LLP
D. Wise		Carpmaels & Ransford LLP
K.G. Young *		Murgitroyd Group PLC

* Members of the Audit & Risk Committee

CHAIRMANS REPORT

I am pleased to present my tenth Chairman's Report.

PAMIA's Financial Position as at 30 June 2020

The result for the financial year to 30 June 2020 was a deficit of £0.330m, compared to a deficit of £0.057m for the previous financial year.

The deficit reduced PAMIA's free reserves (the capital PAMIA holds in excess of its liabilities) to £15.324m. Free reserves for regulatory capital purposes, which are determined on a different basis, were £14.382m, £9.791m in excess of PAMIA's regulatory capital requirement of £4.591m. PAMIA's Business Plan requires it to aim to hold free reserves for regulatory capital purposes of between £5m and £7.75m in excess of its regulatory capital requirement. At the year-end, the excess was £2.041m above the top end of the target range. At the 2019 renewal, PAMIA had taken action to bring the free reserves back into the target range by maintaining premium rates and the deferral, with the aim of incurring a deficit in the financial period to 30 June 2020. That aim was achieved, but with free reserves remaining above the top end of the target range, further action was taken at the 2020 renewal. Premium rates were reduced by 10% in the expectation that this will help to generate a further deficit, which would bring the free reserves closer to the target range.

The Board will continue to consider taking appropriate action to lower the free reserves. However, it will exercise caution, because reinsurance premiums has gone up in the 2020 renewal, as a result of the hardening of the insurance market, and the regulatory capital requirement may go up, if PAMIA is successful in expanding its business to insure patent and trademark attorneys in Canada.

For the year ended 30 June 2020 PAMIA recorded a negative return of 0.81% (2019: positive 3.13%) on its investments, which amounted to a loss of £0.208m (2018: gain of £0.569m). The return was negatively affected by reductions in the value of equity holdings because of the market's response to the economic impact of COVID-19. PAMIA's Business Plan targets medium term returns in excess of CPI inflation and such returns are being achieved.

The amount PAMIA paid out in claims increased from £0.279m to £0.822m. The net reserves set aside for claims decreased from £5.333m to £4.749m. This provision reflects PAMIA's assessment of the likely future cost of claims on notifications made to PAMIA, and has been reviewed by PAMIA's actuaries and Auditors.

Reinsurance is an important tool used by PAMIA to reduce its risk exposure. For the 2019, Policy Year PAMIA was able to negotiate the same reinsurance cover for the same premium as in 2018.

In the financial period to 30 June 2020, in spite of premium rates remaining unchanged premium income increased by 7%. This was driven primarily by the increase in fee income generated by member firms.

CHAIRMANS REPORT (continued)

In my last four reports, I mentioned that, following an approach from the Intellectual Property Institute of Canada, PAMIA was considering extending membership eligibility to patent and trademark attorneys in Canada. Work is ongoing into considering the feasibility of expanding into Canada and the Board is open to considering the possibility of offering insurance to patent attorneys and trademark attorneys in other compatible jurisdictions with a view to PAMIA being in a position to offer cover to Canadian patent and trademark attorneys from 2021. The final decision on such additional international expansion, if considered appropriate by the Board, would rest with the Members.

I mentioned in my last report that, as members were experiencing difficulties in purchasing excess layer cover, the Board would put in place new arrangements so that appropriate cover is available to members. I am pleased to report the feedback from the Managers is that the 2020 excess layer renewal has gone smoothly.

The impact of COVID-19 on PAMIA is covered in detail elsewhere in the financial statements.

Being a Director of PAMIA is a demanding, unpaid role and I wish to thank all my fellow Directors for their hard work and dedication to ensuring that PAMIA continues to provide strong protection for our profession.

I would also like to thank Thomas Miller and Willis for the consistently excellent service they provide to PAMIA.

Alice Findlay
Chairman
27 October 2020

STRATEGIC REPORT

Review of the year

The Directors present their Strategic Report on the Company for the year ended 30 June 2020.

The Company continued to provide professional indemnity insurance for patent and trademark practices. The deficit arising out of the period's operations after tax was £0.330m (2019: deficit £0.057m) and this was transferred from reserves. The reserves now amount to £20.073m, which is made up of free reserves of £15.324m and net claim reserves of £4.749m. The comparative figure for 2019 was £20.988m, which was made up of free reserves of £15.654m and net claim reserves of £5.334m.

These reserves have been retained to meet claims and the solvency requirement under the Financial Services and Markets Act 2000. The Directors anticipate no significant changes in the Company's future activities.

Principal Risks and Uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by the Audit & Risk Committee and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company, the compliance team and finance department. They perform an important oversight role in this regard.

The Company operates a risk transfer strategy by purchasing reinsurance and so safeguarding its reserves. During the year ended 30 June 2020 16.7% (2019: 22.5%) of the reinsurance contract was placed at Lloyd's, with the balance placed with insurance companies and branches in the UK. This is consistent with the placement in the prior period. Note 6 in the Financial Statements explains the Company's reinsurance programme.

The principal risk facing the Company as an insurance company is a severe claims experience. The claims history demonstrates that, quite unexpectedly, claims can climb to levels that could have an impact on its financial strength were it not adequately reserved.

The impact of Brexit on PAMIA is expected to be marginal, however in order to deal with any risks that need to be insured by an EU insurer it has entered into a fronting arrangement with UK P & I NV based in Rotterdam to service any members who would require this insurance.

Key Performance Indicators

The Company's objective is to benefit its Members through the provision of professional indemnity insurance on a mutual basis, and its ability to continue do so is partly measured by its solvency position. The key performance indicator is considered to be the amount by which the Company's capital resource exceed the Company's regulatory capital requirement, its Solvency Capital Requirement, with reference to a target range, as explained in note 4.6

STRATEGIC REPORT (CONTINUED)

Key Performance Indicators (continued)

The Company's other key performance indicators are its financial results and its Investment performance, which is shown below.

Financial Results

The figures in the table below are taken from the Annual Report and Financial Statements for the year ending 30 June 2020, which will be submitted to the membership for approval at the Annual General Meeting, which will be held on 10 March 2021.

The Income and Expenditure Account (on page 17) and the Statement of Financial Position (on page 18), together with the notes to the Financial Statements, set out the Company's financial position in detail. The following table compares key financial information for the year-end.

Amounts in £'000	**12 months to 30 June 2020**	**12 months to 30 June 2019**
Premium written	2,419	2,282
Reinsurance premium	(1,092)	(1,100)
Net claims	(434)	(901)
Operating expenses	(871)	(784)
Surplus/(deficit) on technical account	22	(503)
Investment Income	(319)	545
Surplus/(deficit) before tax	(297)	42
Tax (charged)/credited	(33)	(99)
Surplus/(deficit) for the year	(330)	(57)
Free reserves at year end	15,324	15,654

Investments
PAMIA requires its investment portfolio to be invested in a manner which assists it in maintaining its financial strength by preserving capital to meet its liabilities, and delivering positive investment returns over the medium term to subsidise premiums.

The investment return for the period under review was negative 0.81% (2019: positive 3.13%).

PAMIA's assets are divided between a Short Term Fund, a Capital Fund and a Growth Fund. The breakdown is shown below:

Amounts in £'000	30 June 2020	30 June 2019
Short Term Fund	1,210	1,420
Capital fund	10,334	9,941
Growth Fund	8,873	10,071
Market value (including accrued interest)	20,417	21,432

STRATEGIC REPORT (CONTINUED)

Investments (continued)

The purpose of the Short Term Fund is to provide liquidity to meet PAMIA's projected operating cash flow requirements over the period of 12 months.

The purpose of the Capital Fund is to cover PAMIA's claims liabilities and regulatory capital requirements. In this context, "claims liabilities" does not include the run-off claims handling reserve.

The purpose of the Growth Fund is to hold free reserves for investment in riskier assets to generate positive returns over the medium term.

The amount to be held in each of the Short Term Fund and the Capital Fund is decided annually effective from 1 October in accordance with the requirements of the Investment Policy and Investment Mandate. The balance of PAMIA's assets shall be invested in the Growth Fund. The currency allocation for the Capital Fund is reviewed annually.

The Company has 34% of its holdings in UK, US and European fixed income securities, 24% is in equities, 16% in alternative investments and 26% in cash equivalents.

Company's Current and Future Plans

The Company's central objective is to provide professional indemnity insurance to its Members at a price that is fair and reasonable. Generating profits for distribution to shareholders is therefore not one of the Company's objectives. Rather, it will only seek to generate sufficient profit where necessary to strengthen its financial and solvency position to ensure that it can continue to provide professional indemnity insurance to its members in the longer term.

The Company Business Plan is to hold regulatory capital reserves of between £5m to £7.750m overs its Solvency Capital Requirement.

The targets are shown in the table below:

	£'000
Regulatory Capital Reserves as at 30 June 2020	14,382
Solvency Capital Requirement	4,591
Lower capital target	9,591
Upper capital target	12,341

At the year-end, the Company had met its objectives of being in a strong financial position with reserves for regulatory purposes at £14.382m and being comfortably above its upper capital target by £2.041m.

STRATEGIC REPORT (CONTINUED)

IMPACT OF COVID-19

The Directors have assessed the impact of COVID-19 in the following areas of the business

Premiums

The COVID-19 outbreak has not had any a material impact on PAMIA's premium income for the year ended 30 June 2020 as all policies with the company were renewed and the majority of premiums collected well before the onset of COVID-19. Premiums for the coming year have also been debited and although lower than last year reflect the rate reduction given to members. The Company calculates its premium rate based on a rolling three-year average of members fee income and the early indications are that the member's fee income has grown on average by 5 percent over the last few years. If there is a fall in premium income due to the pandemic then the expectation is that it will be very marginal.

Investments

COVID-19 and the global response to it triggered a significant decline in the pace of economic activity across the globe. The ensuing global recession is widely expected to be deeper than any experienced in the post-war period. At this point, because the eventual duration of the outbreak is unknown, the length and severity of the recession is difficult to foretell.

Because of the deterioration in the economic outlook, financial markets have become extremely volatile and this has resulted in significant declines in asset prices across equity markets. In January 2020, equity positions were reduced and consequently the portfolio was defensively positioned throughout the first quarter, which helped to mitigate losses. The elevated level of financial market volatility is likely to persist until there is greater clarity on the likely path of COVID-19. Nevertheless, equity markets rallied strongly in the immediate aftermath of COVID-19 on the back of significant monetary policy stimulus announced by various central banks. Fiscal policy was also supportive, as various governments announced plans to help mitigate the negative economic impact of the pandemic

Claims

In the six months after the lockdown came into force in the UK on 16 March 20, there were no COVID-19 related claims made against PAMIA's members. The majority of members all instigated working at home practices so there was very little business disruption. It is more likely that claims will be made against insurers and against brokers in respect of policy wordings if policies do not cover disruption caused by the pandemic.

IMPACT OF COVID-19

Reinsurance

The Company's reinsuring brokers consider that the current estimated impact on the global reinsurance capital base is approximately 5%. This is a much improved position compared to the 20% forecast originally assumed and is partly explained by investment markets having moved significantly upwards during this period. This also underlines, however, the extent to which (re)insurers' balance sheets are sensitive to investment market volatility.

Reinsurers' Solvency II ratios are commonly accepted as a more meaningful assessment of financial strength. On this basis, the average solvency ratio fell by 19 percentage points in Q1, down from 211% to (a still comfortable) 192%. A few companies actually saw an increase in solvency – expected dividend payments are normally deducted from Q4 solvency ratios and, given the suspension of dividends at many companies, these amounts have now been added back to available capital

Rating agencies continue to assess COVID-19's impact. Although COVID-19 will remain a negative rating factor in the near to medium term, widespread downgrades are not anticipated by the rating agencies. As would normally be the case, the vast majority of (re)insurers' ratings reviewed globally so far this year have been affirmed at the same level.

The Company's reinsurance programme was in place before the onset of COVID-19 and as the reinsurers on its programme are A- rated it is reasonable to assume that the Company's reinsurance programme will respond.

Impact on operations

The Company outsources management of its operations to Thomas Miller Professional Indemnity Limited (a subsidiary Company of Thomas Miller) ("the Managers"), who implemented a swift move to remote working on the onset of COVID-19 to enable the Company's operations to continue remotely.

Illness and staff shortage

The Board of the Company is satisfied that the Managers have sufficient resources to meet the demands of conducting the day-to-day business of the Company in the face of the disruption caused by COVID-19.

In summary, the Directors are confident that the Company is well placed to deal with the consequences of COVID-19 on its business and that the Company is financially well reserved for any short-term fall in its investments.

COMPANIES ACT SECTION 172(1)

Section 172(1) of the Companies Act 2006 provides that a Director of a Company must act in a way that is considered to be in good faith, would most likely promote the success of the Company and benefit the Members as a whole; and in doing so to have regard to various other stakeholder interests, including the Managers, regulators, brokers and reinsurers.

As a mutual insurer, PAMIA exists for the benefit of its Members, who are also the insureds of the Company. The key decisions made in the year are the continuance of the reinsurance programme and the pricing of member premiums. The key factors under section 172(1) are considered further below:

The likely consequences of any long-term decision

PAMIA operates in a stable business environment. It has an annual business plan and, as a result, any decisions taken by the Board that produce an adverse financial result can quickly be identified and corrected.

The interests of the Company's employees

The Company has no employees. It has outsourced its day-to-day operations to the Managers. Two employees of the Managers have been appointed to the Company's Board as executive directors.

The need to foster the Company's business relationships with suppliers, customers and others

The Company's primary focus, as a mutual insurer, is the provision of insurance to its Members at rates that are fair and reasonable and ensuring that its Members are provided with an outstanding claims handling service.

The Managers report to the Company on the performance of suppliers and its relationship with others, including insurance and professional regulators

The impact of the Company's operations on the community and the environment

The Company considers the best interests of its Members as a priority. PAMIA has reduced its premium rates by 10%, as the Directors do not intend to hold Members funds to bolster its reserves as it had already reached the targets set by the Board and required by the regulatory environment in which it operates. It also acts as a sounding board on behalf of its Members on legal issues and either makes or assists in making representations to protect its Members' interests to government regulators as well as its own professional bodies.

As a service orientated organisation, the Company does not have a material impact on the environment. The Board has established a policy on climate change, which is owned by the Company's Risk Officer. The policy considers the risk of climate change associated with the Company.

STRATEGIC REPORT (continued)

COMPANIES ACT SECTION 172(1) (continued)

The desirability of the Company maintaining a reputation for high standards of business conduct

The Board has in place a conduct risk policy that applies to both the Board and the Managers. The policy is intended to ensure that the Company has due regard to the interest of its Members whilst keeping them, and the integrity of the markets in which they operate, at the heart of everything it does.

The need to act fairly between Members of the Company

The Company's conduct risk policy ensures that Members are treated fairly. In addition, the Board has established a conflicts of interest policy, which ensures that any Director's conflict of interest is appropriately disclosed and dealt with at Board level.

The Directors therefore consider that the requirements of Section 172(1) are appropriately addressed by the Company's policies and procedures.

Alice Findlay
Chairman
27 October 2020

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and financial statements for the year ended 30 June 2020.

The Company provides mutual insurance for patent and trademark practices against risks arising from professional negligence.

The Company has appointed Thomas Miller Professional Indemnity as sole managers to manage its business affairs and operations and has appointed Thomas Miller Investment Ltd to manage the Company's investment portfolio. Both Thomas Miller Professional Indemnity and Thomas Miller Investment Ltd are owned by Thomas Miller Holdings Limited.

The duties of the Managers and details of their remuneration are detailed in note 8 to the Financial Statements.

The Company has no employees.

The Board of Directors has effected a Directors' and Officers' Liability Insurance Policy to indemnify the Directors or Officers of the Company against loss arising from any claim made against them jointly or severally by reason of any wrongful act in their capacity as Director or Officer of the Company. The insurance also covers the Company's loss when it is required or permitted to indemnify the Directors or Officers pursuant to the law, Common or Statutory, or the Articles of Association. The cost of the insurance is met by the Company and is detailed in note 9 to the Financial Statements.

Risk Management

The Audit & Risk Committee oversees the Company's risk management. The Committee considers the type and scale of risk that the Company is prepared to accept in its ordinary course of activity and this is used to develop strategy and decision-making.

Information on how these risks are managed is disclosed in Note 4 to the Financial Statements.

During the year, the Committee reviewed and approved the Company's risk management policies and procedures in the context of Solvency II.

DIRECTORS' REPORT (continued)

Directors and Officers

The Directors of the Company are shown on page 2.

In accordance with Clause 54 of the Articles of Association, R. Gardiner, I. Gill, A. Hayes, L. Hoarton, G. Lambert, C. Watkins, D. Wise and K. Young retire by rotation at the forthcoming Annual General Meeting to be held on Wednesday 10 March 2021 and, being eligible, offer themselves for re-appointment.

In the case of each of the persons who are Directors at the time this report is approved, the following applies:

(a) so far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Members nominate some of the Directors. From time to time, the Company will enter into settlements of claims brought by Members who have nominated Directors, or for whom Directors work or are owners. Such Directors exclude themselves from discussion and decision relating to such claims including the settlement thereof.

All Directors are required to declare whether they have any interest other than as Directors in any of the business set out in the Agenda at every Board and Committee meeting.

DIRECTORS' REPORT (CONTINUED)

Meetings of the Directors

The Board of the Company held three formal meetings in the financial year: 24 July 2019, 16 October 2019 and 11 March 2020.

They also maintained contact with the Managers between meetings, in order to fulfil the general and specific responsibilities entrusted to them by the Members under the Company's Articles of Association and Rules.

The Directors received and discussed written reports from the Managers on financial development, investment of its portfolio, renewals, reinsurance, regulatory reports, major claims paid and outstanding and claims reserves.

The Annual Reports and Financial Statements for the year ended 30 June 2019 were approved by the Board in October 2019 for submission to the members of the Company at the Annual General Meeting in March 2020.

Board Committees

The Board has delegated specific authority to a number of committees. The Board is informed of the main issues discussed, as all minutes of the meetings of the committees are included in the Board's agenda papers and the Chairman of each Committee makes a report at the Board meeting immediately following a Committee meeting.

The Audit & Risk Committee comprising David Gill (Chairman), Alice Findlay, John Jappy, Charlotte Watkins, Jonathan Wills and Keith Young, assists the Board in recommending the approval of the Financial Statements, and year-end claims reserves. The Committee ensures that the Company complies and meets all legal and regulatory requirements. It is responsible for assessing the Business Risk of the Company. It is also responsible for internal and external audit appointments and to provide a clear channel of communication between the Board and the Auditors. The Committee met on three occasions in the course of the year.

The Canada Committee comprising Alice Findlay (Chairman), David Gill, John Leeming and Jonathan Wills assist the Board in considering the feasibility of Insuring Canadian patent and trademark attorneys. The Committee met on two occasions in the course of the year.

The Claims Committee comprising Brian Lucas (Chairman), Tim Copsey, Ian Gill, John Jappy, John Leeming, Jeremy Pennant, Gareth Williams and Daniel Wise assists the Board in reviewing in detail PAMIA's notifications and claims on an anonymised basis and providing technical guidance to the Managers on steps that might be taken to resolve them satisfactorily. The Committee assists the Board in identifying specific or general risks emerging from claims against members. The Committee met on three occasions in the course of the year.

DIRECTORS' REPORT (CONTINUED)

Board Committees (continued)

The Investment Committee comprising Rebecca Gardner (Chairman), David Gill, Lloyd Hoarton Mark Lunt and Graham Lambert, assists the Board in reviewing in detail the performance of PAMIA's investments and making recommendations to the Board in respect of the Investment Policy, Investment Mandate and other investment related issues. The Committee met on three occasions in the course of the year.

The Management Committee comprising Alice Findlay (Chairman), David Gill and John Leeming are responsible for monitoring the performance and effectiveness of PAMIA, including general oversight of the Managers and the effectiveness of the Board. The Committee is also the focal point for PAMIA's external relationships, including Members and organisations such as Intellectual Property Regulation Board (IPReg), Chartered Institute of Patent Attorneys (CIPA) and Chartered Institute of Trade Mark Attorneys (CITMA). The Committee is also responsible for the monitoring and development of the Business Plan. The Committee met on three occasions in the course of the year.

The Management Fee Committee comprising Jeremy Pennant (Chairman), John Leeming and Keith Young assist the Board to determine the Management Fee to be paid to the Managers. The Committee did not meet formally during the year; however, the members had informal communications during the year.

The Nominations Committee comprising Brian Lucas (Chairman), Alice Findlay, David Gill, John Leeming and Charlotte Watkins advises the Board on the appointment and retention of Directors and consultants and assists the Managers in providing guidance to Directors on their responsibilities. The Committee met on two occasions in the course of the year.

The Rating & Reinsurance Committee comprising John Leeming (Chairman), Andrew Argyle, Alice Findlay, Rebecca Gardner and Denis McCarthy, assists the Board in reviewing the rating structure and reinsurance programme and make annual recommendations to the Board in respect of the same. The Committee met on two occasions in the course of the year.

The Rules and Cover Committee comprising Mark Lunt (Chairman), Alice Findlay, Adrian Hayes and John Leeming helps determine the entry requirements for PAMIA membership, reviews PAMIA's Memorandum and Articles of Association, and the terms of cover offered to Members, determines the terms of engagement of the Managers, Investment Managers and Insurance Consultants, ensures consistency between the reinsurance cover and terms of cover provided to Members and ensure that the cover provided to Members is consistent with the minimum terms set by IPREG. The Committee met on two occasions in the course of the year.

Future developments

The future developments of the Company have been considered in the Chairman's and the Strategic reports.

Post balance sheet events

There have been no events since the balance sheet date, which either requires changes to be made to the figures included in the financial statements or require to be disclosed by way of a note. The Directors will continue to monitor the impact of COVID-19 on its business.

DIRECTORS' REPORT (CONTINUED)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, Directors' Report, and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- state whether applicable UK Accounting Standards have been followed ,subject to any material departures disclosed and explained in the Financial Statements,

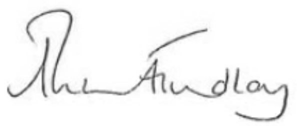
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditors

PKF Littlejohn LLP has signified its willingness to continue in office as auditors. A resolution for their re-appointment and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

By order of the Board



Alice Findlay
Chairman
27 October 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAMIA LIMITED

Opinion

We have audited the financial statements of PAMIA Limited (the 'company') for the year ended 30 June 2020, which comprise the Statement of Income and Movement in Reserves, the Statement of Financial Position, the Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAMIA LIMITED (CONTINUED)

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, either individually or in aggregate, could reasonably be expected to influence the economic decisions of users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to the following level of materiality, the quantum and purpose of which is tabulated below.

Materiality measure	How we determined it	Key considerations and benchmarks	Quantum £
Financial statement materiality	Being approximately 1% of members' funds at 30 June 2020.	As the company is a mutual insurance company, we have referred to members' funds as a measure of the available solvency capital resources of the company.	154,000 (2019: 158,000)

We agreed with the Directors that we would report to them all audit differences in excess of £7,700 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We reassessed materiality at the end of the audit and did not find it necessary to revise our planning materiality.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the company's activities, the key subjective judgements made by the directors, for example in respect of significant accounting estimates regarding the claims outstanding provisions that involved making assumptions and considering future events that are inherently uncertain, and the overall control environment. Based on this understanding we assessed those aspects of the company's transactions and balances, which were most likely to give rise to a material misstatement, and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAMIA LIMITED (CONTINUED)

Key audit matters (continued)

Area	Reason	Audit response
Valuation of insurance contract provisions Refer to Notes 2.5, 3.1 and 7 of the financial statements	Net insurance contract provisions for the year-end 30 June 2020 are £4,748,777 (2019: £5,333,607). The methodologies and assumptions utilised to develop insurance contract provisions involve a significant degree of judgement. Their determination has a significant impact on the financial result and there is a degree of complexity and judgement involved in determining the estimate. There is a risk that inappropriate reserve projections are made, whether from the use of inaccurate underlying data, invalid or inappropriate modelling techniques, or the use of inappropriate assumptions. As such, the reserving for insurance contract provisions is assessed as an area subject to significant risk of material misstatement in the financial statements. We have undertaken sufficient work to ensure reserving has been updated for any claims activity, to confirm that the reserving philosophy remains appropriate and to identify areas of uncertainty within the reserving process.	We evaluated whether the company's actuarial methodologies were consistent with those used generally in the industry and with prior periods. We also evaluated the governance around the overall reserving process, including the scrutiny applied by the audit and claims committees, as well as company actuarial reviews. We performed the following procedures: • We tested on a sample basis the underlying data to source documentation to assess the completeness; • We reviewed any significant prior year reserve movements by reference to any significant adverse loss development; • We performed independent re-projections and sensitivity analyses and compared our re-projected claims reserves to those booked by management, and challenged management to understand any significant differences. • We also tested the calculations used in identifying reinsurers' share of any claims. Based on the procedures we performed, we found that the value of the insurance contract provisions was supported by the evidence we obtained.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAMIA LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 16, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAMIA LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

The company is an insurance company and its principal activity is the transaction of general insurance business in the UK. We therefore tailored the scope of our audit to ensure that we performed sufficient work, following an assessment of those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error, to be able to give an opinion on the financial statements. Our scope focused on where management made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events particularly relating to the insurance contract provisions. Additionally we addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that might reasonably represent a risk of material misstatement due to fraud.

We also identified areas of laws and regulations that could reasonably be expected to have a material impact on the financial statements based on our knowledge of the insurance sector and through discussions with the directors. We remained alert to any indications of non-compliance throughout our audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters, which we are required to address

We were appointed by the Board of Directors to audit the financial statements for the year ending 31 May 1998 and subsequent financial periods. This is the twenty-second financial period we have audited and the current engagement partner has a further year as the statutory auditor of this company before our resignation from the audit is required.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit. We have not provided any other professional services to the company that have not already been disclosed in the financial statements in note 9.

Our audit opinion is consistent with the additional report to the Board of Directors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions, we have formed.

Ian Cowan (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 30 October 2020

STATEMENT OF INCOME AND MOVEMENT IN RESERVES
For the year ended 30 June 2020

	Note	£ 30 June 2020	£ 30 June 2019
TECHNICAL ACCOUNT			
Earned premiums, net of reinsurance			
Advance Call		3,187,631	2,987,123
Premium deferral	5	(767,948)	(704,480)
Gross premium written		2,419,683	2,282,643
Outward reinsurance premiums	6	(1,092,797)	(1,100,000)
		1,326,886	1,182,643
Change in gross provision for unearned premiums		648	646
Change in provision for unearned premiums, reinsurers' share		(159)	(158)
Change in net provision for unearned premiums		489	488
Earned premium net of reinsurance		1,327,375	1,183,131
Claims incurred, net of reinsurance			
Claims paid			
Gross amount	7	(1,040,149)	(491,894)
Third Party Recoveries		20,500	-
Reinsurers' share		-	-
Net claims paid		(1,019,649)	(491,894)
Change in provision for claims –net amount	7	584,830	(409,415)
Claims incurred, net of reinsurance		(434,819)	(901,309)
Net operating expenses	9	(870,939)	(783,949)
Balance on technical account	**A**	21,617	(502,127)
NON-TECHNICAL ACCOUNT			
Investment income	10	712,553	491,510
Unrealised gains/(losses) on investments	10	(918,267)	163,153
Investment expenses and charges	10	(112,900)	(109,663)
	B	(318,614)	545,000
Surplus/(deficit) before tax	**A+B**	(296,997)	42,873
Tax charge	11	(33,214)	(99,472)
Deficit for the financial year		(330,211)	(56,599)
Surplus at 1 July/1 June		15,654,621	15,711,220
Surplus at 30 June		15,324,410	15,654,621

All amounts derive from continuing operations. There are no recognised gains or losses other than the surplus/deficit for the financial year for the current and preceding financial periods.

The notes on pages 25 to 47 form an integral part of these financial statements.

Company number 02418817

STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	30 June 2020	30 June 2019
ASSETS		£	£
Investments			
Other financial investments	12	20,382,831	21,372,681
Reinsurers' share of technical provision			
Claims outstanding		7,821,446	6,456,941
Debtors			
Debtors arising out of direct insurance operation	13	94,964	62,594
Other assets			
Cash at bank		2,262,364	2,430,044
Prepayments and accrued income			
Accrued interest		34,361	59,144
Other prepayments and accrued income		364	327
		30,596,330	30,381,731
LIABILITIES AND RESERVES			
Reserves			
Income and expenditure account		15,324,410	15,654,621
Technical provision			
Provision for unearned premiums			
Gross amount		110	758
Reinsurance amount		(27)	(186)
		83	572
Claims outstanding			
Gross amount	7	12,570,223	11,790,548
		12,570,223	11,790,548
Creditors			
Creditors arising out of reinsurance operations	14	-	3,883
Other creditors including tax	15	164,610	251,633
		164,610	255,516
Accruals and deferred income	16	2,537,004	2,680,474
		30,596,330	30,381,731

Chairman:
A.R.Findlay

Director:
D.A.Gill

Signed on behalf of the Managers:

R.A.A. Harnal
Thomas Miller Professional Indemnity
27 October 2020
The notes on pages 25 to 47 form an integral part of these financial statements.

CASH FLOW STATEMENT
For the year ended 30 June 2020

Operating activities

	30 June 2020	30 June 2019
	£	£
Premiums received	2,271,362	2,766,479
Reinsurance premium paid	(1,100,000)	(1,100,682)
Claims paid	(1,019,649)	(491,893)
Reinsurance recoveries received	-	-
Operating expenses paid	(850,987)	(866,824)
Taxation paid	(164,425)	(146,862)
Net cash provided/(used) by operating activities	(863,699)	160,218

Cash flows from investment activities

Purchase of investments	(24,743,979)	(14,060,925)
Sale of investments	25,004,963	14,848,307
Interest received	99,393	180,086
Dividends received	335,642	344,418
Net cash flow from investment activities	696,019	1,311,886
Net increase/(decrease) in cash and cash equivalents	(167,680)	1,472,104
Cash and cash equivalents at the beginning of the year	2,430,044	957,940
Cash and cash equivalents at the end of the year	2,262,364	2,430,044

The notes on pages 25 to 47 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Constitution and ownership

The Company is incorporated in England and Wales as a company limited by guarantee and not having any share capital. It is authorised by the Prudential Regulation Authority to conduct insurance business on the mutual principle.

In pursuance of its business and in accordance with its Memorandum, Articles of The Company and its Rules, the Company has the right to make unlimited calls on its Members to meet its liabilities. No specific provision has been made in the financial statements for any such calls unless and until the Directors decide that any such calls shall be made.

In the event of the winding up of the Company, after its liabilities have been satisfied, the remaining assets shall be distributed to the Members as set out in the Articles of Association.

2. Accounting policies

2.1 Statement of compliance and basis of preparation

The Financial Statements have been prepared in compliance with UK Accounting Standards, including Financial Reporting Standard 102, ‘‘The Financial Reporting Standard applicable in the UK and the Republic of Ireland’’ (FRS 102), Financial Reporting Standard 103, “Insurance Contracts” (FRS 103) and the Companies Act 2006.

The Financial Statements have been prepared under the provisions of the UK Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups.

The Financial Statements have been prepared on the historical cost basis, except for other financial investments, which are presented at fair value.

2.2 Policy Year Accounting

Premiums, claims paid, reinsurance recoveries, reinsurance and the management fees are allocated to the Policy Years to which they relate.

Investment income and interest, profit/losses on sale of investments, exchange gains/losses and general expenses are allocated to the current Policy Year.

2.3 Premiums

The gross premium written is the total receivable for contracts incepting during the accounting period together with any premium adjustments relating to prior periods. It also includes provisions for bad debts, deferred calls and return premiums.

The provision for unearned premiums comprises the element of gross premiums written, which is estimated to be earned in the following or subsequent financial years.

This has been calculated on a policy-by-policy basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.4 Claims

Claims are accounted for on a notifications basis.

The claims provision in the Balance Sheet represents:

(i) Estimated claims and settlement costs as at 30 June 2020, on notified claims outstanding in all policy years:
(ii) An additional amount to provide against adverse development on estimated claims and reported circumstances as at 30 June 2020; and
(iii) A provision for the Managers' future claims handling costs in respect of (i) and (ii).

Claims incurred in the Income and Expenditure account include:

(i) Claims and costs paid during the period:
(ii) The claims handling costs of the Managers; and
(iii) The movement in the claims provision.

And are stated net of applicable reinsurance recoveries.

2.5 Reinsurance recoveries

Reinsurance recoveries and reinstatement premiums are accrued to match the relevant claims that have been charged to the Income and Expenditure account.

2.6 Reinsurance premiums

Reinsurance premiums payable are charged to the Technical Account on an accruals basis and to the policy years to which they apply.

2.7 Financial instruments

The Company has chosen to apply the recognition, measurement and disclosure requirements of FRS 102 in respect of financial instruments.

Financial instruments are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price and are classified as either 'basic' or 'other' in accordance with Section 11 of FRS 102. Subsequent to initial recognition, they are measured as set out below.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Company has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.8 Other financial investments

The Company classifies its financial investments at fair value through profit or loss because they are managed and their performance is evaluated on a fair value basis.

Financial investments are recognised at trade date and subsequently measured at fair value. Fair values of financial investments traded in active markets are measured at bid price. Where there is no active market, fair value is measured by reference to other factors such as independent valuation reports.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The costs of financial investments denominated in currencies other than UK sterling are translated into UK sterling on the date of purchase. Any subsequent changes in value, whether arising from market value or exchange rate movements, are charged or credited to the Income and Expenditure Account in the period in which they occur.

Net gains or losses arising from changes in fair value of financial investments at fair value through profit or loss are presented in the Income and Expenditure Account within 'Unrealised gains/ (losses) on investments' in the period in which they arise.

2.9 Investment income

This comprises gains and losses on investments and income received during the year adjusted in respect of interest receivable at the year-end.

Realised gains or losses represent the difference between net sales proceeds and purchase price or, in the case of investments valued at amortised cost, the latest carrying value.

Unrealised gains and losses on investments represent the difference between the current value of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

2.10 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks, and investments in money market instruments, which are readily convertible, being those with original maturities of three months or less. Cash and cash equivalents in foreign currency are translated based on the relevant exchange rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Accounting policies (continued)

2.11 Foreign currencies

Items included in the Financial Statements are measured in UK Sterling, which is the Company’s functional and presentational currency. Transactions in foreign currencies have been translated into UK Sterling at the rate applicable for the month in which the transaction took place. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated into UK Sterling at the rates of exchange ruling at the end of the reporting period.

All exchange gains and losses, whether realised or unrealised, are included in foreign exchange gains and losses in the income and expenditure account.

2.12 Taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior periods. Tax is calculated based on tax rates and laws that have been enacted or substantively enacted by the year-end.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date. The rates used in these calculations are those, which are expected to apply when the timing differences crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements.

Deferred tax assets are recognised to the extent that it is regarded as probable that they will be recovered.

2.13 Going concern

After making enquires, and after considering the effects of COVID-19, the Directors have a reasonable expectation that the Company has adequate resources to continue operations for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the accounts.

3. Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The following critical accounting estimates and judgements are made by the Company:

3.1 The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company’s most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made for the expected ultimate cost of claims, whether reported or unreported, at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Critical accounting estimates and judgements (continued)

3.2 Fair value estimations

In accordance with section 11 of FRS 102, as a financial institution, the Company applies the requirements of paragraph 11.27 of FRS 102. This requires, for financial instruments held at fair value in the balance sheet, disclosure of fair value measurements by level of the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, price) or indirectly (that is, derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The table below presents the Company's other financial investments (including accrued interest) measured at fair value by level of the fair value hierarchy:

As at 30 June 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Fixed income	1,509	8,569	-	10,078
Equities & Alternatives	8,035	-	-	8,035
UCITS	2,304	-	-	2,304
	11,848	8,569	-	20,417

As at 30 June 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Fixed income	2,388	6,724	-	9,112
Equities & Alternatives	9,963	-	-	9,963
UCITS	2,357	-	-	2,357
	14,708	6,724	-	21,432

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Management of risk

The Company is governed by the Board of Directors, which drives decision making within the Company from Board level through to operational decision making within the Managers. The Board considers the type and scale of risk that the Company is prepared to accept in its ordinary course of activity and this is used to develop strategy and decision-making.

The Company is focused on the identification and management of potential risks. This covers all aspects of risk management including that to which the Company is exposed through its core activity as a provider of insurance services, and the broader range of risks. The Company's key risks are the following:

4.1 insurance risk incorporating underwriting and reserving risk;

4.2 market risk incorporating investment risk, and interest rate risk;

4.3 credit risk - the risk that a counterparty is unable to pay amounts in full when due;

4.4 liquidity risk - the risk that cash may not be available to pay obligations as they fall due; and

4.5 operational risk - the risk of failure of internal processes or controls.

4.1 Insurance risk

The Company's exposure to insurance risk is initiated by the underwriting process and incorporates the possibility that an insured event occurs, leading to a claim on the Company from a Member. The risk is managed by the underwriting process, acquisition of reinsurance cover, and the management of claims costs.

Underwriting process

The Company has an Underwriting Policy, which is approved by the Board annually, which manages the underwriting risk. The policy sets out the processes by which the risk is managed.

The Company operates a fee tariff rating system with a flexible deductible: otherwise, the underwriting parameters are fixed with no discretion.

Reinsurance

The Company's reinsurance programme is designed to manage risk to an acceptable level and to optimise the Company's capital position. The programme comprises excess of loss reinsurance cover to protect against individual large losses, and additional fees break out cover.

During the year ended 30 June 2020, 16.7% of the reinsurance contract was placed at Lloyd's and the remaining 83.3% with insurance companies and branches in the UK.

The risk of the Company's reinsurers being unable to meet their obligations is presented in section 4.3 on Credit risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Management of risk (continued)

4.1 Insurance risk (continued)

Reserving process

The Company establishes provisions for unpaid claims, both reported and unreported, and related expenses to cover its expected ultimate liability. These provisions and assumptions as set out in Note 2 of the Financial Statements as directed and reviewed by the Audit & Risk Committee. In order to minimise the risk of understating these provisions the assumptions made and the actuarial techniques employed are reviewed in detail by senior members of PAMIA Management Company.

The Company considers that the liability for insurance claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

The results of sensitivity testing are set out below, showing the impact on the surplus or deficit before tax and equity, gross and net of reinsurance. The impact of a change in a single factor is shown, with other assumptions unchanged. The sensitivity analysis assumes that a change in loss ratio is driven by a change in claims incurred.

	2020	2019
	£'000	£'000
Increase in loss ratio by 5 percentage points		
Gross	(121)	(114)
Net	(66)	(59)

A 5% decrease in loss ratios would have an equal and opposite effect.

4.2 Market risk

Market risk is the risk of adverse financial impact because of market movements such as currency exchange rates, interest rates and price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The Investment Policy and Investment Mandate are formally reviewed every three years (but more frequently if required). The policy and mandate reflects the risk appetite of the Company and are designed to hold the risk to a level deemed acceptable while maximising returns.

The investment strategy is reviewed at every Investment Committee meeting. The Investment Mandate sets the parameters within which the Investment Manager must operate in investing the portfolio in order to meet the investment objectives set by the Board.

4. Management of risk (continued)

4.2 Market risk (continued)

Foreign currency risk management

The Company is exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than UK Sterling. The most significant currencies to which the Company is exposed are the US Dollar and the Euro

The majority of the Company's administration costs are in UK Sterling and it uses forward currency contracts to protect its currency exposures. The Company does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

The profile of the Company's assets categorised by settlement currency, at their translated carrying amount, is set out below.

As at 30 June 2020	Sterling	US Dollar	Euro	Total
	£'000	£'000	£'000	£'000
Fixed income	6,935	1,510	1,633	10,078
Equity & Alternatives	6,754	835	446	8,035
UCITS	2,215	89	-	2,304
Reinsurers share of claims outstanding	7,821	-	-	7,821
Cash at bank	2,262	-	-	2,262
Debtors arising from direct insurance	5	-	-	5
	25,992	2,434	2,079	30,505

As at 30 June 2019	Sterling	US Dollar	Euro	Total
	£'000	£'000	£'000	£'000
Fixed income	5,877	2,329	906	9,112
Equity & Alternatives	9,350	613	-	9,963
UCITS	2,240	117	-	2,357
Reinsurers share of claims outstanding	6,457	-	-	6,457
Cash at bank	2,430	-	-	2,430
Debtors arising from direct insurance	12	-	-	12
	26,366	3,059	906	30,331

Foreign currency sensitivity analysis

As at 30 June 2020 if UK sterling weakened/strengthened by 5% against the Euro and US Dollar, with all other factors remaining unchanged free reserves for the year would have increased /decreased by £0.226m.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Management of risk (continued)

4.2 Market risk (continued)

Interest rate risk management

Interest rate risk arises primarily from investments in fixed interest securities the value of which is inversely correlated to movements in market interest rates.

Interest rate risk is managed through the investment strategy and accordingly debt and fixed interest securities are predominantly invested in high quality corporate and government backed bonds.

Interest rate sensitivity analysis

An increase of 100 basis points in interest rates at the period-end date, with all other factors unchanged will result in a £0.101m fall in the value of the Company's investments.

A decrease of 100 basis points would have an equal and opposite effect.

Equity price risk

The Company is exposed to price risk through its holding of equities and alternatives as financial investments at fair value through profit or loss. At the period end, the holding in equity instruments and alternatives amounted to 39% of the investment portfolio (2019: 46%).

A 1% increase in equity values would be estimated to have reduced the deficit before tax at the period-end by £0.080m. A 1% fall in equity values would have an equal and opposite effect. This analysis assumes that all other variables remain constant.

4.3 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

The key areas where the Company is exposed to credit risk are:

- Amounts recoverable from reinsurance contracts;
- Amounts due from members; and
- Counterparty risk with respect to cash and investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Management of risk (continued)

4.3 Credit risk (continued)

Amounts recoverable from reinsurance contracts

The Company is exposed to credit risk from a counterparty failing to comply with their obligations under a contract of reinsurance. In order to manage this risk the Board considers the financial position of significant counterparties. The Company has set selection criteria whereby each reinsurer is required to hold a credit rating greater than or equal to “A” at the time the contract is made and no single reinsurer carries more than a 25% line. The terms of the reinsurance contract give the Company the right to remove any reinsurer whose rating falls below A- at any time during the year. The Board reviews reinsurance annually before renewal.

Amounts due from Members

Amounts due from members represents premium owing to the Company in respect of insurance business written. The Company manages the risk of Member default through a screening process to ensure the quality of new entrants to the Company and the ability to cancel cover and outstanding claims to Members that fail to settle amounts payable. In addition, the Directors reserve the right to offset outstanding claims payments with outstanding debt unless there is a contractual arrangement that prevents such offsetting. No amounts have been written off as bad debt in recent years.

Counterparty risk with respect to cash and investments

The Investment Mandate sets out the investment limits to which the Investment Manager has to adhere. The Investment Manager may only invest the Capital in UK, US and German government bonds, AAA rated government bonds, and AAA rated corporate bonds with a total duration of no more than three years, UCITS and bank deposits. The amount invested in corporate bonds is not permitted to exceed 50% of the size of the fund. No rating is required for equity and alternative holdings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Management of risk (continued)

4.3 Credit risk (continued)

The following tables provide information regarding aggregate credit risk exposure for financial assets with external credit ratings.

As at 30 June 2020	AAA/AA/A	BBB or less or not rated	Total
	£'000	£'000	£'000
Fixed income	10,078	-	10,078
Equities & Alternatives	-	8,035	8,035
UCITS	-	2,304	2,304
Reinsurers share of claims outstanding	7,821	-	7,821
Cash at bank	-	2,262	2,262
Debtors arising from direct insurance	-	5	5
	17,899	12,606	30,505

As at 30 June 2019	AAA/AA/A	BBB or less or not rated	Total
	£'000	£'000	£'000
Fixed income	9,112	-	9,112
Equities & Alternatives	-	9,963	9,963
UCITS	-	2,357	2,357
Reinsurers share of claims outstanding	6,457	-	6,457
Cash at bank	-	2,430	2,430
Debtors arising from direct insurance	-	12	12
	15,569	14,762	30,331

There were no past due or impaired assets at 30 June 2020 (2019: Nil).

4.4 Liquidity risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations as they fall due at a reasonable cost. The Company maintains holdings in short term deposits to ensure there are sufficient funds available to cover anticipated liabilities and unexpected levels of demand. As at 30 June 2020, the Company's short term deposits (including cash and UCITS) amounted to £4.566m (2019: £4.787m). The Company has sufficient liquid assets to meet its liabilities as they fall due.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Management of risk (continued)

4.4. Liquidity risk (continued)

The tables below provide a maturity analysis of the Company's financial assets:

As at 30 June 2020	Short term assets £'000	Within 1 year £'000	2-5year £'000	Total £'000
Fixed income	3,109	2,466	4,504	10,078
Equities & Alternatives	8,035	-	-	8,035
UCITS	2,304	-	-	2,304
Reinsurers share of claims outstanding	-	7,821	-	7,821
Cash at bank	2,262	-	-	2,262
Debtors arising from direct insurance	-	5	-	5
Other	-	-	-	-
	15,710	10,292	4,504	30,505

As at 30 June 2019	Short term assets £'000	Within 1 year £'000	2-5year £'000	Total £'000
Fixed income	-	760	8,352	9,112
Equities & Alternatives	9,963	-	-	9,963
UCITS	2,357	-	-	2,357
Reinsurers share of claims outstanding	-	6,457	-	6,457
Cash at bank	2,430	-	-	2,430
Debtors arising from direct insurance	-	12	-	12
Other	-	-	-	-
	14,750	7,229	8,352	30,331

4.5 Operational risk

Operational risks relate to the failure of internal processes, systems or controls due to human or other error. In order to mitigate such risks the Company has engaged Thomas Miller Professional Indemnity as Managers to document all key processes and controls in a procedures manual. This manual is embedded into the organisation and available to all Thomas Miller staff. Compliance with the procedures and controls documented within the manual is audited on a regular basis through quality control checks and the internal audit function, which is directed and reviewed by the Board of Directors. A human resource manual including all key policies has also been prepared.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Management of risk (continued)

4.5 Limitation of the sensitivity analysis

The sensitivity analysis in note 4.2 shows the impact of a change in one input assumption with other assumptions remaining unchanged. In reality, there is normally correlation between the change in certain assumptions and other factors, which would potentially have a significant impact on the effects noted above.

4.6 Capital Management

The Company maintains capital, comprising policyholders' funds (surplus and reserves), consistent with the Company's risk appetite and the regulatory requirements.

The Company's objective is to hold free reserves at a safe margin in excess of the solvency capital requirement and to ensure it is able to continue as a going concern.

Free reserves at the year-end stood at £15.324m: free reserves for capital regulatory purposes were £14.382; this exceeds PAMIA's Solvency Capital Requirement (SCR) of £4.591m by £9.791m.

PAMIA's Business Plan is to hold reserves of between £5m to £7.75m over its regulatory capital. At the year-end, the surplus was £2.041m over its target range.

To bring the reserves back to its Business Plan target range, the Board has held rates at the same levels as 2018.

5. Premium deferral

The Directors decided that all Members should continue to be entitled to deferral of premium. Those members purchasing cover of less than £2m, who were already committed, would be entitled to a 20% (2018: 20%) deferral of the advance call (net of brokerage) for the 2019 policy year (1 July 2019 to 30 June 2020) increasing to 25% (2018: 25%) for those members purchasing cover of £2m or more.

In the event of a policy year going into deficit and any additional funds being required, any deferred call made for that year would be recovered by the Company before any supplementary call was to be levied.

6. Reinsurance premiums

In respect of the year ended 30 June 2020, the Company had reinsurance cover relating to claims and settlement costs of £5m in excess of £0.4m each and every claim but limited to £2.15m ultimate net loss in the aggregate including costs and expenses.

	2020	**2019**
	£	**£**
Treaty reinsurance	1,100,000	1,100,000
Prior year premium adjustments	(7,000)	-
	1,093,000	1,100,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Claims and technical provisions

	2020	2019
	£'000	£'000
Claims	822	279
Third party recovery	(21)	-
Management fee (note 8)	219	213
	1,020	492

Change in the provision for claims – gross and net amount

	As at 30 June 2020	As at 1 June 2019	Movement
	£'000	£'000	£'000
Gross claims outstanding	12,570	11,791	779
Reinsurers' share of claims outstanding	(7,821)	(6,457)	(1,364)
Movement in net provision for claims	4,749	5,334	(585)

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular case and the ultimate cost of claims. The estimates for outstanding claims are based on the best estimates and judgment of the Managers of the final cost of individual cases. These estimates are reliable given the details of the cases and taking into account all the current information. However, the outcome of individual cases may prove to be significantly different to the estimates made at the balance sheet date. The estimates are reviewed regularly. The gross provision for claims includes allowances for adverse development and the Managers' claims handling costs (note 2.4).

The movement in the gross provision for claims is the difference between the provision for outstanding claims on all policy years at the beginning of the year and the equivalent provision at the end of the period, after deduction of all claims paid during the financial year and addition of the allowance for new claims notified in the 2019 Policy Year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Claims and technical provisions (continued)

Claims development tables

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Company's estimate of total claims outstanding for each Policy Year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount shown in the statement of financial position.

Gross estimate of ultimate claims cost attributable to policy year

Policy Year	2010 £'m	2011 £'m	2012 £'m	2013 £'m	2014 £'m	2015 £m	2016 £'m	2017 £'m	2018 £'m	2019 £'m
At the end of the reporting year	1.661	1.494	2.272	2.793	2.281	1.525	2.457	1.704	2.323	1.209
1 year later	1.341	1.314	1.731	1.901	1.240	0.982	0.833	2.436	1.205	
2 years later	1.174	1.214	1.515	1.405	1.725	0.571	0.902	0.563		
3 years later	0.345	0.488	0.927	1.011	0.836	0.371	2.465			
4 years later	0.265	0.431	2.619	0.634	0.507	0.413				
5 years later	0.259	0.416	4.744	0.631	0.837					
6 years later	0.259	0.416	5.827	0.631						
7 years later	0.273	0.416	6.792							
8 years later	0.281	0.628								
9 years later	0.509									
Estimate of ultimate claims	0.509	0.628	6.792	0.631	0.837	0.413	2.465	0.563	1.205	1.209
Cumulative payments to date	(0.294)	(0.416)	(1.614)	(0.631)	(0.087)	(0.203)	(0.121)	(0.077)	(0.044)	(0.007)
Liability recognised in statement of financial position	0.215	0.212	5.178	-	0.750	0.210	2.344	0.486	1.161	1.202

Total liability relating to last ten policy years	11.758
Other claims liabilities	0.812
Total gross technical provisions included in the statement of financial position	12.570

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Claims and technical provisions (continued)

Claims development tables (continued)

Net estimate of ultimate claims costs attributable to policy year

Policy Year	2010 £'m	2011 £'m	2012 £'m	2013 £'m	2014 £'m	2015 £m	2016 £'m	2017 £'m	2018 £'m	2019 £'m
At the end of the reporting year	1.661	1.494	2.272	2.793	2.281	1.525	1.457	0.954	1.573	1.209
1 year later	1.341	1.314	1.731	1.901	1.240	0.982	0.833	0.861	1.205	
2 years later	1.174	1.214	1.515	1.405	0.725	0.571	0.827	0.563		
3 years later	0.345	0.488	0.927	1.011	0.086	0.371	0.515			
4 years later	0.265	0.431	1.019	0.634	0.132	0.413				
5 years later	0.259	0.416	1.369	0.631	0.087					
6 years later	0.259	0.416	2.145	0.631						
7 years later	0.273	0.416	1.671							
8 years later	0.281	0.628								
9 years later	0.509									
Estimate of ultimate claims	0.509	0.628	1.671	0.631	0.087	0.413	0.515	0.563	1.205	1.209
Cumulative payments to date	(0.294)	(0.416)	(1.614)	(0.631)	(0.087)	(0.203)	(0.121)	(0.077)	(0.044)	(0.007)
Liability recognised in statement of financial position	0.215	0.212	0.057	-	-	0.210	0.394	0.486	1.161	1.202

Total liability relating to last ten policy years	3.937
Other claims liabilities	0.812
Total net technical provisions included in the statement of financial position	4.749

8. Management fee

The Companies Act 2006 requires the management fee paid to Thomas Miller Professional Indemnity to be apportioned between the different management functions. This fee has been allocated as follows:

- Acquisition costs, which include the cost of underwriting, actuarial opinions on underwriting, cost of processing renewals, premium adjustments, credit control and IT costs for operating the underwriting system.
- Claims handling costs; which includes the cost of claim handlers, actuarial costs for claims reserving, claims processing costs and IT costs for operating the claims system.
- Administrative costs, which includes the cost of general management, regulatory costs, internal assurance costs, finance cost of preparing financial and regulatory reports and related IT costs.
- Investment costs, which are charged, based on Funds under Management.

The apportionment of management costs under the required headings is as follows:

	2020	2019
	£'000	£'000
Acquisition costs (note 9)	313	285
Claims handling costs (note 7)	218	213
Administrative expenses (note 9)	437	425
Investment management costs (note 10)	104	101
	1,072	1,024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Net operating expenses

	2020	2019
Acquisition costs	£'000	£'000
Management fee (note 8)	313	285
Brokerage	(6)	13
	307	298
Administration expenses		
Directors' and Officers' liability insurance	4	4
FCA regulatory fee	7	19
Auditors' remuneration – audit of financial statements	42	38
Meeting expenses	54	(9)
Subscription	15	3
Professional fees	4	5
Management fee (note 8)	437	425
	563	485
	870	783

There were no Directors' emoluments paid or payable during the period (2019-£Nil).

10. Investment income

	2020	2019
	£'000	£'000
Interest on listed investments	435	523
Gains /(losses) on foreign exchange	67	34
Bank deposit interest	-	2
	502	559
Gains/(losses) on realisation of investments	211	(67)
	713	492

Unrealised gains/ (losses) on investments

	2020	2019
	£'000	£'000
Cost (note 12)	20,721	20,797
Market value (note 12)	20,383	21,373
Unrealised gains/(losses) at year end	(338)	576
Unrealised gains/(losses) movement for the year/period	(918)	163

Investment expenses and charges

	2020	2019
	£'000	£'000
Investment management costs (note 8)	104	101
Bank, custodial and other charges	8	8
	112	109

11. Taxation

(i). By virtue of its mutual status, the Company is not liable to tax on its insurance operations. It is liable to tax on its investment income and net gains. The charge in the income and expenditure account represents:

Income and expenditure account	2020	2019
	£'000	£'000
UK Corporation Tax at 19% (2019: 19%)	76	183
Prior year adjustment	(4)	(4)
Foreign taxation	-	-
Total current tax (note 11(ii))	72	179
Deferred tax movement	(39)	(80)
Total tax charge/(credit)	33	99

(ii). The Corporation Tax assessed for the year is the main companies standard rate in the UK of 19% for 2020 (in 2019 the rate applied was the main rate at 19%) The differences are explained below:

	2020	2019
	£'000	£'000
Surplus/(deficit) on ordinary activities before tax	(297)	43
Surplus/ (deficit) on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2019: 19%)	(56)	8
Effects of:		
Non-taxable mutual insurance operations	1	103
Non-taxable unrealised (gains)/losses and income on investments	146	(66)
Disallowable expenses	(52)	7
Capital gains net of losses and indexation allowance	10	42
Prior year adjustment	(4)	(4)
Rate change adjustments	(7)	9
Re-measurement of deferred tax for changes in tax rates	(5)	
Total tax charge/(credit) (note 11(i))	33	99

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Taxation (continued)

(iii). Balance sheet

	2020	2019
Taxation creditor	£'000	£'000
Taxation creditor brought forward	163	131
Prior year adjustment	(3)	(4)
Payment of corporation and foreign tax	(160)	(147)
	-	(20)
UK Corporation Tax	71	183
Taxation creditor (note 15)	71	163

	2020	2019
Deferred Tax	£'000	£'000
Deferred tax (asset)/liability brought forward	(51)	29
Effect of change to tax rate of opening balances	-	-
Release for the year	(39)	(80)
Deferred tax movement	(39)	(80)
Deferred tax (asset)/liability carried forward	(90)	(51)

Deferred tax liabilities are provided on equity investments, which are taxable on a realisations basis and are provided based on the Corporation Tax charge that would arise if realised at current market values at the year-end date.

Capital losses realised are provided against the deferred tax liability to the extent that they do not exceed realised gains.

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK Corporation Tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Other financial investments

	Market Value 2020 £'000	Market Value 2019 £'000	Cost 2020 £'000	Cost 2019 £'000
Other financial investments comprise:				
Equities	7,155	8,903	7,637	8,458
Alternative	3,184	3,417	3,169	3,368
Fixed interest securities	10,044	9,053	9,915	8,971
	20,383	21,373	20,721	20,797

Equities comprises the following:

	Market Value 2020 £'000	Market Value 2019 £'000	Cost 2020 £'000	Cost 2019 £'000
Equities	4,851	6,546	5,313	6,086
UCITS - cash	2,304	2,357	2,324	2,372
	7,155	8,903	7,637	8,458

All fixed income securities are listed on a recognised stock exchange.

Undertakings for Collective Investment in Transferable Securities (UCITS) are funds held for the short term.

The Companies Act 2006 states the categories of investment to be disclosed in the Financial Statements. The Company's investment holdings do not fall into any specific category and as a result, they are disclosed as "other financial investments".

13. Debtors arising out of direct insurance

	2020 £'000	2019 £'000
Debts due from members (Premiums)	2	12
Deferred tax asset	90	51
Debts due from broker	3	-
Debtors arising out of direct insurance	95	63

Debtors arising out of direct insurance are due from members for outstanding premiums. The Company actively pursues recovery of all outstanding debts .

The deferred tax asset of £90,000 is expected to reverse within 1 year (2019: asset of £51,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Creditors arising out of reinsurance operations

	2020	2019
	£'000	£'000
Reinsurance creditor	-	4

15. Other creditors including tax

	2020	2019
	£'000	£'000
Insurance premium tax	94	88
Corporation Tax (note 11(iii))	71	163
Deferred tax provision	-	-
	165	251

Insurance premium tax ("IPT") includes insurance premium taxes due to other EU countries in addition to UK IPT due.

16. Accruals and deferred income

	2020	2019
	£'000	£'000
Management fee	260	253
Accrued expenses	61	54
Premiums received in advance	2,216	2,373
	2,537	2,680

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Related party disclosures

The Company has no share capital and is controlled by the Members who are also the insured. There have been no related party transactions between the Company and its members outside the normal course of business.

All the Directors are Members of the Company other than the Chief Executive Officer and Chief Financial officer who are employed by Thomas Miller, Managers of Thomas Miller Professional Indemnity. Other than their own insurance, the Directors have no financial interests in the Company. The Member Directors received no remuneration for their services to the Company.

Thomas Miller Professional Indemnity received £1,072,538 (2019: £1,024,645) from the Company in respect of management fees for the year.

18. Location and nature of business

All operations are direct professional indemnity insurance written within the UK. All business is classified as third party liability business.

MANAGERS AND OFFICERS

MANAGERS

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COMPANY INFORMATION

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