

# **Helios Underwriting plc**

Interim Report and Financial Statements

For the six months ended 30 June 2020

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Six months ended 30 June 2020

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# Chairman's statement

Six months ended 30 June 2020

Helios Underwriting plc, the unique investment vehicle which acquires and consolidates underwriting capacity at Lloyd's, announces its unaudited results for the six months ended 30 June 2020.

**Nigel Hanbury, Chief Executive, provides the following overview:**

***"These interim results reflect syndicate Covid losses recognised during the period, but our exposure on the 2020 open underwriting year has been greatly reduced through quota share reinsurance.***

***"Our pro-forma Adjusted NAV per share remains robust, reflecting the quality of our portfolio and has increased to £2.07 per share.***

***"Current market conditions have opened up an exciting window of opportunity for Helios: the opportunity to increase our retained exposure by reducing the quota share cession and through targeted acquisitions of LLV's. We have an attractive pipeline of these, which we are actively evaluating. We also continue to explore options to finance the additional capital required, including a potential fundraising."***

## SUMMARY FINANCIAL INFORMATION

	6 months to 30th June		Year to
	2020	2019	31 <sup>st</sup> December
	£000's	£000's	2019
			£000's
Underwriting profits	154	1,610	3,261
Other income	850	469	2,557
Costs	(1,112)	(1,326)	(3,391)
Operating profit for the period before impairment	(108)	753	2,427
Profit after tax	(96)	648	4,054
Earnings per share	-0.55p	4.51p	25.64p
Adjusted Net Asset Value per Share	£2.07	£1.91	£2.06

- Operating loss before impairment is £108,000 (30 June 2019 – a profit of £753,000)
- Reduction in underwriting profits from the syndicate participations reflects the losses recognised from the Covid-19 pandemic in this period
- The cumulative premium rate increase achieved by underwriters since 1<sup>st</sup> January 2018 is 28%, which together with greater discipline encouraged by the Franchise Board at Lloyd's, has improved the prospects for profitable underwriting
- The Adjusted Net Asset Value per share is £2.07 per share (31<sup>st</sup> December 2019 - £2.06 per share)

The underwriting result has been impacted by the losses arising from the Covid-19 coronavirus pandemic. Losses of £5m (7% of capacity) have been reserved for Covid-19 by the supported syndicates as at 30th June 2020, of which 85% attaches to the 2019 year. The quota share reinsurers share £3.5m of this loss so the impact on the underwriting profits was £1.5m. The disputes over business interruption coverage are largely outside Lloyds and are not expected to impact the portfolio. The mid point forecast for the 2019 year of account as at 30<sup>th</sup> June 2020 is a loss of 1.6%, having reserved the Covid 19 losses that have been incurred. We have a stop loss reinsurance protection for the 2019 year on which we do not expect to have to make a claim.

The current turmoil is taking place against the backdrop of the greatest positive momentum the Directors have seen in both insurance and reinsurance pricing for many years. The improvement in underwriting conditions is now accelerating on top of an aggregate rate increase during 2019 of 5.4% (2018: 3.5%) following catastrophe losses in 2017, 2018 and 2019. Cumulative rate increases since 1<sup>st</sup> January 2018 are 28%. We have been advised of further pre-emptions of approximately £9.5m from our supported syndicates to take advantage of improved market conditions.

# Chairman's statement continued

Six months ended 30 June 2020

## Underwriting Profits and Window of Market Opportunity

The underwriting profits generated from the proportion of the capacity portfolio retained by Helios reflects the results of the underlying syndicates. The profitability of the syndicates has been affected by the following:

- The losses from Covid-19 have been recognised during the period.
- The premium rate increases that have been achieved are being reflected in the underlying results as reported in the Lloyds market results.

A window of opportunity has been opened which is exciting for Helios:

- Our strategy of building a portfolio of syndicate capacity continues to rely on the flow of LLVs for sale at reasonable prices.
- The pre-emptions, if fully taken up will increase the portfolio by approximately 13%.
- There is an opportunity to increase the capacity retained by Helios shareholders by reducing the quota share cession.

The exposure on the 2020 open underwriting year has been reduced by 70% through quota share reinsurance. The quota share reinsurers fund their share of the capital requirements and pay Helios a fee and a profit commission. Stop loss reinsurance is bought for the remaining 30% to limit the Group's exposure in the event of large underwriting losses. Our costs should not increase at the same pace.

The Pro-forma Adjusted Net Asset Value per share is £2.07p per share (Dec 2019 - £2.06p per share). It is expected that there will continue to be demand for the top syndicates that make up a significant proportion of the Helios Capacity Fund at the Lloyds Capacity Auctions that take place later this year.

## For further information please contact:

### Helios

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# Financial results summary

Six months ended 30 June 2020

	6 months to 30 June 2020	6 months to 30 June 2019	Year to 31 December 2019
<b>Underwriting profits</b>	<b>154</b>	<b>1,610</b>	<b>3,261</b>
Other Income			
Fees from reinsurers	400	249	235
Corporate reinsurance recoveries	202	(205)	(358)
Goodwill on bargain purchase	172	285	1,707
Investment income	76	140	972
<b>Total Other Income</b>	<b>850</b>	<b>469</b>	<b>2,557</b>
Costs			
Pre - acquisition	(9)	(2)	(859)
Stop loss costs	(181)	(182)	(200)
Operating costs	(922)	(1,142)	(2,332)
<b>Total Costs</b>	<b>(1,112)</b>	<b>(1,326)</b>	<b>(3,391)</b>
Operating profit before impairments of goodwill and capacity	(108)	753	2,427
Impairment charge for capacity	-	-	1,860
Tax	12	(105)	(233)
<b>Profit for the period/year</b>	<b>(96)</b>	<b>648</b>	<b>4,054</b>

## Period to 30<sup>th</sup> June 2020

Underwriting Year	Helios retained capacity at 30 June 2020 £m	Portfolio mid point forecasts	Total profit/(loss) currently estimated £'000	Helios Profits £'000
2018	27.6	-3.1%	(856)	439
2019	23.3	-1.6%	(373)	101
2020	21.1	-	-	(386)
				154

## Period to 30<sup>th</sup> June 2019

Underwriting Year	Helios retained capacity at 30 June 2018 £m	Portfolio mid point forecasts	Total profit/(loss) currently estimated £'000	Helios Profits £'000
2017	28.9	-7.4%	(2,139)	1,048
2018	18.7	-3.6%	(673)	681
2019	16.1	-	-	(119)
				1,610

## Year to 31 December 2019

Underwriting Year	Helios retained capacity at 31 December 2018 £m	Portfolio mid point forecasts	Total profit/(loss) currently estimated £'000	Helios Profits £'000
2017	36.2	-4.8%	(1,748)	2,725
2018	21	-3.6%	(758)	1,349
2019	18.3	-	-	(814)
				3,261

# Financial results summary *continued*

Six months ended 30 June 2020

## Summary Balance Sheet

The summary Group balance sheet excludes items relating to syndicate participations. See Note 15 for further information.

	6 Months to June 2020 £'000	6 Months to June 2019 £'000	Year to 31 December 2019 £'000
Intangible assets	21,655	16,490	21,178
Funds at Lloyd's	8,989	10,850	13,520
Other cash	1,156	2,018	3,013
Other assets	8,179	8,391	10,120
<b>Total assets</b>	<b>39,979</b>	<b>37,749</b>	<b>47,831</b>
Deferred tax	3,686	2,134	3,292
Borrowings-	2,000	1,034	2,001
Other liabilities	1,118	4,865	6,144
<b>Total liabilities</b>	<b>6,804</b>	<b>8,033</b>	<b>11,437</b>
Syndicate equity	(5,123)	(8,648)	(8,244)
<b>Total equity</b>	<b>28,052</b>	<b>21,068</b>	<b>28,150</b>

## Summary Group Cash Flow

The summary group cash flow sheet excludes items relating to syndicate participations. See Note 15 for further information.

	6 months to 30 June 2020 £'000	6 months to 30 June 2019 £'000	Year to 31 December 2019 £'000
Opening Balance (free cash)	3,028	9,717	9,717
<b>Income</b>			
Acquired on acquisition	280	119	2,045
Distribution of profits (net of tax retentions)	54	1,165	1,724
Transfers from Funds at Lloyds'	4,252	1,512	4,178
Investment income	28	43	178
Other income	-	-	911
Sale of investments	-	-	2,014
Borrowings	2,000	(8,162)	2,000
<b>Expenditure</b>			
Operating costs (inc Hampden / Nomina fees)	(406)	(469)	(2,392)
Reinsurance Cost	(353)	(531)	-
Payable funds for acquisitions	-	-	-
Payments to QS reinsurers	-	-	(465)
Acquisition of LLV's	(4,875)	(428)	(4,897)
Transfers to Funds at Lloyds'	(750)	(778)	(1,137)
Tax	(102)	(36)	(833)
Dividends paid	-	-	(529)
Revolving credit facility repayment	(2,000)	-	(9,214)
Share buy backs	-	(133)	(287)
<b>Closing balance</b>	<b>1,156</b>	<b>2,019</b>	<b>3,013</b>

## Financial results summary *continued*

Six months ended 30 June 2020

Adjusted NAV

	<b>6 months to 30 June 2020 £'000</b>	<b>6 months to 30 June 2019 £'000</b>	<b>Year to 31 December 2019 £'000</b>
Net tangible assets	6,397	4,578	6,970
Group letters of credit	2,916	1,762	2,850
Value of capacity (WAV)	26,827	21,077	26,350
	<hr/>	<hr/>	<hr/>
	36,140	27,417	36,170
Share in issue – on the market	17,478	14,348	17,489
Shares in issue – total of on the market and JSOP shares	17,978	14,848	17,989
Adjusted net asset value per share £ - on the market	2.07	1.91	2.07
Adjusted net asset value per share £ - on the market and JSOP shares	2.01	1.85	2.01

# Interim condensed consolidated statement of comprehensive income

Six months ended 30 June 2020

	Note	6 months ended 30 June 2020 Unaudited £'000	6 months ended 30 June 2019 Unaudited £'000	12 months ended 31 December 2019 Audited £'000
Gross premium written	4	36,950	29,552	55,470
Reinsurance premium ceded		(11,575)	(9,380)	(13,210)
Net premium written	4	25,375	20,172	42,260
Change in unearned gross premium provision	5	(7,700)	(4,625)	(60)
Change in unearned reinsurance premium provision	5	3,837	2,767	488
	5	(3,863)	(1,858)	428
<b>Net earned premium</b>	3,4	21,512	18,314	42,688
Net investment income	6	1,174	1,491	2,335
Other underwriting income		400	252	417
Gain on bargain purchase	12	172	285	1,707
Other income		-	13	432
<b>Revenue</b>		23,258	20,355	47,579
Gross claims paid		(16,380)	(17,242)	(34,107)
Reinsurers' share of gross claims paid		3,784	3,890	8,237
Claims paid, net of reinsurance		(12,596)	(13,352)	(25,870)
Change in provision for gross claims	5	(5,927)	1,337	(3,758)
Reinsurers' share of change in provision for gross claims	5	2,162	(1,036)	2,004
Net change in provision for claims	5	(3,765)	301	(1,754)
<b>Net insurance claims and loss adjustment expenses</b>	4	(16,361)	(13,051)	(27,624)
Expenses incurred in insurance activities		(6,166)	(5,786)	(15,764)
Other operating expenses		(839)	(765)	(1,764)
<b>Operating expenses</b>		(7,005)	(6,551)	(17,528)
<b>Operating profit before impairments of goodwill and capacity</b>	4	(108)	753	2,427
Impairment of goodwill		-	-	-
Impairment of syndicate capacity		-	-	-
<b>Profit before tax</b>		(108)	753	4,287
Income tax charge	7	12	(105)	(233)
<b>Profit for the period</b>		(96)	648	4,054
<b>Other comprehensive income</b>				
Foreign currency translation differences		-	-	-
Income tax relating to the components of other comprehensive income		-	-	-
Other comprehensive income for the period, net of tax		-	-	-
<b>Total other comprehensive income for the period</b>		(96)	648	4,054
<b>Profit for the period attributable to owners of the Parent</b>		(96)	648	4,054
<b>Total comprehensive income for the period attributable to owners of the Parent</b>		(96)	648	4,054
<b>Earnings per share attributable to owners of the Parent</b>				
Basic	8	-0.55p	4.51p	25.64p
Diluted	8	-0.52p	4.36p	24.86p

The profit attributable to owners of the Parent and earnings per share set out above are in respect of continuing operations.

The notes are an integral part of these Financial Statements.



# Interim condensed consolidated statement of financial position

Six months ended 30 June 2020

	Note	6 months ended 30 June 2020 Unaudited £'000	6 months ended 30 June Unaudited 2019 £'000	12 months ended 31 December Audited £'000
<b>Assets</b>				
Intangible assets		21,655	16,490	21,178
Financial assets at fair value through profit or loss		64,143	56,507	67,141
Reinsurance assets:				
– reinsurers' share of claims outstanding	5	28,141	21,233	25,760
– reinsurers' share of unearned premium	5	9,195	7,163	5,023
Other receivables, including insurance and reinsurance receivables		52,799	50,717	47,726
Deferred acquisition costs		6,853	6,228	6,641
Prepayments and accrued income		882	701	432
Cash and cash equivalents		8,501	6,997	6,037
<b>Total assets</b>		<b>192,169</b>	<b>166,036</b>	<b>179,938</b>
<b>Liabilities</b>				
Insurance liabilities:				
– claims outstanding	5	99,758	80,204	95,616
– unearned premium	5	35,961	30,631	26,522
Deferred income tax liabilities		3,686	2,134	3,292
Borrowings		2,000	1,034	2,000
Other payables, including insurance and reinsurance payables		20,841	27,468	18,040
Accruals and deferred income		1,871	3,497	6,320
<b>Total liabilities</b>		<b>164,117</b>	<b>144,968</b>	<b>151,790</b>
<b>Equity</b>				
Equity attributable to owners of the Parent:				
Share capital	11	1,839	1,510	1,839
Share premium	11	18,938	15,387	18,938
Other reserves – treasury shares	11	(50)	(50)	(50)
Retained earnings		7,325	4,221	7,421
<b>Total equity</b>		<b>28,052</b>	<b>21,068</b>	<b>28,148</b>
<b>Total liabilities and equity</b>		<b>192,169</b>	<b>166,036</b>	<b>179,938</b>

The Financial Statements were approved and authorised for issue by the Board of Directors on 24 September 2020, and were signed on its behalf by:

**Nigel Hanbury**  
*Chief Executive*

The notes are an integral part of these Financial Statements.

# Interim condensed consolidated statement of changes in equity

Six months ended 30 June 2020

Consolidated	Note	Attributable to owners of the Parent				Total £'000
		Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	
At 1 January 2020		1,839	18,938	(50)	7,421	28,148
<b>Total comprehensive income for the year:</b>		-	-	-	-	-
Profit for the year		-	-	-	(96)	(96)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the year		-	-	-	(96)	(96)
<b>Transactions with owners:</b>		-	-	-	-	-
Dividends paid	9	-	-	-	-	-
Company buy back of shares	11	-	-	-	-	-
Total transactions with owners		-	-	-	-	-
<b>At 30 June 2020</b>		<b>1,839</b>	<b>18,938</b>	<b>(50)</b>	<b>7,325</b>	<b>28,052</b>
At 1 January 2019		1,510	15,387	(50)	4,198	21,045
<b>Total comprehensive income for the year:</b>		-	-	-	648	648
Profit for the year		-	-	-	648	648
Other comprehensive income, net of tax		-	-	-	39	39
Total comprehensive income for the year		-	-	-	687	687
<b>Transactions with owners:</b>		-	-	-	(530)	(530)
Dividends paid		-	-	-	(530)	(530)
Share issue		-	-	-	(134)	(134)
Total transactions with owners		-	-	-	(664)	(664)
<b>At 30 June 2019</b>		<b>1,510</b>	<b>15,387</b>	<b>(50)</b>	<b>4,221</b>	<b>21,068</b>
At 1 January 2019		1,510	15,387	(50)	4,198	21,045
<b>Total comprehensive income for the year:</b>		-	-	-	4,054	4,054
Profit for the year		-	-	-	4,054	4,054
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the year		-	-	-	4,054	4,054
<b>Transactions with owners:</b>		-	-	-	(529)	(529)
Dividends paid		-	-	-	(529)	(529)
Company buy back of shares	11	-	-	-	(302)	(302)
Share issue	11	329	3,551	-	-	3,880
Total transactions with owners		329	3,551	-	(831)	3,049
<b>At 31 December 2019</b>		<b>1,839</b>	<b>18,938</b>	<b>(50)</b>	<b>7,421</b>	<b>28,148</b>

The notes are an integral part of these Financial Statements.

# Interim condensed consolidated statement of cash flows

Six months ended 30 June 2020

	6 months ended 30 June 2020 Unaudited £'000	6 months ended 30 June 2019 Unaudited £'000	12 months ended 31 December 2019 Audited £'000
<b>Cash flows from operating activities</b>			
Profit before tax	(108)	753	4,287
Adjustments for:			
- Other comprehensive income, gross of tax	-	-	-
- Interest received	(45)	(39)	(235)
- Investment income	6 (1,136)	(1,416)	(1,248)
- Recognition of negative goodwill	(172)	(285)	(1,707)
- Goodwill on bargain purchase	-	-	-
- Impairment of goodwill	-	-	-
- (Profit)/loss on sale of intangible assets	-	-	(898)
- Impairment of intangible assets	-	-	(1,860)
- Goodwill on acquisition	-	-	-
Changes in working capital:			
- change in fair value of financial assets held at fair value through profit or loss	(79)	17	(659)
- decrease/(increase) in financial assets at fair value through profit or loss	4,171	2,928	(3,010)
- (increase)/decrease in other receivables	(3,863)	5,278	18,823
- (increase)/decrease in other payables	- (1,193)	1,240	(6,783)
- net decrease/(increase) in technical provisions	5,059	(5,504)	(6,473)
Cash generated/(utilised) from operations	2,634	2,972	237
Income tax paid	-	-	(1,119)
<b>Net cash inflow from operating activities</b>	2,634	2,972	(882)
<b>Cash flows from investing activities</b>			
Interest received	45	39	235
Investment income	1,136	1,416	1,248
Purchase of intangible assets	-	-	(22)
Proceeds from disposal of intangible assets	-	-	932
Acquisition of subsidiaries, net of cash acquired	(1,218)	(806)	(1,493)
<b>Net cash (outflow)/inflow from investing activities</b>	(37)	649	900
<b>Cash flows from financing activities</b>			
Net proceeds from issue of ordinary share capital	-	-	1,844
Buy back of ordinary share capital	(133)	(134)	(302)
Payment for company buy back of shares	-	-	2,000
Proceeds from borrowings	-	(8,162)	(9,196)
Repayment of borrowings	-	-	-
Dividends paid to owners of the Parent	-	(530)	(529)
<b>Net cash outflow from financing activities</b>	(133)	(8,826)	(6,183)
<b>Net (decrease)/increase in cash and cash equivalents</b>	2,464	(5,205)	(6,165)
Cash and cash equivalents at beginning of period	6,037	12,202	12,202
<b>Cash and cash equivalents at end of period</b>	8,501	6,997	6,037

Cash held within the syndicates' accounts is £7,345,000 (2019: £4,979,000) of the total cash and cash equivalents held at the end of the period £8,501,000 (2019: £6,997,000). The cash held within the syndicates' accounts is not available to the Group to meet its day-to-day working capital requirements.

Cash and cash equivalents comprise cash at bank and in hand.

The notes are an integral part of these Financial Statements.

# Notes to the financial statements

Six months ended 30 June 2020

## 1. General information

The Company is a public limited company quoted on AIM. The Company was incorporated in England, is domiciled in the UK and its registered office is 40 Gracechurch Street, London EC3V 0BT. The Company participates in insurance business as an underwriting member at Lloyd's through its subsidiary undertakings.

## 2. Accounting policies

### **Basis of preparation**

The Condensed Consolidated Interim Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements are prepared for the six months ended 30 June 2020.

The Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2020 and 2019 are unaudited, but have been subject to review by the Group's auditors. The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the accounting policies adopted for the year ended 31 December 2019, and the adoption of new and amended standards as set out further below.

The Condensed Consolidated Interim incorporate the Financial Statements of Helios Underwriting plc, the Parent Company, and its directly and indirectly held subsidiaries being Hampden Corporate Member Limited, Nameco (No. 917) Limited, Nameco (No. 229) Limited, Nameco (No. 518) Limited, Nameco (No. 804) Limited, Halperin Underwriting Limited, Bernul Limited, Nameco (No. 311) Limited, Nameco (No. 402) Limited, Updown Underwriting Limited, Nameco (No. 507) Limited, Nameco (No. 76) Limited, Kempton Underwriting Limited, Devon Underwriting Limited, Nameco (No. 346) Limited, Pooks Limited, Charmac Underwriting Limited, Nottus (No 51) Limited, Chapman Underwriting Limited, Llewellyn House Underwriting Limited, Advantage DCP Limited, Romsey Underwriting Limited, Nameco (No 409) Limited, Nameco (No 1113) Limited, Catbang 926 Limited, Whittle Martin Underwriting, Nameco (No 408) Limited, RBC CEES Trustee Limited, Helios UTG Partner Limited, Nomina No 035 LLP, Nomina No 342 LLP, Nomina No 372 LLP, Salviscount LLP, Inversanda LLP, Fyshe Underwriting LLP, Nomina No 505 LLP and Nomina No 321 LLP. (Note 10).

The underwriting data on which these Condensed Consolidated Interim Financial Statements are based upon has been supplied by the managing agents of those syndicates which the Group supports. The data supplied is the 100% figures for each syndicate. The Group has applied its share of the syndicate participations to the gross figures to derive its share of the syndicates transactions, assets and liabilities.

### **Significant accounting policies**

The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention as modified by the revaluation of the financial assets at fair value through the profit and loss. The same accounting policies, presentation and methods of computation are followed in these Condensed Consolidated Interim Financial Statements as were applied in the preparation of the Group Financial Statements for the year ended 31 December 2020.

During the current year, the Group and the Company adopted all the new and revised IFRS, amendments and interpretations that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. Except for IFRS 9 "Financial Instruments" effective from 1 January 2018, for which a temporary exemption has been applied by the Group, as explained further below. These are set out below and did not have a material impact on the accounting policies of the Group and the Company:

- IFRS 16 "Leases", issued on 13 January 2016 (effective 1 January 2019).
- Amendments to IFRS 9: Prepayment Features with Negative Compensation, issued on 12 October 2017, (effective date 1 January 2019).
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures, issued on 12 December 2017, (effective date 1 January 2019).
- IFRS 23 "Uncertainty over Income Tax Treatments", issued on 7 June 2017, (effective date 1 January 2019).
- Annual improvements to IFRS 2015–2017 Cycle, issued on 12 December 2017, (effective date 1 January 2019).
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement, issued on 7 February 2017, (effective date 1 January 2019).

### **Temporary exemptions from IFRS 9 "Financial Instruments", (effective 1 January 2018)**

The effective date of IFRS 9 Financial Instruments is January 2018. An insurer that has not previously adopted any version of IFRS 9, including the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss and whose activities are predominantly connected with insurance as its annual reporting date that immediately precedes 1 April 2016 (or a later date as specified in paragraph 20G of IFRS 4), may apply IAS 39 – Financial Instruments: Recognition and Measurement, rather than IFRS 17 – Insurance Contracts.

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## Significant accounting policies continued

The Group has applied the temporary exemption from IFRS 9 as its activities are predominately connected with insurance and it has not previously adopted any version of IFRS 9, including the requirements for the presentation of gains and losses on financial liabilities designated at fair value through profit or loss, for annual period beginning before 1 January 2023. Consequently, the Group has a single date of initial application for IFRS 9 in it's entirely, being 1 January 2023.

## New standards, amendments and interpretations not yet adopted.

At the date of authorisation of these Financial Statements, the following standards, amendments and interpretations were in issue but not yet effective:

### (i) Adopted by the EU

Amendments:

- Amendments to IAS 1 and IAS 8: Definition of Material, issued on 31 October 2018, (effective 1 January 2020).
- Amendments to References to the Conceptual Framework in IFRS, issued on 29 March 2017, (effective date 1 January 2020).

### (ii) Not adopted by the EU

Standards:

- IFRS 17 "Insurance Contracts", issued on 18 May 2017, (effective date 1 January 2023).

Amendments:

- Amendment to IFRS 3 Business Combinations, issued on 22 October 2018, (effective 1 January 2020).
- Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non- Current, issued on 23 January 2020, (effective date 1 January 2022)

## 3. Segmental information

Nigel Hanbury is the Group's chief operating decision-maker. He has determined its operating segments based on the way the Group is managed, for the purpose of allocating resources and assessing performance.

The Group has three segments that represent the primary way in which the Group is managed, as follows:

- syndicate participation;
- investment management; and
- other corporate activities.

6 months ended 30 June 2020 Unaudited	Syndicate participation management £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	22,133	-	(621)	21,512
Net investment income	1,171	3	-	1,174
Other income	-	-	400	400
Net insurance claims and loss adjustment expenses	(16,361)	-	-	(16,361)
Expenses incurred in insurance activities	(5,842)	-	(324)	(6,166)
Other operating expenses	-	-	(839)	(839)
Goodwill on bargain purchase	-	-	172	172
Impairment of goodwill	-	-	-	-
Impairment of syndicate capacity	-	-	-	-
<b>Profit before tax</b>	<b>1,101</b>	<b>3</b>	<b>(1,212)</b>	<b>(108)</b>

6 months ended 30 June 2019 Unaudited	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	19,754	-	(1,440)	18,314
Net investment income	1,491	-	-	1,491
Other income	-	-	265	265
Net insurance claims and loss adjustment expenses	(13,051)	-	-	(13,051)
Expenses incurred in insurance activities	(5,472)	-	(314)	(5,786)
Other operating expenses	-	-	(765)	(765)
Goodwill on bargain purchase	-	-	285	285
Impairment of goodwill	-	-	-	-
Impairment of syndicate capacity	-	-	-	-
<b>Profit before tax</b>	<b>2,722</b>	<b>-</b>	<b>(1,969)</b>	<b>753</b>

Helios Underwriting plc

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 3. Segmental information (continued)

12 months ended 31 December 2019 Audited	Syndicate participation £'000	Investment management £'000	Other corporate activities £'000	Total £'000
Net earned premium	42,688	-	-	42,688
Net investment income	2,387	(52)	-	2,335
Other income	254	-	595	849
Net insurance claims and loss adjustment expenses	(26,265)	-	(1,359)	(27,624)
Expenses incurred in insurance activities	(15,367)	-	(397)	(15,764)
Other operating expenses	(114)	-	(1,650)	(1,764)
Gain on bargain purchase	-	-	1,707	1,707
Impairment of goodwill	-	-	-	-
Impairment of syndicate capacity	-	-	1,860	1,860
<b>Profit before tax</b>	<b>3,583</b>	<b>(52)</b>	<b>756</b>	<b>4,287</b>

The Group does not have any geographical segments as it considers all of its activities to arise from trading within the UK.

No major customers exceed 10% of revenue.

Net earned premium within 2020 other corporate activities totalling £621,000 (2019: 1,440,000 – 2017, 2018 and 2019 years of account) represents the 2018, 2019 and 2020 years of account net Group quota share reinsurance premium payable to Hampden Insurance Guernsey PCC Limited – Cell 6. This net quota share reinsurance premium payable is included within “reinsurance premium ceded” in the Consolidated Statement of Comprehensive Income of the period.

## 4. Operating profit before impairments of goodwill and capacity

6 months ended 30 June 2020	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2018 and prior £'000	2019 £'000	2020 £'000	Sub-total £'000				
<b>Gross premium written</b>	115	4,439	32,491	37,045	(95)	-	-	36,950
<b>Reinsurance ceded</b>	(131)	(1,089)	(9,578)	(10,798)	24	(621)	(181)	(11,575)
<b>Net premium written</b>	(16)	3,350	22,913	26,247	(70)	(621)	(181)	25,375
<b>Net earned premium</b>	1,519	15,105	5,756	22,380	(66)	(621)	(181)	21,512
Other income	702	301	102	1,105	(7)	400	248	1,746
Net insurance claims and loss adjustment expenses	(401)	(10,523)	(5,686)	(16,610)	47	-	202	(16,361)
Operating expenses	(581)	(4,092)	(1,427)	(6,100)	17	-	(922)	(7,005)
<b>Operating profit before impairments of goodwill and capacity</b>	<b>1,239</b>	<b>791</b>	<b>(1,255)</b>	<b>775</b>	<b>(9)</b>	<b>(221)</b>	<b>(653)</b>	<b>(108)</b>
Quota share adjustment	(800)	(690)	869	(621)	-	621	-	-
<b>Operating profit before impairments of goodwill and capacity after quota share adjustment</b>	<b>439</b>	<b>101</b>	<b>(386)</b>	<b>154</b>	<b>(9)</b>	<b>400</b>	<b>(653)</b>	<b>(108)</b>

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 4. Operating profit before impairments of goodwill and capacity (continued)

6 months ended 30 June 2019	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2017 and prior £'000	2018 £'000	2019 £'000	Sub-total £'000				
<b>Gross premium written</b>	669	4,017	24,993	29,679	(127)	-		29,552
<b>Reinsurance ceded</b>	(132)	(930)	(6,731)	(7,793)	36	(1,440)	(182)	(9,380)
<b>Net premium written</b>	536	3,088	18,262	21,886	(91)	(1,440)	(182)	20,172
<b>Net earned premium</b>	2,103	12,936	4,987	20,026	(90)	(1,440)	(182)	18,314
Other income	934	319	130	1,383	(16)	249	425	2,042
Net insurance claims and loss adjustment expenses	(656)	(7,879)	(4,369)	(12,904)	58	-	(205)	(13,051)
Operating expenses	(717)	(3,605)	(1,133)	(5,455)	46	-	(1,142)	(6,551)
<b>Operating profit before impairments of goodwill and capacity</b>	<b>1,664</b>	<b>1,771</b>	<b>(385)</b>	<b>3,050</b>	<b>(2)</b>	<b>(1,191)</b>	<b>(1,104)</b>	<b>753</b>
Quota share adjustment	(616)	(1,090)	266	(1,440)	-	1,440	-	-
<b>Operating profit before impairments of goodwill and capacity after quota share adjustment</b>	<b>1,048</b>	<b>681</b>	<b>(119)</b>	<b>1,610</b>	<b>(2)</b>	<b>249</b>	<b>(1,104)</b>	<b>753</b>

  

12 months ended 31 December 2019	Underwriting year of account*				Pre-acquisition £'000	Corporate reinsurance £'000	Other corporate £'000	Total £'000
	2017 and prior £'000	2018 £'000	2019 £'000	Sub-total £'000				
<b>Gross premium written</b>	1,031	5,891	54,656	61,578	(6,108)	-	-	55,470
<b>Reinsurance ceded</b>	(116)	(1,443)	(13,003)	(14,563)	1,553	-	(200)	(13,210)
<b>Net premium written</b>	914	4,447	41,653	47,015	(4,555)	-	(200)	42,260
<b>Net earned premium</b>	3,526	21,772	22,157	47,545	(4,566)	-	(200)	42,688
Other income	1,574	615	339	2,527	(551)	235	2,679	4,891
Net insurance claims and loss adjustment expenses	893	(12,854)	(16,276)	(28,237)	2,329	(1,359)	(358)	(27,624)
Operating expenses	(1,535)	(6,823)	(8,768)	(17,125)	1,929	-	(2,332)	(17,528)
<b>Operating profit before impairments of goodwill and capacity</b>	<b>4,458</b>	<b>2,710</b>	<b>(2,548)</b>	<b>4,620</b>	<b>(859)</b>	<b>(1,124)</b>	<b>(221)</b>	<b>2,426</b>
Quota share adjustment	(1,733)	(1,361)	1,734	(1,359)	-	1,359	-	-
<b>Operating profit before impairments of goodwill and capacity after quota share adjustment</b>	<b>2,725</b>	<b>1,349</b>	<b>(814)</b>	<b>3,261</b>	<b>(859)</b>	<b>235</b>	<b>(211)</b>	<b>2,426</b>

Pre-acquisition relates to the element of results from the new acquisitions before they were acquired by the Group.

\* The underwriting year of account results represent the Group's share of the syndicates' results by underwriting year of account before corporate member level reinsurance and members' agents charges.

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 5. Insurance liabilities and reinsurance balances

### *Movement in claims outstanding*

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2020	95,616	25,760	69,856
Increase in reserves arising from acquisition of subsidiary undertakings	2,036	505	1,531
Movement of reserves	5,927	2,162	3,765
Other movements	(3,821)	(286)	(3,535)
<b>At 30 June 2020</b>	<b>99,758</b>	<b>28,141</b>	<b>71,617</b>

### *Movement in unearned premium*

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2020	26,522	5,023	21,499
Increase in reserves arising from acquisition of subsidiary undertakings	530	92	438
Movement of reserves	7,700	3,837	3,863
Other movements	1,209	243	966
<b>At 30 June 2020</b>	<b>35,961</b>	<b>9,195</b>	<b>26,766</b>

Included within other movements are the 2017 and prior years' claims reserves reinsured into the 2018 year of account on which the Group does not participate and currency exchange differences.

### *Movement in claims outstanding*

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2019	88,032	22,698	65,334
Increase in reserves arising from acquisition of subsidiary undertakings	1,974	552	1,422
Movement of reserves	(1,337)	(1,036)	(301)
Other movements	(8,465)	(981)	(7,484)
<b>At 30 June 2019</b>	<b>80,204</b>	<b>21,233</b>	<b>58,971</b>

### *Movement in unearned premium*

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2019	24,772	4,057	20,715
Increase in reserves arising from acquisition of subsidiary undertakings	-	-	-
Movement of reserves	4,625	2,767	1,858
Other movements	1,234	339	895
<b>At 30 June 2019</b>	<b>30,631</b>	<b>7,163</b>	<b>23,468</b>

Included within other movements are the 2016 and prior years' claims reserves reinsured into the 2017 year of account on which the Group does not participate and currency exchange differences.

### *Movement in claims outstanding*

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2019	88,032	22,698	65,334
Increase in reserves arising from acquisition of subsidiary undertakings	11,792	2,730	9,062
Movement of reserves	3,758	2,004	1,754
Other movements	(7,966)	(1,672)	(6,294)
<b>At 31 December 2019</b>	<b>95,616</b>	<b>25,760</b>	<b>69,856</b>

### *Movement in unearned premium*

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2019	24,772	4,057	20,715
Increase in reserves arising from acquisition of subsidiary undertakings	3,379	1,182	2,197
Movement of reserves	60	488	(428)
Other movements	(1,689)	(704)	(985)
<b>At 31 December 2019</b>	<b>26,522</b>	<b>5,023</b>	<b>21,499</b>

Included within other movements are the 2016 and prior years' claims reserves reinsured into the 2017 year of account on which the Group does not participate and currency exchange differences.



# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 6. Net investment income

	6 months ended 30 June 2020 Unaudited £'000	6 months ended 30 June 2019 Unaudited £'000	12 months ended 31 December 2019 Audited £'000
Investment income	1,136	1,416	1,248
Realised (losses)/gains on financial assets at fair value through profit or loss	126	17	262
Unrealised (losses)/gains on financial assets at fair value through profit or loss	(133)	18	657
Investment management expenses	-	1	(67)
Bank interest	45	39	235
<b>Net investment income</b>	<b>1,174</b>	<b>1,491</b>	<b>2,335</b>

## 7. Income tax charge

### *Analysis of tax charge/(credit) in the period*

	6 months ended 30 June 2020 Unaudited £'000	6 months ended 30 June 2019 Unaudited £'000	12 months ended 31 December 2019 Audited £'000
<b>Income tax credit</b>	<b>(12)</b>	<b>105</b>	<b>233</b>

The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 19.00% (2019: 19.00%). Material disallowed terms have been adjusted for in the income tax calculation.

## 8. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders after tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Earnings per share has been calculated in accordance with IAS 33 "Earnings per share".

The earnings per share and weighted average number of shares used in the calculation are set out below:

	6 months ended 30 June 2020 Unaudited	6 months ended 30 June 2019 Unaudited	12 months ended 31 December 2019 Audited
Profit for the year after tax attributable to ordinary equity holders of the parent	(96,000)	648,000	4,054,000
Basic - weighted average number of ordinary shares*	17,978,841	14,356,224	15,809,376
Adjustments for calculating the diluted earnings per share: Treasury shares (JSOP scheme)	500,000	500,000	500,000
Diluted - weighted average number of shares*	17,478,841	14,856,224	15,044,433
Basic earnings per share	(0.55p)	4.51p	3.14p
Diluted earnings per share	(0.52p)	4.36p	3.03p

\* Used as the denominator in calculating the basic earnings per share, and diluted earnings per share, respectively.

## 9. Dividends paid or proposed

It was proposed and agreed at the AGM on 25 June 2020 that no dividend will be payable in 2020 (2019: 3p).

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 10. Investments in subsidiaries

		30 June 2020 £'000	30 June 2019 £'000	31 December 2019 £'000	
<b>Total</b>		<b>45,335</b>	<b>25,905</b>	<b>32,901</b>	
Company or partnership	Direct/indirect interest	30 June 2020 ownership	30 June 2019 ownership	31 December 2019 ownership	Principal activity
Hampden Corporate Member Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 365) Limited	Direct	-	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 605) Limited	Direct	-	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 321) Limited	Direct	-	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 917) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 229) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 518) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 804) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Halperin Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Bernul Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 311) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 402) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Updown Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 507) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 76) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Kempton Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Devon Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No. 346) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Pooks Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Charmac Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
RBC CEES Trustee Limited	Direct	100%	100%	100%	Joint Share Ownership Plan
Nottus (No 51) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Chapman Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Helios UTG Partner Limited	Direct	100%	100%	100%	Corporate partner
Nomina No 035 LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Nomina No 342 LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Nomina No 372 LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Salviscount LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Inversanda LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Fyshe Underwriting LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Nomina No 505 LLP	Indirect	100%	100%	100%	Lloyd's of London corporate vehicle
Nomina No 321 LLP	Direct	100%	100%	-	Lloyd's of London corporate vehicle
Llewellyn House Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Advantage DCP Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Romsey Underwriting Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 409) Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 1113 Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Catbang 926 Limited	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Whittle Martin Underwriting	Direct	100%	100%	100%	Lloyd's of London corporate vehicle
Nameco (No 408) Limited	Direct	100%	-	-	Lloyd's of London corporate vehicle

Helios UTG Partner Limited, a subsidiary of the Company, owns 100% of Nomina No 035 LLP, Nomina No 342 LLP, Nomina No 372 LLP, Salviscount LLP, Inversanda LLP, Fyshe Underwriting LLP, Nomina No 505 LLP and Nomina No 321 LLP. The cost of acquisition of these LLPs is accounted for in Helios UTG Partner Limited, their immediate Parent Company.

RBC CEES Trustee Limited is a newly incorporated entity in year 2017 to satisfy the requirements of the Joint Share Ownership Plan.

For details of all new acquisitions in the 6 months to 30 June 2020, refer to note 12.

Helios Underwriting plc

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 11. Share capital and share premium

	Number of shares (i)	Ordinary share capital £'000	Partly paid ordinary share capital £'000	Share premium £'000	Total £'000
Ordinary shares of 10p each and share premium at 1 January 2019	15,104,240	1,460	50	15,387	16,897
<b>Ordinary shares of 10p each and share premium at 31 December 2019</b>	<b>18,390,906</b>	<b>1,789</b>	<b>50</b>	<b>15,387</b>	<b>16,897</b>
Ordinary shares of 10p each and share premium at 1 January 2020	18,390,906	1,789	50	15,387	16,897
<b>Ordinary shares of 10p each and share premium at 30 June 2020</b>	<b>18,390,906</b>	<b>1,789</b>	<b>50</b>	<b>15,387</b>	<b>16,897</b>

### (i) Number of shares

	30 June 2020	31 December 2019
Allotted, called up and fully paid ordinary shares:		
On the market	17,478,028	<b>17,488,628</b>
Company buy back of ordinary shares held in treasury	412,878	<b>402,278</b>
	17,890,906	<b>17,890,906</b>
Uncalled and partly paid ordinary share under the JSOP scheme (ii)	500,000	<b>500,000</b>
	18,390,906	<b>18,390,906</b>

(ii) The partly paid ordinary shares are not entitled to dividend distribution rights during the year.

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 12. Acquisition of Limited Liability Vehicles

### *Nameco (No. 408) Limited*

On 28 January 2020, Helios Underwriting plc acquired 100% of the issued share capital of Nameco (No. 408) Limited for a total consideration of £1,008,000. Nameco (No. 408) Limited is incorporated in England and Wales and is a corporate member of Lloyd's.

The acquisition has been accounted for using the acquisition method of accounting. After the alignment of accounting policies and other adjustments to the valuation of assets and liabilities to reflect their fair value at acquisition, the fair value of the net assets was £1,180,000. Negative goodwill of £172,000 arose on acquisition which has been recognised as goodwill on bargain purchase in the income statement. The following table explains the fair value adjustments made to the carrying values of the major categories of assets and liabilities at the date of acquisition:

	Carrying value £'000	Adjustments £'000	Fair value £'000
Intangible assets	-	477	477
Financial assets at fair value through profit or loss	1,174	-	1,174
Reinsurance assets:			
– reinsurers' share of claims outstanding	505	-	505
– reinsurers' share of unearned premium	92	-	92
Other receivables, including insurance and reinsurance receivables	1,418	-	1,418
Deferred acquisition cost	138	-	138
Prepayments and accrued income	10	-	10
Cash and cash equivalents	390	-	390
Insurance liabilities:			
– claims outstanding	(2,035)	-	(2,035)
– unearned premium	(532)	-	(532)
Deferred income tax liabilities	(1)	(91)	(92)
Other payables, including insurance and reinsurance payables	(326)	-	(326)
Accruals and deferred income	(39)	-	(39)
<b>Net assets acquired</b>	<b>794</b>	<b>386</b>	<b>1,180</b>
Satisfied by:			
Cash and cash equivalents	1,008	-	1,008
Loan paid on acquisition	-	-	-
<b>Total consideration</b>	<b>1,008</b>	<b>-</b>	<b>1,008</b>
<b>Negative goodwill</b>	<b>214</b>	<b>386</b>	<b>(172)</b>
	2018 year of account	2019 year of account	<b>2020 year of account</b>
Capacity acquired	1,304,321	1,142,830	<b>1,086,270</b>

The net earned premium and profit of Nameco (No. 408) Limited for the period since the acquisition date to 30 June 2020 are £356,000 and £33,000 respectively.

Negative goodwill has arisen on the acquisition of Nameco (No. 408) Limited as a result of the purchase consideration being at a discount to the fair value of net assets acquired.

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 13. Related party transactions

Helios Underwriting plc and its subsidiaries have entered into a management agreement with Nomina plc. Jeremy Evans, a Director of Helios Underwriting plc and its subsidiary companies, is also a Director of Nomina plc. Under the agreement, Nomina plc provides management and administration, financial, tax and accounting services to the Group for an annual fee of £152,000 (2019: £180,000).

The Limited Liability Vehicles have entered into a members' agent agreement with Hampden Agencies Limited. Jeremy Evans, a Director of Helios Underwriting plc and its subsidiary companies, is also a director of Hampden Capital plc, which controls Hampden Agencies Limited. Under the agreement, the Limited Liability Vehicles will pay Hampden Agencies Limited a fee based on a fixed amount, which will vary depending upon the number of syndicates the Limited Liability Vehicles underwrite on a bespoke basis, and a variable amount depending on the level of underwriting through the members' agent pooling arrangements. The total fees payable for 2020 are £135,000 (2019: £225,000).

A number of subsidiary companies have entered into quota share reinsurance contracts for the 2018, 2019 and 2020 years of account with protected cell companies of Hampden Insurance PCC (Guernsey) Limited. The quota share percentages for the above years was 70%

Nigel Hanbury, a Director of Helios Underwriting plc and its subsidiary companies, is also a director and majority shareholder in Hampden Insurance Guernsey PCC Limited. Hampden Capital plc, a substantial shareholder in Helios Underwriting plc, is also a substantial shareholder in Hampden Insurance Guernsey PCC Limited – Cell 6. Under quota share agreements between Cell 6 and certain Helios subsidiaries, the Group accrued a net reinsurance premium recovery of £4,453,000 (2019: £3,968,000) during the period.

In addition, HIPCC provide stop loss, portfolio stop loss and HASP reinforce policies for the company.

HIPCC Limited acts as an intermediary for the reinsurance products purchased by Helios. An arrangement has been put in place so that 51% of the profits generated by HIPCC (being Nigel Hanburys share) in respect of the business relating to Helios will be repaid to Helios for the business transacted for the 2020 and subsequent underwriting years.

## 14. Ultimate controlling party

The Directors consider that the Group has no ultimate controlling party.

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 15. Syndicate participations

The syndicates and members' agent pooling arrangements ("MAPA") in which the Company's subsidiaries participate as corporate members of Lloyd's are as follows:

Syndicate or MAPA number	Managing or members' agent	Allocated capacity per year of account			
		2017 £	2018 <sup>1</sup> £	2019 £	2020 £
33	Hiscox Syndicates Limited	5,764,233	8,019,797	7,031,021	<b>8,339,667</b>
218	ERS Syndicate Management Limited	3,620,739	5,104,083	5,108,619	<b>5,108,619</b>
308	Tokio Marine Kiln Syndicates Limited	132,000	-	-	-
318	Beaufort Underwriting Agency Limited	866,250	866,250	836,250	-
386	QBE Underwriting Limited	1,322,097	1,291,391	1,295,773	<b>1,295,772</b>
510	Tokio Marine Kiln Syndicates Limited	11,843,732	11,850,400	11,865,468	<b>13,051,289</b>
557	Tokio Marine Kiln Syndicates Limited	1,844,203	1,526,776	1,512,922	<b>2,269,384</b>
609	Atrium Underwriters Limited	4,722,562	5,058,275	5,069,124	<b>5,700,796</b>
623	Beazley Furlonge Limited	6,951,965	8,057,318	8,428,557	<b>9,544,350</b>
727	S A Meacock & Company Limited	1,586,583	1,586,582	1,586,582	<b>1,436,179</b>
1176	Chaucer Syndicates Limited	1,168,400	1,448,810	1,449,906	<b>1,419,908</b>
1200	Argo Managing Agency Limited	136,305	57,857	57,143	-
1729	Asta Managing Agency Limited	329,996	324,634	55,810	<b>2,867</b>
1884	Charles Taylor Managing Agency Limited	217,500	-	-	-
1969	Apollo Syndicate Management Limited	616,462	131,082	-	-
1991	R&O Managing Agency Limited	222,228	-	-	-
2010	Cathedral Underwriting Limited	2,127,335	2,127,332	2,130,071	<b>2,129,005</b>
2014	Pembroke Managing Agency Limited	2,279,023	547,449	92,192	-
2121	Argenta Syndicate Management Limited	885,082	1,003,093	1,003,093	<b>1,253,868</b>
2525	Asta Managing Agency Limited	332,794	432,632	467,270	<b>535,460</b>
2689	Asta Managing Agency Limited	1,537,499	398,045	32,192	<b>2,377</b>
2791	Managing Agency Partners Limited	6,468,698	6,468,694	6,480,967	<b>6,282,966</b>
2988	Brit Syndicates Limited	225,687	227,127	2,740	-
4242	Asta Managing Agency Limited	288,521	348,378	253,299	<b>3,299</b>
4444	Canopus Managing Agents Limited	757,008	1,177,416	-	-
5623	Beazley Furlonge Limited	2,250,000	-	-	<b>2,250,000</b>
5820	ANV Syndicates Limited	-	-	-	-
5886	Asta Managing Agency Limited	5,623,852	453,254	536,512	<b>5,623,852</b>
6103	Managing Agency Partners Limited	1,349,391	1,287,333	1,292,210	<b>1,349,391</b>
6104	Hiscox Syndicates Limited	1,047,395	1,112,543	1,137,541	<b>1,047,395</b>
6107	Beazley Furlonge Limited	1,026,295	1,014,510	1,263,800	<b>1,026,295</b>
6111	Catlin Underwriting Agencies Limited	278,279	249,065	-	-
6117	Argo Managing Agency Limited	3,302,839	3,472,410	3,095,553	<b>397,574</b>
6123	Asta Managing Agency Limited	8,440	8,708	-	-
7211	Members' agent pooling arrangement	11,553	121,828	120,610	<b>130,401</b>
7217	Members' agent pooling arrangement	18,107	19,917	29,875	-
7227	Members' agent pooling arrangement	2,746	3,661	6,406	-
<b>Total</b>		<b>62,710,376</b>	<b>65,796,650</b>	<b>62,241,506</b>	<b>70,200,714</b>

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 16. Group-owned net assets

The Group statement of financial position includes the following assets and liabilities held by the syndicates on which the Group participates. These assets are subject to trust deeds for the benefit of the relevant syndicates' insurance creditors. The table below shows the split of the statement of financial position between Group and syndicate assets and liabilities:

	30 June 2020			30 June 2019			31 December 2019		
	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000	Group £'000	Syndicate £'000	Total £'000
<b>Assets</b>									
Intangible assets	21,655	-	21,655	16,490	-	16,490	21,178	—	21,178
Financial assets at fair value through profit or loss	8,989	55,154	64,143	10,850	45,657	56,507	13,520	53,621	67,141
Reinsurance assets:	-	-	-	-	-	-	-	-	-
– reinsurers' share of claims outstanding	61	28,080	28,141	61	21,172	21,233	61	25,699	25,760
– reinsurers' share of unearned premium	-	9,195	9,195	-	7,163	7,163	—	5,023	5,023
Other receivables, including insurance and reinsurance receivables	7,837	44,962	52,799	8,151	42,566	50,717	10,044	37,682	47,726
Deferred acquisition costs	-	6,853	6,853	-	6,228	6,228	—	6,641	6,641
Prepayments and accrued income	281	601	882	179	522	701	—	432	432
Cash and cash equivalents	1,156	7,345	8,501	2,018	4,979	6,997	3,028	3,009	6,037
<b>Total assets</b>	<b>39,979</b>	<b>152,190</b>	<b>192,169</b>	<b>37,749</b>	<b>128,287</b>	<b>166,036</b>	<b>47,831</b>	<b>132,107</b>	<b>179,938</b>
<b>Liabilities</b>									
Insurance liabilities:									
– claims outstanding	-	99,758	99,758	-	80,204	80,204	—	95,616	95,616
– unearned premium	-	35,961	35,961	-	30,631	30,631	—	26,522	26,522
Deferred income tax liabilities	3,686	-	3,686	2,134	-	2,134	3,292	—	3,292
Borrowings	2,000	-	2,000	1,034	-	1,034	2,000	—	2,001
Other payables, including insurance and reinsurance payables	10	20,831	20,841	1,694	25,774	27,468	1,051	16,989	18,040
Accruals and deferred income	1,108	763	1,871	3,171	326	3,497	5,094	1,226	6,320
<b>Total liabilities</b>	<b>6,804</b>	<b>157,313</b>	<b>164,117</b>	<b>8,033</b>	<b>136,935</b>	<b>144,968</b>	<b>11,437</b>	<b>140,353</b>	<b>151,790</b>
<b>Equity attributable to owners of the Parent</b>									
Share capital	1,839	-	1,839	1,510	-	1,510	1,839	—	1,839
Share premium	18,938	-	18,938	15,387	-	15,387	18,938	—	18,938
Other reserves	(50)	-	(50)	(50)	-	(50)	(50)	—	(50)
Retained earnings	12,448	(5,123)	7,325	12,869	(8,648)	4,221	15,667	(8,246)	7,421
<b>Total equity</b>	<b>33,175</b>	<b>(5,123)</b>	<b>28,052</b>	<b>29,716</b>	<b>(8,648)</b>	<b>21,068</b>	<b>36,394</b>	<b>(8,246)</b>	<b>28,148</b>
<b>Total liabilities and equity</b>	<b>39,979</b>	<b>152,190</b>	<b>192,169</b>	<b>37,749</b>	<b>128,287</b>	<b>166,036</b>	<b>47,831</b>	<b>132,108</b>	<b>179,938</b>

# Notes to the financial statements *continued*

Six months ended 30 June 2020

## 17. COVID-19

The COVID-19 pandemic has created turbulence in financial markets and economic uncertainty which will impact individuals and businesses. The full impact of this on the insurance industry, including the Lloyd's market, is uncertain. The initial assessment by supported syndicates has identified those lines of business most likely to be impacted, however the full extent of the losses and the impact upon pricing will become clearer as the year progresses. We will regularly monitor developments in this area and take appropriate actions as needed.

The COVID-19 coronavirus pandemic will be a manageable loss for the property and casualty insurance and reinsurance industry, unless there is some kind of structural change to drive the cost to the sector much higher.

It should not be forgotten that the current turmoil is happening against the backdrop of the greatest momentum we have seen in (re)insurance pricing for many years. Recent events are accelerating the premium rate rises.

The importance of having sufficient diversification within the portfolio to absorb shock losses is critical to the success of the portfolio. We do this by being partnered with the highest quality underwriting businesses at Lloyd's

It is expected that that a significant proportion of the losses arising from COVID-19 will attach to the 2019 underwriting year and therefore there remains considerable uncertainty regarding the eventual outcome for this underwriting year.

The Directors are confident that the business continues to be a going concern as in addition to the current funds lodged at Lloyd's, Helios has available the following facilities to provide additional resources to fund the necessary capital requirements:

- A bank revolving credit bank facility of £4m of which £2.0m has been utilised, and
- The stop loss reinsurance contracts for the 2019 and 2020 years of account could provide additional underwriting capital of approximately £5m.

The Board considers that the dividend policy should reflect the requirement to maintain its available cash resources given the uncertainty for the potential funding of the COVID-19 and other losses in the immediate future and therefore no dividend will be payable.