



WHITE BEAR CAPITAL LIMITED

**CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Registered Number: **10220701**
Registered Office: 7th Floor, 70 Mark Lane
London
EC3R 7NQ



WHITE BEAR CAPITAL LIMITED

**CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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WHITE BEAR CAPITAL LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

Executive

John Anthony Lynch

Peter David Scales

Non executive

Adam George Beatty

COMPANY SECRETARY

Tessa Helen Mijatovic

Registered Office and Trading Office:

7th Floor, 70 Mark Lane

London

EC3R 7NQ

Auditor:

Moore Stephens LLP (Resigned 01 February 2019)

BDO LLP (Appointed 01 April 2019)

55 Baker Street

Marylebone

London

W1U 7EU

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Formation of the business

White Bear Capital Limited ("the Company") was incorporated on 8 June 2016 and operates in the UK as the holding company of a number of wholly owned subsidiaries ("the Group").

Purpose and principal activities of the business

The Group operates in the insurance sector. Its original focus was on the Lloyd's insurance market with the formation on 28 June 2016 of Blenheim Underwriting Limited ("Blenheim"). Blenheim provides underwriting services to Syndicate 5886, a syndicate at Lloyd's which commenced underwriting on 1 January 2017. The Syndicate is managed by Asta Managing Agency Limited ("Asta") and Blenheim was given Appointed Representative status (in accordance with section 39 of the Financial Services Markets Act 2000 "FSMA") by the Prudential Regulatory Authority ("PRA") on 16 December 2016. This means that, since this date, Blenheim has been able to provide certain Prescribed Regulated Activities (as defined in the FSMA) in respect of Syndicate 5886. These activities relate to insurance contracts and include underwriting services, claims handling services and administrative support to Syndicate 5886. These services are provided under a services agreement entered into with Asta.

One of the medium term aims of the Group is for Blenheim to become an independent Lloyd's managing agent in its own right and manage Syndicate 5886. The Group has therefore focussed on ensuring that the appropriate underwriting, claims and administration services are provided to Syndicate 5886 under Blenheim's authority as an appointed representative to Asta, whilst at the same time developing the business towards meeting the requirements of a Lloyd's managing agency. These requirements include having the requisite systems and procedures in place and meeting the minimum standards as set by Lloyd's.

On 18 April 2019, the Company set up a Managing General Agent called White Bear Managers Ltd. White Bear Managers Ltd applied to the Financial Conduct Authority ("FCA") for authorisation and this was received on 1 August 2019. White Bear Managers Ltd provides access to insurance products by underwriting on behalf of certain reinsurers. One of the medium term aims of the Group is for White Bear Managers Ltd to expand its business as conditions and opportunities allow.

On 25 April 2019, the Company set up White Bear Corporate Services Ltd, a company to employ all the group employees. On 1 July 2019, all the employees of Blenheim were transferred to White Bear Corporate Services Ltd under TUPE.

On 21 November 2019, the Company acquired Nameco (No. 1036) Limited, a corporate Name at Lloyd's which underwrites on various syndicates at Lloyd's, including Syndicate 5886. The name of this company was changed to White Bear Corporate Capital Limited.

Review of the business

Since 16 December 2016, Blenheim has provided underwriting services, claims handling services and administrative support to Syndicate 5886 in its capacity as an Appointed Representative to Asta. Syndicate 5886 commenced on 1 January 2017 with a stamp capacity of £150 million and wrote property treaty, direct property and contingency business for the 2017 Year of Account. Blenheim recruited underwriting teams to write these lines of business for Syndicate 5886.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Review of the business (continued)

The stamp capacity of Syndicate 5886 was pre-empted to £180 million for the 2018 Year of Account. This was to enable the build out of the lines of business written during 2017 and also allow for the addition of an Accident & Health account and a Specialty Treaty account. Blenheim recruited the underwriting personnel to write these two new accounts.

The stamp capacity of Syndicate 5886 was pre-empted to £215 million for the 2019 Year of Account to enable the continued build out of the lines of business written during 2017 and 2018, particularly in relation to the Direct Property and Specialty Treaty accounts. The stamp capacity of Syndicate 5886 was further pre-empted to £250 million for the 2020 Year of Account. This was to take advantage of improving market conditions, particularly in relation to the Direct Property and Specialty Treaty accounts.

Although no new underwriting teams were recruited in the financial year ended 31 December 2019, Blenheim has continued to build out the requisite infrastructure, systems and processes of the Company to support the existing business and also any future business of Syndicate 5886.

In June 2018, Blenheim made an application to Lloyd's to seek "Approval in Principle" to become a Lloyd's managing agency. This application was considered by Lloyd's in July 2018 and deferred to a future date. In March 2020, Lloyd's granted 'Approval in Principle' and Blenheim is now in the process of applying to the PRA and the FCA for the requisite regulatory approvals. At the same time it is progressing through the Lloyd's 'Making It Happen' phase. Once complete, Blenheim will be able to trade as a managing agency.

As noted above, the Group set up White Bear Managers Ltd in the year and received authorisation from the FCA for this. The business did not trade during 2019, although it has started to trade in 2020, with focus on the Construction and Energy Liability sectors and is awaiting approval to start trading in the General Aviation sector.

As noted above, the Group acquired White Bear Corporate Capital Limited in the year. Although this corporate Name participated on various syndicates at Lloyd's, all of this syndicate capacity was sold except for Syndicate 5886. It then increased its participation on Syndicate 5886 and is underwriting £894,510 of capacity on Syndicate 5886 for the 2020 Year of Account. This equates to 0.4% of the syndicate for the 2020 Year of Account. By participating on Syndicate 5886, the Group is able to share in the profits and losses of the syndicate on which it provides services to. The participation of the business in future years will be dependent on market conditions and available opportunities as well as the level of funds available in the Group to support the requisite funds at Lloyd's.

The Group declared a profit after tax of £107,000 for the current financial year (£786,000 for the six month financial period). This result is set out in the Consolidated Statement of Comprehensive Income on Page 15 of these financial statements.

The Group's turnover is analysed in Note 4 of these financial statements and consists of override fees from Names participating on Syndicate 5886, fees for expenses recharged to Syndicate 5886 and consortium fees.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Review of the business (continued)

Override fees from Names to Blenheim

Names participating on Syndicate 5886 have agreed to pay override fees to Blenheim. These fees are recognised when they are considered to be reasonably certain to be receivable.

Those Names with unlimited tenancy rights agreed to pay Blenheim an initial override fee by 31 December 2016. In addition, all Names (both with limited and unlimited tenancy rights) agreed to pay Blenheim override fees for the following five years on an instalment basis, although certain Names elected to pay all their instalments upfront.

For the financial year to 31 December 2019, the Group recognised £2.1m of the override fees (£2.0m for the six month financial period to 31 December 2018).

Fees to Blenheim for expenses recharged to Syndicate 5886

Blenheim recharges expenses it incurs but which relate to Syndicate 5886 under a services agreement it has entered into with Asta. These fees are recognised as the expense is recognised and amounted to £9.8m for the financial year to 31 December 2019 (£4.1m for the six month financial period to 31 December 2018). As the Syndicate grows, the level of services provided by the Group each month has increased resulting in additional monthly fees.

Consortium fees

Blenheim receives fees as a consortium manager and these amounted to £197,000 for the financial year to 31 December 2018 (£14,000 for the six month financial period to 31 December 2018).

Expenses & tax

Expenses of £11.9m were incurred in the financial year, consisting mainly of employee and IT costs. Further analysis of employee costs are set out in Note 8. The Group was also subject to tax of £0.1m on its profits.

Balance sheet

The consolidated assets of the Group as at 31 December 2019 consisted of cash of £3.4m, debtors due within one year of £10.5m, some fixed assets and some negative goodwill on the acquisition of White Bear Corporate Capital Limited. The liabilities of the Group consisted mainly of accruals and deferred income. All debtors and creditors are deemed to be current.

The Group's financial statements are relatively straightforward and there is a limit to the level of Key Performance Indicators that can be used. Nevertheless, monitoring the liquidity and underlying profitability of the business are considered essential and accordingly the following key performance indicators are used to do this:

	Twelve Months Ended 31 December 2019	Six Months Ended 31 December 2018
Current Ratio (current assets / current liabilities)	3.5 x	5.4 x
EBITDA	£467k	£1,058k

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Review of the business (continued)

The current ratio provides an indication of the current assets (less than one year) available to meet the current liabilities (less than one year). EBITDA is defined as Earnings Before Interest, Tax, Depreciation and Amortisation and is a widely used indicator in business for assessing the underlying earnings of the business.

The EBITDA for the twelve month period to 31 December 2019 is much lower than for the six month period to 31 December 2018. As noted earlier, the overrider fees are recognised when the fees are considered to be reasonably certain to be receivable. This is at 31 December of each year when the following year of account has been agreed with Names. Accordingly, the overrider fees for both the twelve month period to 31 December 2019 and the six month period to 31 December 2018 are very similar despite the financial period being of different lengths. This has been the main reason for the EBITDA for the twelve months ended 31 December 2019 being much lower than for the comparative period. Although the fees for expenses recharged to Syndicate 5886 are higher for the twelve months ended 31 December 2019, this has no impact on the EBITDA as the expenses are recharged at cost.

Principal risks and uncertainties

All businesses face risks and uncertainties. The Directors consider the following areas to be the principal risks and uncertainties of the Group:

Regulatory and compliance risk

Blenheim's approval as an Appointed Representative of Asta is subject to continuing approval by both Lloyd's and the PRA. Should this approval be revoked, Blenheim (and hence the Group) would be unable to provide any underwriting, claims handling or administrative services to the Syndicate. This risk is mitigated by the monitoring of, and full compliance with, all requirements in relation to Appointed Representatives.

In addition to the above, Blenheim's aim is to become an independent Lloyd's managing agent. To do this, Blenheim will need to ensure, and demonstrate, that it can meet all the regulatory requirements of a Lloyd's managing agent. Should this not be achieved, Blenheim will be unable to be an independent Lloyd's managing agent. This risk is mitigated by developing the necessary infrastructure (systems and reporting), implementing the necessary policies and procedures, and employing the relevant people to do this.

White Bear Managers' authorisation from the FCA is subject to continuing approval by the FCA and continuing to meet the solvency requirements set by the FCA. Should this approval be revoked, White Bear Managers Ltd (and hence the Group) would be unable to underwrite on behalf of the reinsurers that it represents. This risk is mitigated by the monitoring of, and full compliance with, all requirements in relation to FCA authorised businesses.

Operational risk

The Group is exposed to operational risk which may result in losses to the business due to factors such as inadequate systems, management failure, inadequate controls, fraud or human error. This risk is mitigated through a system of internal controls, regulatory compliance and directors operational oversight. The impact of the coronavirus (COVID19) is set out further below.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Principal risks and uncertainties (continued)

Liquidity risk

The Group manages its cash and funding requirements to ensure it has sufficient liquid resources to meet the operating needs of the various group businesses.

Credit risk

The Group is exposed to credit risk from counterparties during the normal course of operations and counterparty exposure in respect of cash deposits held at financial institutions which have a minimum long term rating of A-. Counterparty exposures are monitored regularly.

Market risk

Market risk relates to fluctuations in interest rates or exchange rates. The Group holds all its assets in sterling and has no investments or debts. Accordingly, its direct market risk is considered to be limited.

The underwriting results earned by the Group through its participation on Lloyd's syndicates is indirectly affected by fluctuations in exchange rates as those syndicates trade in multiple currencies. However, this is a small part of the Group's results and net assets.

Likewise, Syndicate 5886 trades in multiple currencies and so the Group is indirectly exposed to fluctuations in exchange rate movements affecting future profit commission receivable, although none is due at present.

Future development of the business

Brexit

On 31 January 2020, the UK formally left the European Union ('EU') and entered a transition period ending lasting until 31 December 2020. During this transition period, the UK and the EU will negotiate their future relationship and EU law will continue to apply in and to the UK.

Although the Group itself has no European income, it provides underwriting and claims services to Syndicate 5886 which does underwrite a small amount of EEA business and, likewise, other syndicates on which the Group participated may also have underwritten some EEA business. Following the end of the transition period, it is anticipated that Lloyd's members will no longer benefit from EU passporting provisions and will no longer have permission to underwrite European Economic Area ('EEA') (re)insurance business. However, Lloyd's members will continue to be able to provide reinsurance to cedants in the EEA (with the exception of Germany) on a cross-border basis, provided relevant local requirements are complied with.

Lloyd's established an office in Brussels to underwrite EEA-exposed business from 1 January 2019 and hence mitigating this risk. At the same time, to achieve contract continuity, Lloyd's will transfer all remaining affected policies (comprising all relevant non-life direct EEA insurance and inwards German reinsurance business that has been written by the Lloyd's Market since 1993) to Lloyd's Brussels. This will be undertaken via an insurance business transfer under Part VII of the UK's Financial Services and Markets Act 2000 and is scheduled to take place before the end of 2020.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Continued

Future development of the business (continued)

Coronavirus

Since the start of 2020, there has been an outbreak of the Coronavirus, Covid19 which has led to significant restrictions on people, business, goods and services.

The direct impact on the Group to date is that all employees are working from home, although the level of disruption has been limited as the underlying systems have enabled remote working. This is expected to continue for the foreseeable future.

There has been an indirect impact on the Group as Syndicate 5886 can expect a number of claims to arise, particularly on its contingency book of business. The sharp economic downturn resulting from the restrictions in place will create further uncertainty and difficulties in the market place although these are very difficult to quantify at this stage. Longer term, though, new opportunities may arise.

However, the above can be expected to adversely impact the results to the Names for both the 2019 and 2020 Years of Account and can be expected to lead to a reduction in future profit commission for the Group.

The Directors continue to monitor the insurance, operational and economic risks arising with the outbreak and the subsequent restrictions in place.

The Group continues to ensure that the appropriate underwriting services are provided to Syndicate 5886 under its authority as an Appointed Representative of Asta. In addition, as part of the Making It Happen phase from Lloyd's and the PRA and FCA application process, the Directors continue to develop the business towards meeting the requirements of a Lloyd's managing agency.

At the same time, the Group continues to ensure that White Bear Managers Ltd is meeting its regulatory requirements and grows as and when opportunities arise.

Following a number of years of losses in the market, the Syndicate saw conditions improve at the start of 2020 in nearly all the lines in which it operates with many competitors cutting back their books and new opportunities continuing to arise. However, as mentioned above, the coronavirus pandemic can be expected to adversely impact the Syndicate's results although, in time, the market may well provide additional opportunities for the business as well.

The Group's underwriting teams (both for Blenheim and White Bear Managers Ltd) will continue to develop their client and broker relationships and focus on writing business where it is believed to be profitable to do so. In addition, some talented individuals in the marketplace are looking to move to a smaller business and this provides the Group with the opportunity of attracting these individuals (and their associated books of business) to the Group to the extent that the Group believes they would fit in with the lines of business it would wish to be associated with.

STRATEGIC REPORT

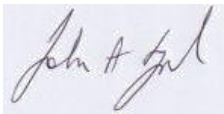
FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Future development of the business (continued)

In September 2020 the Group issued a further 380 ordinary shares to employees of the Group. Further details are set out in Note 17. In addition, the Group announced that it entered into an agreement with Alchemy Partners whereby Alchemy Partners will invest a net £80m into the group in exchange for shares, subject to receiving appropriate regulatory consent. As part of this agreement, Nephila Holdings Ltd will sell some of its White Bear Capital Limited shares to the White Bear Capital Employee Benefit Trust. The investment from Alchemy Partners is intended to be used for working capital and to increase the underwriting participation on Syndicate 5886.

Approved by the Board and signed on its behalf by:



John Anthony Lynch

29 September 2020

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors of White Bear Capital Limited present their report together with the twelve month period financial statements for the financial year from 1 January 2019 to 31 December 2019 (comparatives are for the six month period from 1 July 2018 to 31 December 2018).

Information required in Directors' Report which is disclosed in the Strategic Report

Schedule 7 of the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" requires certain information to be disclosed in the Directors' Report. However, the Group has chosen, in accordance with s414C(11) of the Companies Act, to disclose the information relating to credit risk and liquidity risk in the Group's Strategic report on page 6 instead.

Future developments

The Directors aim for the Group to continue providing services to Syndicate 5886 for the foreseeable future and to develop the business such that its subsidiary, Blenheim Underwriting Limited, is able to successfully apply to become a Lloyd's managing agent in its own right. The Directors also aim to increase the Group's participation on Syndicate 5886 as well as develop White Bear Managers Ltd as conditions and opportunities allow. Further details are set out in the Strategic Report on pages 2 to 8.

Going concern basis

The Group has considered budgets and forecasts to determine financial resources and, as a consequence, the Directors believe that the Group is well placed to manage its business risks successfully and continue in operation existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Directors

The current Directors of the Company are shown on page 1. All the Directors held office during the financial period under review.

Dividends

No dividends in respect of the financial year to 31 December 2019 are proposed or recommended (six month period to 31 December 2018: £nil).

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity was in force from inception of the Company. Directors' and Officers liability and Professional Indemnity insurance was purchased on 2 October 2017 and has been maintained since this date.

DIRECTORS' REPORT

Continued

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

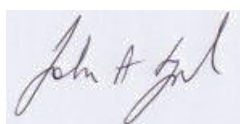
(1) So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP resigned as auditor and the Directors appointed BDO LLP as auditor in their place. BDO LLP has indicated its willingness to continue in office. The Directors of White Bear Capital Limited intend to reappoint BDO LLP as the Company's auditors.

Approved by the Board and signed on its behalf by:



John Anthony Lynch
29 September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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 Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED

Opinion

We have audited the financial statements of White Bear Capital Limited (the “parent company”) and its subsidiaries (the “group”) for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Financial Position, Company Statement of Financial Position, Statement of Consolidated Cash Flows, and the 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 FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

- 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 group’s or the parent 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED

Continued

Other information (continued)

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.

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 period 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 group and the parent 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WHITE BEAR CAPITAL LIMITED

Continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

Use of our report

This report is made solely to the company's member 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 member for our audit work, for this report, or for the opinions we have formed.

Rupert Livingstone (Senior Statutory Auditor)
For and on behalf of BDO LLP
Statutory Auditor
London, UK
Date: 30 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
	Notes		
Turnover	4	12,106	6,110
Administrative expenses		(11,930)	(5,093)
Operating profit	6	176	1,017
Interest receivable and similar income	5	1	1
Profit on ordinary activities before taxation		177	1,018
Tax on profit on ordinary activities	9	(70)	(232)
Profit for the financial period		107	786
Total comprehensive income for the financial period		107	786

All transactions are derived from continuing operations.

All gains and losses of the Group are reflected within the statement of comprehensive income, there is no other comprehensive income.

The comparative period ended 31 December 2018 runs from 1 July 2018 to 31 December 2018.

The Notes on pages 20 to 33 form an integral part of these accounts.

WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
<i>For the year ended 31 December 2019</i>				
Opening balance	-	398	9,915	10,313
Proceeds from the issue of shares	-	166	-	166
Total comprehensive income for the financial year	-	-	107	107
As at 31 December 2019	-	564	10,022	10,586

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
<i>For the six months ended 31 December 2018</i>				
Opening balance	-	398	9,129	9,527
Proceeds from the issue of shares	-	-	-	-
Total comprehensive income for the financial period	-	-	786	786
As at 31 December 2018	-	398	9,915	10,313

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
<i>For the year ended 31 December 2019</i>				
Opening balance	-	398	551	949
Proceeds from the issue of shares	-	166	-	166
Total comprehensive income for the financial year	-	-	(215)	(215)
As at 31 December 2019	-	564	336	900

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
<i>For the six months ended 31 December 2018</i>				
Opening balance	-	398	562	960
Proceeds from the issue of shares	-	-	-	-
Total comprehensive income for the financial period	-	-	(11)	(11)
As at 31 December 2018	-	398	551	949

Called up share capital represents the nominal value of shares that have been issued.

Share premium account represents the premium paid for shares above their nominal value (net of any issue expenses).

Profit and loss account represents all current and prior period retained profits and losses.

The Notes on pages 20 to 33 form an integral part of these accounts.

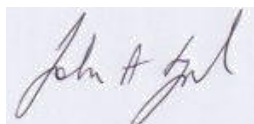
WHITE BEAR CAPITAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
Fixed assets	10	765	332
Intangible assets	11	<u>(30)</u>	<u>-</u>
		735	332
Current assets			
Debtors - due within one year	14	10,477	9,233
Cash	15	<u>3,430</u>	<u>3,038</u>
		13,907	12,271
Creditors			
Amounts falling due within one year	16	<u>(3,967)</u>	<u>(2,290)</u>
Net current assets		9,940	9,981
Total assets less current liabilities		<u>10,675</u>	<u>10,313</u>
Creditors			
Amounts falling due after more than one year		<u>(89)</u>	<u>-</u>
Net assets		<u>10,586</u>	<u>10,313</u>
Capital and reserves			
Share capital	17	-	-
Share premium	17	564	398
Profit and loss account		10,022	9,915
Equity shareholders' funds		<u>10,586</u>	<u>10,313</u>

The financial statements were approved by the Board of Directors on 29 September 2020.

Signed on behalf of the Board of Directors:



John Anthony Lynch
Director
London
29 September 2020

The Notes on pages 20 to 33 form an integral part of these accounts.

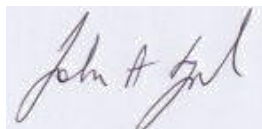
WHITE BEAR CAPITAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
Fixed assets			
Investment in subsidiaries	12	75	-
		<u>75</u>	<u>-</u>
Current Assets			
Debtors - due within one year	14	282	865
Debtors - due after more than one year	14	100	-
Cash	15	575	98
		<u>957</u>	<u>963</u>
Creditors			
Amounts falling due within one year	16	(132)	(14)
		<u>825</u>	<u>949</u>
Net current assets			
		<u>900</u>	<u>949</u>
Total assets less current liabilities			
		<u>900</u>	<u>949</u>
Net assets			
		<u><u>900</u></u>	<u><u>949</u></u>
Capital and reserves			
Share capital	17	-	-
Share premium	17	564	398
Profit and loss account		336	551
Equity shareholder's funds		<u><u>900</u></u>	<u><u>949</u></u>

The financial statements were approved by the Board of Directors on 29 September 2020.

Signed on behalf of the Board of Directors:



John Anthony Lynch
Director
London
29 September 2020

The Notes on pages 20 to 33 form an integral part of these accounts.

WHITE BEAR CAPITAL LIMITED

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
Cash flows from operating activities		
Profit on ordinary activities before taxation	177	1,018
Depreciation on fixed assets	291	41
Interest income	(1)	(1)
Decrease in debtors	36	103
(Increase) in prepayments and accrued income	(1,077)	(2,389)
Increase/(decrease) in creditors	590	(227)
Increase in accrued expenses and deferred income	1,051	317
Corporation taxes paid	(242)	-
Net cash inflow/(outflow) from operating activities	825	(1,138)
Cash flows from investing activities		
Purchase of property, plant and equipment	(560)	-
Interest received	1	1
Acquisition of subsidiary, net of cash acquired	(40)	-
Net cash (outflow)/inflow from investing activities	(599)	1
Cash flows from financing activities		
Proceeds from share issue	166	-
Net cash inflow from financing activities	166	-
Cash and cash equivalents at beginning of year	3,038	4,175
Increase/(decrease) in cash and cash equivalents	392	(1,137)
Cash and cash equivalents at end of year	3,430	3,038

The Notes on pages 20 to 33 form an integral part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Company information

White Bear Capital Limited (registered number 10220701) is a private company, limited by shares and incorporated in England and Wales. The company's registered address is 7th Floor, 70 Mark Lane, London, EC3R 7NQ. Its principal place of business is 7th Floor, 70 Mark Lane, London, EC3R 7NQ.

2. Basis of preparation and summary of significant accounting policies

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The Directors consider the principal activity of the Group to be the provision of services to underwriting entities. Although the Group owns a Lloyd's corporate member which participated on syndicates at Lloyd's, it has not followed FRS 103 "Insurance Contracts" as the underwriting participations are a small part of the Group's activities.

The group financial statements consolidate the financial statements of White Bear Capital Limited drawn up to 31 December 2019. Details of its subsidiaries are set out in Note 12.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included either its own statement of comprehensive income or its own statement of cash flows and related notes in these financial statements. The parent company's loss for the twelve month financial period was £215,000 (December 2018 loss for the six month financial period was £11,000).

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

These financial statements have been prepared for the year ended 31 December 2019. The comparative period ended 31 December 2018 is for six months.

- (a) The financial statements have been prepared on a going concern basis. The Directors' assessment of the going concern basis is discussed in the Directors' Report under the heading 'Going Concern Basis'.
- (b) All financial statements are presented in Pounds Sterling (£), being the functional and presentational currency of the Company.
- (c) Turnover includes override fees charged to Names that participated on Syndicate 5886 and fees charged to Syndicate 5886 for the provision of goods and services. The override fees are recognised when the fees are considered certain which is at the earlier of the amounts received or at 31 December when the Syndicate list for the following year of account has been signed by the Names. Fees charged for the provision of goods and services are recognised at the same time as when the expense which is to be recharged to the Syndicate has been recognised.
- (d) Expenses are recognised on an accruals basis.
- (e) Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Continued

2. Basis of preparation and summary of significant accounting policies (continued)

- (f) Intangible assets are in respect of goodwill arising on the acquisition of subsidiaries. Goodwill is not amortised but is tested for impairment annually. Where the purchase price of a subsidiary is less than the net assets acquired, this gives rise to negative goodwill which is adjusted for subsequent changes in value in future years.
- (g) Depreciation is charged on all fixed assets held so the original cost is written down to the estimated residual value over the period of their estimated useful economic lives. The depreciation is calculated over the following periods:
- Leasehold premises - length of lease
 - Furniture, fixtures and fittings - 5 years
 - Computer and IT equipment - 3 years
- Fixed assets include assets purchased under finance leases and the liability under the finance lease is shown within creditors.
- (h) Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference.

- (i) The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

- (j) Short term debtors are measured at transaction price, less any impairment. Short term creditors are measured at the transaction price.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

As referred to under the Statement of Directors' Responsibilities, the Directors are responsible for preparing the financial statements and are required to make judgements and estimates that are reasonable and prudent. These are considered to be adequately disclosed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

4. Turnover	Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
Turnover comprises:		
Overrider fees	2,106	1,953
Fees charged for provision of goods and services	9,803	4,143
Consortium fees	197	14
	<u>12,106</u>	<u>6,110</u>

All turnover arises from business conducted in the United Kingdom.

5. Interest receivable and similar income	Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
Bank interest receivable	<u>1</u>	<u>1</u>

6. Operating profit	Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
Operating profit is stated after charging:		
<i>Group</i>		
Depreciation of fixed assets	291	41
Operating lease	632	316
Auditor's remuneration for audit services	28	13
Auditor's remuneration for tax compliance services	19	9
<i>Company</i>		
Auditor's remuneration for audit services	6	3
Auditor's remuneration for tax compliance services	4	4

The Company has borne the audit and tax compliance fees for its subsidiary, White Bear Managers Ltd, in the year. These were £3,000 and £1,000 respectively.

A proportion of the depreciation and operating lease are recharged to Syndicate 5886 and included within turnover in Note 4.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

7. Directors' emoluments

Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
--	---

The emoluments and benefits of the Directors of the Company were:

Executive Directors

Remuneration	450	225
Pension contributions	-	-
Other benefits	7	4
	<u>457</u>	<u>229</u>

Twelve Months Ended 31 December 2019 No.	Six Months Ended 31 December 2018 No.
--	---

Number of Directors that are members of a defined contribution scheme	-	-
---	---	---

Highest paid Director

Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
--	---

The emoluments of the highest paid director were:

Aggregate emoluments and benefits (excluding any amounts in respect of contribution to pension schemes)	229	113
Amounts in respect of contributions to pension schemes	-	-
	<u>229</u>	<u>113</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

8. Employee information	Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
Employment costs (including Directors):		
Wages and salaries	6,374	2,961
Employer's N.I. contributions	807	373
Employer's pension contributions	572	264
	<u>7,753</u>	<u>3,598</u>

A defined contribution scheme is in operation. Contributions are made by the Group and the employee is able to voluntarily make their own contributions to the scheme as well. Pension costs are fully expensed to the statement of comprehensive income as they become due.

The monthly average number of persons working directly for the Group, including executive Directors, during the period was:

	Twelve Months Ended 31 December 2019 No.	Six Months Ended 31 December 2018 No.
Management	5	5
Underwriting and Claims	20	18
Operations and Administration	29	27
	<u>54</u>	<u>50</u>

The number of staff employed by the Group at 31 December 2019 was 57 (comprising 5 Management, 20 Underwriting and Claims and 32 Operations and Administration).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

9. Taxation

Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
--	---

The tax charge is based on the profit for the financial period and represents:

Current tax

UK Corporation tax	26	199
Adjustments in respect of previous periods	4	7
Total current tax	30	206

Deferred tax

Origination and reversal of timing differences (see note 16)	43	(5)
Adjustments in respect of previous periods	(3)	31
Total deferred tax charge	40	26
Total tax on profit on ordinary activities	70	232

Factors affecting the tax charge for the financial period are set out below:

Twelve Months Ended 31 December 2019 £'000	Six Months Ended 31 December 2018 £'000
--	---

Profit on ordinary activities before tax	177	1,018
Current tax at the standard rate in the UK of 19%	34	194

Effects of:

Capital allowances (higher)/lower than depreciation	(52)	5
Movement in deferred tax at balance sheet rate	52	(5)
Expenses not deductible for tax purposes	44	-
Change in tax rates	(9)	-
Adjustment in respect of previous periods	1	38
	70	232

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

10. Fixed assets

	Leasehold premises	Furniture, fixtures & fittings	Computer & IT equipment	Total
Cost	£'000	£'000	£'000	£'000
At 31 December 2018	211	77	143	431
Additions	-	3	721	724
Disposals	-	-	-	-
At 31 December 2019	211	80	864	1,155
Depreciation	£'000	£'000	£'000	£'000
At 31 December 2018	35	19	45	99
Charged in the period	28	15	248	291
Disposals	-	-	-	-
At 31 December 2019	63	34	293	390
Net book value	£'000	£'000	£'000	£'000
At 31 December 2018	176	58	98	332
At 31 December 2019	148	46	571	765

The cost of computer & IT equipment includes £224,000 purchased under finance lease arrangements of which £61,000 was depreciated in the year.

Continued

11. Intangible assets

On 21 November 2019, White Bear Capital Limited acquired Nameco (No. 1036) Limited, a Lloyd's corporate member. On 6 January 2020, the name of Nameco (No. 1036) Limited was changed to White Bear Corporate Capital Limited. The acquisition gave rise to goodwill as follows:

	£'000
Consideration paid as cash	50
Net assets acquired	(80)
	<u>(30)</u>

The net assets of White Bear Corporate Capital Limited consisted of:

	£'000
Cash	10
Deferred tax	3
Other debtors	241
Prepayments and accrued income	2
Corporation tax payable	(24)
Net assets of participation on syndicates	(40)
Other creditors	(79)
Accruals and deferred income	(33)
Net assets	<u>80</u>

By virtue of its participation of syndicates at Lloyd's, White Bear Corporate Capital Limited's balance sheet at the date of acquisition included assets and liabilities in relation to its share of those syndicates. This information is only made available at 31 December of each year and, accordingly, no such information is available as at the date of acquisition. However, White Bear Corporate Capital Limited's share of the assets and liabilities of the syndicates are not considered material to the Group and, given the close proximity of the acquisition date to 31 December, the net assets of its share of the syndicates set out above are assumed to be the same as at 31 December 2019.

The difference between the proceeds and the net assets acquired is shown as Goodwill. This goodwill is negative as the price paid for the business was lower than the sum of the net assets acquired. The net assets of the participation on syndicates is still subject to some uncertainty as the syndicates are still on risk until 31 December 2021. Although the estimate of the net assets acquired is considered to be conservative, the underwriting results will be monitored and the goodwill could be subject to revision in the next two years. However, once the 2019 year of account has closed at 31 December 2021, any negative goodwill remaining will be released to the Group's retained profits.

WHITE BEAR CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

12. Investments	Consolidated 31 December 2019 £'000	Consolidated 31 December 2018 £'000	Company 31 December 2019 £'000	Company 31 December 2018 £'000
Investment in subsidiaries	-	-	<u>75</u>	<u>-</u>

At 31 December 2019, the Group and Company had interests in the following subsidiaries:

Subsidiaries	Type of share held	Proportion held (%)	Country of Incorporation	Nature of business
Blenheim Underwriting Ltd	Ordinary	100%	UK	Appointed representative of a Lloyd's managing agent
White Bear Corporate Services	Ordinary	100%	UK	Payroll service company
White Bear Managers	Ordinary	100%	UK	FCA registered MGA
White Bear Corporate Capital	Ordinary	100%	UK	Lloyd's corporate member

The registered office for all subsidiaries is at 7th Floor, 70 Mark Lane, London, EC3R 7NQ.

13. Group underwriting participations

As noted in the Accounting policies, the Directors consider the principal activity of the Group to be the provision of services to underwriting entities and has not followed FRS 103 "Insurance Contracts" as the underwriting participations of the Group's corporate member are a small part of the Group's activities. A summary of the assets and liabilities of the Group's underwriting participations is as follows:

	31 December 2019 £'000
Investments	309
Reinsurers' share of technical provisions	173
Debtors	153
Cash and other assets	45
Prepayments and accrued income	73
Gross technical provisions	(657)
Creditors	(87)
Accruals and deferred income	(9)
	<u>-</u>

There are no comparative figures shown above as White Bear Corporate Capital Limited was acquired by the Group in November 2019.

Continued

14. Debtors

Amounts falling due within one year:

	Consolidated	Consolidated	Company	Company
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	5,699	5,565	-	-
Other debtors	124	53	-	-
Corporation tax	-	-	1	-
Prepayments	1,173	877	111	-
Accrued Income	3,481	2,738	-	-
Amounts owed by subsidiaries	-	-	170	865
	<u>10,477</u>	<u>9,233</u>	<u>282</u>	<u>865</u>

Amounts falling due after one year:

	Consolidated	Consolidated	Company	Company
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts owed by subsidiaries	-	-	100	-
	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>

Amounts owed by subsidiaries includes a £100,000 subordinated loan with White Bear Managers Ltd.

Trade debtors includes balances owed by Syndicate 5886 and amounts due in respect of override fees.

15. Cash

	Consolidated	Consolidated	Company	Company
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cash within Funds at Lloyd's	505	-	505	-
Cash freely available for use	2,925	3,038	70	98
	<u>3,430</u>	<u>3,038</u>	<u>575</u>	<u>98</u>

Cash within Funds at Lloyd's is restricted and not freely available to the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

16. Creditors

Amounts falling due within one year:

	Consolidated	Consolidated	Company	Company
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Taxation and social security	296	259	-	-
Trade creditors	666	34	6	-
Corporation tax	50	239	-	-
Deferred tax	99	61	-	-
Finance lease creditors	75	-	-	-
Other creditors	-	-	-	-
Accruals and deferred income	2,781	1,697	126	14
	<u>3,967</u>	<u>2,290</u>	<u>132</u>	<u>14</u>

Amounts falling due after one year:

	Consolidated	Consolidated	Company	Company
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Finance lease creditors	89	-	-	-
	<u>89</u>	<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax relates to accelerated capital allowances. The movement in the year consists of the charge as set out in Note 9 and £4,000 of deferred tax balances of White Bear Corporate Capital Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

17. Called up share capital and share premium	31 December 2019 £'000	31 December 2018 £'000
Called up, allocated and fully paid:		
800 A Ordinary Shares of £0.01 each	-	-
100 B Ordinary Shares of £0.01 each	-	-
1,605 Ordinary Shares of £0.01 each	-	-
	<hr/>	<hr/>
	-	-

On 1 July 2017, the Company had 200 Ordinary shares of £0.01 each in issue.

On 6 July 2017, the Company issued 800 A Ordinary shares, as a new share class, which were acquired by Nephila Holdings Ltd, a related party for a consideration of £200,000. The allocation of the 800 A Ordinary Shares represent 20% of the voting and economic rights of the Company.

On 2 October 2017, the Company issued 100 B Ordinary shares, as a new share class, which were acquired by Estera Trust (Jersey) Ltd as trustee of the White Bear Capital Employee Benefit Trust for a consideration of £1. The allocation of the B Ordinary Shares represents 2% of the economic rights of the Company but have no voting rights.

On 16 November 2017, the Company issued an additional 1,140 Ordinary Shares which were acquired by employees of the White Bear Capital Limited group for a consideration of £248,520.

On 28 February 2019, the Company issued a further 265 Ordinary Shares which were acquired by employees of the White Bear Capital Limited Group for a consideration of £168,699. The total allocation of Ordinary Shares at 31 December 2018 was 1,340 which represented 80% of the voting rights and 78% of the economic rights of the Company.

Since year end, the Company issued a further 380 Ordinary Shares. The total allocation of Ordinary Shares is now at 1,985 which represents 80% of the voting rights and 78% of the economic rights of the company.

Any profits available for distribution may be distributed amongst the holders of the Ordinary Shares, the A Ordinary Shares and the B Ordinary shares in the amounts as recommended by the Board pro rata and pari passu to the number of shares held as if the same constituted one class of share, subject to the A Ordinary Shares, as a class, receiving 20% in aggregate of each distribution made, and the B Ordinary Shares, as a class, receiving 2%.

18. Capital commitments

The Group had capital commitments for computer hardware of £nil at 31 December 2019 (31 December 2018: £454,000).

Continued

19. Lease commitments

The Group's subsidiary, Blenheim Underwriting Limited, has entered into a sub-lease agreement to rent offices. Under this agreement, the lease runs to March 2030, although there is an option for the tenant to break the agreement in March 2025. The lessor also has an option to break the agreement in March 2025 but only if Blenheim Underwriting Limited fails certain prescribed financial tests.

The agreement includes an initial 31 month rent-free period at the start of the lease and a further 6 month rent free period from March 2025 if the break is not operated. The total commitment under this operating lease is £8,347,000.

At 31 December 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Consolidated	Consolidated	Company	Company
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Within 1 year	628	-	-	-
2 to 5 years	3,545	2,400	-	-
Over 5 years	4,174	5,947	-	-
	<u>8,347</u>	<u>8,347</u>	<u>-</u>	<u>-</u>

The Company has entered into a finance lease agreement in respect of some computer and IT equipment. The total commitment under this finance lease is £224,000).

At 31 December 2019 the Company had future minimum lease payments under non-cancellable finance leases as follows:

	31 December	31 December
	2019	2018
	£'000	£'000
Within 1 year	74	-
2 to 5 years	89	-
	<u>163</u>	<u>-</u>

Continued

20. Related party transactions

Key Management Personnel

The executive directors of White Bear Capital Limited are considered to be the Key Management Personnel of White Bear Capital Limited and the White Bear Capital Limited Group. Details of their remuneration is set out in Note 7.

Ownership and related parties

The Company does not have a parent undertaking and the Directors consider that there is no ultimate controlling party.

As set out in Note 17, since 6 July 2017, Nephila Holdings Ltd own a 20% shareholding in White Bear Capital Limited. Nephila Holdings Ltd wholly owns Nephila 2357 Limited. Adam Beatty, a director of Nephila 2357 Limited, is a non-executive director of White Bear Capital Limited.

Nephila 2357 Limited, a Name participating on 29.4% of Syndicate 5886 for the 2020 Year of Account (34.2% for 2019 Year of Account) and whom Blenheim Underwriting Limited recognised overrider fees in the twelve month financial year to 31 December 2019 of £9,761 (six month financial period to 31 December 2018 £9,759) by virtue of their participation on the Syndicate. No amounts were outstanding at the period end.

Employee Share Ownership Trust

As set out in Note 17, Estera Trust (Jersey) Ltd as trustee of the White Bear Capital Employee Benefit Trust owned 100 B Ordinary shares. All employees of the White Bear Capital Limited Group are potential beneficiaries, including Messrs Lynch and Scales. Estera Trust (Jersey) Ltd received fees of £4,525 from the Group during the year.

21. Post balance sheet events

In September 2020 the Group issued a further 380 ordinary shares to employees of the Group. Further details are set out in Note 17. In addition, the Group announced that it entered into an agreement with Alchemy Partners whereby Alchemy Partners will invest £80m into the group in exchange for shares. As part of this agreement the share capital of the Group will be restructured and the White Bear Capital Employee Benefit Trust will increase its holdings in the Group. The investment from Alchemy Partners is intended to be used for working capital and to increase the underwriting participation on Syndicate 5886.

Since the start of 2020, there has been an outbreak of the Coronavirus, Covid19 which has led to significant restrictions on people, business, goods and services. This has had some limited impact on the Group as set out in the Strategic Report on page 6. The Directors have determined that there is no material uncertainty on the Group's ability to continue as a going concern. The Directors continue to monitor the insurance, operational and economic risks arising with the outbreak and the subsequent restrictions in place.