

Company Registration No. 07249776

Allied World Managing Agency Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2019



ALLIED WORLD MANAGING AGENCY LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS

Directors and other information	1
Strategic report	2-4
Directors' report	5-6
Statement of directors' responsibilities	7
Independent auditor's report	8-9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of accounting policies	13-14
Notes to the financial statements	15-18

ALLIED WORLD MANAGING AGENCY LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

J Evans (Non-Executive Chairman) (Resigned 13 February 2020)
J Redmond (Non-Executive Chairman) (Appointed 13 February 2020)
N Macmillan (Non-Executive)
E Moresco
N Lightbown (Resigned 31 December 2019)
M O'Leary
D Powell
D Russell (Resigned 31 March 2019)
S Shah (Resigned 31 January 2020)

SECRETARY

S O'Riordan

REGISTERED OFFICE

20 Fenchurch Street,
19th Floor,
London,
EC3M 3BY,
United Kingdom

BANKERS

Citibank, N.A.
Citigroup Centre,
Canada Square,
Canary Wharf,
London E14 5LB,
United Kingdom

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants,
7 More London Riverside,
London,
SE1 2RT,
United Kingdom

ALLIED WORLD MANAGING AGENCY LIMITED

STRATEGIC REPORT

The strategic report of Allied World Managing Agency Limited ("the Company") is set out below.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company is a Lloyd's managing agent and is approved by Lloyd's of London ("Lloyd's") and authorized and regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). The Company is the Lloyd's managing agent of Lloyd's Syndicate 2232 of which Allied World Capital (Europe) Limited is the sole corporate member and capital provider. The share capital of the Company complies with the requirements of Lloyd's and the PRA.

The company is required to satisfy three solvency tests as a condition of it being an authorised Lloyd's managing agent. The company complied with the solvency tests for minimum fixed capital, net current assets and net total assets, reporting solvency surpluses for each test throughout 2019.

Allied World Syndicate Services (Singapore) Pte. Ltd, a wholly-owned subsidiary of the Company, provides underwriting services to Syndicate 2232 through the Lloyd's Asia (Singapore) platform.

Allied World Syndicate Services (Bermuda), Ltd, a wholly-owned subsidiary of the Company, provides underwriting services to Syndicate 2232.

During 2019, Syndicate 2232 commenced underwriting a bespoke class of business, which had been previously underwritten by Lloyd's Syndicate 780 ("S780") under the management of Advent Underwriting Limited ("Advent"), a subsidiary of Fairfax Financial Holdings Limited, which is also the ultimate parent of the Company. The portfolio is a mix of traditional coverages including trucking (FTC), non-target goods on trucking (MTC), terrorism (TRIA), and affinity products including credit card enhancements, mortgage impairment, auto-related and personal cyber.

Effective as of 1 January 2019, Syndicate 2232 is writing new and renewal European Union business through the Lloyd's Brussels subsidiary.

The principal activity of Syndicate 2232 is the transaction of general insurance and reinsurance business. Gross premium written for the year totalled \$280.0 million (2018: \$301.9 million). Net claims incurred for the year totalled \$139.1 million (2018: \$116.6 million). The net technical result for the year was a loss of \$27.5 million (2018: profit of \$2.2 million). The syndicate reported a combined ratio of 120.8% (2018: 101.0%). Major losses incurred by the Syndicate included 2019 pacific typhoon events (Lekima, Faxai and Hagibis). The Syndicate was impacted by loss reserve strengthening in relation to typhoon Jebi, reflecting the increased industry loss estimate during 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks relate to credit risk and operational risk and are summarized below. Management monitors the exposure to these risks ensuring appropriate measures are implemented in a timely and effective manner.

ALLIED WORLD MANAGING AGENCY LIMITED

STRATEGIC REPORT

CREDIT RISK

Credit risk is the risk of financial loss if another party fails to honour its financial obligations. In this instance credit risk arises in respect of debtor balances which are comprised solely of amounts due from Syndicate 2232 and other group undertakings. The Company monitors the debtor balances on an ongoing basis as well as the collectibility of the balance. It is considered that the current level of debt is acceptable.

OPERATIONAL RISK

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems. It also includes the legal risk that arises from failure to comply with relevant laws or regulations.

The Company has developed and implemented a risk reporting and risk governance system to ensure that effective risk management of operational risk is carried out and reported to the Board of Directors (the "Board").

The Company's ability to deliver its strategic objectives and plans is conditional on the continued availability of certain key resources necessary to support its essential business activities. A number of contingency plans are in place to mitigate any loss of key resources from disrupting the ongoing operations and business of Syndicate 2232.

The Company is required to comply with the requirements of Lloyd's and the FCA and the PRA.

Section 172(1) of the Companies Act 2006

The directors have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholder, and in doing so had regard, amongst other matters, to:

- The likely consequences of any decision in the long term, including the approval of business plans and strategies, which are also the subject of quantitative and qualitative assessment of risk relevant to such plans and strategies, *for example*, as part of their own risk and solvency assessment.
- The interests of the company's employees, including the approval of remuneration policies premised on the need to avoid incentivizing undesirable risk taking, and the maintenance of employee policies and procedures supporting the Company's objective of providing a working environment that is flexible and responsive to the needs of the Company and its employees. The Company also maintains policies and procedures in relation to employee welfare and training and development.
- The need to foster the Company's business relationships with suppliers, customers and others, including the approval of policies and strategies that set-out the standards by which such relationships shall be established, managed and administered, *for example*, the Company's Conduct Risk and Product Approval Policy and Conduct Risk Strategy, and Outsourcing Policy and related-procedures.
- The impact of the company's operations on the community and the environment, including charitable involvement and volunteer work, and managing our offices and operations to reduce the Company's carbon footprint.

ALLIED WORLD MANAGING AGENCY LIMITED

STRATEGIC REPORT

- The desirability of the company maintaining a reputation for high standards of business conduct, including the setting of standards of appropriate and ethical behavior for the conduct of business situations applicable to all directors, officers and employees, *for example*, the Code of Business Conduct and Ethics.
- The need to act fairly as between shareholders of the Company, of which there is a sole shareholder with which the Board enjoys effective and transparent communication.

Approved and signed on behalf of the Board



D Powell

Director

Date: 10 June 2020

ALLIED WORLD MANAGING AGENCY LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation for the year ended 31 December 2019, was \$831,857 (2018: profit of \$778,114). No dividend payment was proposed for the year (2018: Nil).

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

SUBSEQUENT EVENTS

The Company considers events or transactions that occur after the statement of financial position date but before the financial statements are approved by the Board to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. In early 2020, the Covid-19 outbreak was declared a global pandemic and has caused significant disruption to the global economy. Due to the continued ongoing nature of this global pandemic, the Company is unable to estimate the financial statement impact at this time. The Company is closely monitoring the developments and the potential impact on its business, operations and investments (e.g. asset prices, capital and liquidity positions, insurance exposures). Subsequent events have been evaluated up until May 14, 2020, the date that the financial statements were approved by the Board. It is the directors belief that the Covid-19 event does not alter the Company's ability to continue as a going concern.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have concluded that there are no material uncertainties which would cast significant doubt over the Company's ability to continue as a going concern. The Company will continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

ALLIED WORLD MANAGING AGENCY LIMITED

DIRECTORS' REPORT

INDEPENDENT AUDITOR

The independent auditors PricewaterhouseCoopers ("PwC"), Chartered Accountants and Statutory Audit Firm, have signified their willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

Approved and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'D Powell', written in a cursive style.

D Powell

Director

Date: 10 June 2020

ALLIED WORLD MANAGING AGENCY LIMITED

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware;
and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors' report to the members of Allied World Managing Agency Limited

Report on the audit of the financial statements

Opinion

In our opinion, Allied World Managing Agency Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



James Pearson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 June 2020

ALLIED WORLD MANAGING AGENCY LIMITED

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

	Note	2019 USD	2018 USD
TURNOVER		20,457,301	21,951,649
ADMINISTRATIVE EXPENSES		<u>(19,625,444)</u>	<u>(21,173,535)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	831,857	778,114
Tax (charge) on profit on ordinary activities	3	—	(660,738)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		<u>831,857</u>	<u>117,376</u>

All activities are derived from continuing operations. There is no other comprehensive income.

The accompanying notes on pages 15 to 18 form an integral part of these financial statements.

ALLIED WORLD MANAGING AGENCY LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Note	2019 USD	2018 USD
FIXED ASSETS			
Investment in subsidiary undertakings	4	100,001	100,001
CURRENT ASSETS			
Debtors	5	9,814,247	8,505,131
Cash at bank		671,886	1,233,375
Other assets	6	168,746	285,357
TOTAL CURRENT ASSETS		<u>10,654,879</u>	<u>10,023,863</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	7	4,457,285	4,636,015
Other creditors	8	670,365	692,476
TOTAL CURRENT LIABILITIES		<u>5,127,650</u>	<u>5,328,491</u>
NET CURRENT ASSETS		<u>5,527,229</u>	<u>4,695,372</u>
NET ASSETS		<u>5,627,230</u>	<u>4,795,373</u>
CAPITAL AND RESERVES			
Called up share capital	9	166	166
Share premium and additional paid in capital	10	4,082,829	4,082,829
Profit and loss account		1,544,235	712,378
TOTAL EQUITY AND SHAREHOLDER'S FUNDS	11	<u>5,627,230</u>	<u>4,795,373</u>

The notes on pages 15 to 18 form an integral part of these financial statements.

These financial statements were approved by the Board of Allied World Managing Agency Limited. Company Registration No. 07249776

Signed on behalf of the Board



M O'Leary

Director

Date: 10 June 2020

ALLIED WORLD MANAGING AGENCY LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called-up share capital USD	Share premium and additional paid in capital USD	Profit and loss account USD	Total USD
At 1st January 2018	166	4,082,829	595,002	4,677,997
Profit for the year	—	—	117,376	117,376
At 31st December 2018	166	4,082,829	712,378	4,795,373
Profit for the year	—	—	831,857	831,857
At 31st December 2019	166	4,082,829	1,544,235	5,627,230

ALLIED WORLD MANAGING AGENCY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF ACCOUNTING POLICIES

PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies adopted by the Company are as follows:

BASIS OF PRESENTATION

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements for the year ended 31 December 2019 are completed in accordance with FRS 102. The Company has taken advantage of the exemptions available under FRS 102 not to disclose a "Statement of Cash Flows". The Company is not required to prepare consolidated financial statements by virtue of exemption under section 401 of the Companies Act 2006. The results of the Company are included within the consolidated financial statements of its ultimate parent company, Fairfax Financial Holdings Limited.

The directors have a reasonable expectation that the Company will continue in operational existence for twelve months from the date of approval of these financial statements ('the period of assessment') and have prepared the financial statements on a going concern basis. In making this assessment the directors considered the potential impact of Covid-19 on the Company's business over the period of assessment – see note 13, subsequent events.

TURNOVER

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Turnover is accounted for on an accrual basis and represents amounts charged for the year to Syndicate 2232 on a cost plus 5% basis. Turnover is derived wholly from the United Kingdom.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the statement of financial position date, and revenues, costs and non-monetary assets at the exchange rates ruling at the dates of the transactions. Profits and losses arising from foreign currency translation and on settlement of amounts receivable and payable in foreign currencies are dealt with through the statement of comprehensive income. Monetary assets are defined as cash or securities held and amounts to be received in cash; all other assets are non-monetary assets.

TAXATION

The charge for the Company is based on the result for the year. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date. Deferred tax is not recognised on permanent differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

ALLIED WORLD MANAGING AGENCY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF ACCOUNTING POLICIES

SHARE-BASED PAYMENTS

The Company recognizes equity-settled share-based payments at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value of Restricted Stock Units ("RSU's") is based on the closing market value at the date of grant. The equity settled share-based payments expense and the accelerated vesting expense are included in the "Administrative expenses" line of the statement of comprehensive income. As a qualifying entity under FRS 102 section 1.9, the Company has elected to avail of the disclosure exemptions in section 1.12 (d) regarding share-based payments.

RELATED PARTY TRANSACTIONS AND CASHFLOW STATEMENT

Transactions with other wholly-owned companies within the group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard 102 (Related Party Disclosures), on the basis that the consolidated financial statements of Fairfax Financial Holdings Limited are publicly available. Additionally, the Company has not prepared a cashflow statement, as the Company is a 100% owned subsidiary of its ultimate parent company whose group financial statements are publicly available.

INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiaries are stated on the Company's statement of financial position at cost, less provision for any impairment in value based on an annual assessment. Any impairment is charged to the statement of comprehensive income.

REPORTING CURRENCY

The financial statements are prepared in USD, its functional currency. This is the currency of the Company's primary economic activity.

ALLIED WORLD MANAGING AGENCY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2019	2018
	USD	USD
Profit on ordinary activities before taxation after charging:		
Foreign exchange loss	2,724	55,113
Audit fees: audit of company financial statements	16,605	13,968
Audit fees: other services pursuant to legislation	8,941	6,424
	<u>28,270</u>	<u>75,505</u>

Other services pursuant to legislation include fees for the year-end audit of the AF1.

2. STAFF COSTS AND DIRECTORS EMOLUMENTS

There are nine employees employed by the Company (2018: eleven), two of whom are executive directors (2018: three). There are two non-executive directors (2018: two). There are three executive directors employed by other group companies, (2018: three), who receive no compensation from the Company.

The total compensation of the executive directors employed by the Company in 2019 was \$745,002 (2018: \$1,045,319). The non-executive directors total cost in 2019 was \$141,603 (2018: \$154,169). The highest paid executive directors total cost in 2019 was \$443,285 (2018: \$470,274).

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2019	2018
	USD	USD
UK Corporation tax charge	—	159,750
Deferred tax charge	—	500,988
Total tax charge to the profit and loss	<u>—</u>	<u>660,738</u>
Factors affecting the current tax charge for the year		
Profit on ordinary activities before tax	831,857	778,114
Corporation tax charge at the standard rate of 19% (2018: 19%)	158,053	147,842
Effects of:		
Group tax relief available	(158,053)	(147,842)
Prior year tax adjustment	—	159,750
Current tax charge for the year	<u>—</u>	<u>159,750</u>
Factors affecting the deferred tax charge for the year		
Effects of:		
Release of prior year deferred tax asset	—	500,988
	<u>—</u>	<u>500,988</u>

Deferred tax reflects the tax impact of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. The profit on ordinary activities before taxation for the year ended 31 December 2019, was \$831,857.

ALLIED WORLD MANAGING AGENCY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	2019	2018
	USD	USD
Authorised		
At 1 January:	100,001	100,001
At 31 December:	<u>100,001</u>	<u>100,001</u>

The Company owns 100% of the companies listed below:

Subsidiary	Principal Activity	Registered In
Allied World Syndicate Services (Singapore) Pte. Ltd. 138 Market Street #05-02 Capita Green Singapore (048946)	Service company	Singapore
Allied World Syndicate Services (Bermuda), Ltd. 27 Richmond Road Pembroke HM08 Bermuda	Service company	Bermuda

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	USD	USD
Amount due from managed syndicate	9,789,923	8,496,751
Amounts due from group undertakings	24,324	8,380
	<u>9,814,247</u>	<u>8,505,131</u>

6. OTHER ASSETS

	2019	2018
	USD	USD
Other prepayments	53,810	60,059
Indirect taxes recoverable	106,872	223,740
Employee loans	8,064	1,557
	<u>168,746</u>	<u>285,356</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	USD	USD
Amounts due to group undertakings	4,457,285	4,636,015
	<u>4,457,285</u>	<u>4,636,015</u>

No interest was paid or accruing on monies owed to group undertakings during the year. These balances are repayable on demand and have no fixed repayment period.

ALLIED WORLD MANAGING AGENCY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER CREDITORS

	2019	2018
	USD	USD
Accruals	621,093	404,323
Other creditors	49,272	288,153
	<u>670,365</u>	<u>692,476</u>

9. CALLED UP SHARE CAPITAL

	2019	2018
	USD	USD
Authorised		
At 1 January: 100 (2018:100) ordinary share of GBP 1 each	166	166
At 31 December: 100 (2018:100) ordinary shares of GBP 1 each	<u>166</u>	<u>166</u>
Called up, allotted and fully paid		
At 1 January: 100 (2018:100) ordinary share of GBP 1 each	166	166
At 31 December: 100 (2018:100) ordinary shares of GBP 1 each	<u>166</u>	<u>166</u>

10. SHARE PREMIUM AND ADDITIONAL PAID IN CAPITAL

	2019	2018
	USD	USD
At 1 January	4,082,829	4,082,829
At 31 December	<u>4,082,829</u>	<u>4,082,829</u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2019	2018
	USD	USD
Opening shareholder's funds	4,795,373	4,677,997
Profit after tax	831,857	117,376
Closing shareholder's funds	<u>5,627,230</u>	<u>4,795,373</u>

12. CONTINGENT LIABILITIES

There are no known contingent liabilities for the Company.

ALLIED WORLD MANAGING AGENCY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2019

NOTES TO THE FINANCIAL STATEMENTS

13. SUBSEQUENT EVENTS

The Company considers events or transactions that occur after the statement of financial position date but before the financial statements are approved by the Board to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. In early 2020, the Covid-19 outbreak was declared a global pandemic and has caused significant disruption to the global economy. Due to the continued ongoing nature of this global pandemic, the Company is unable to estimate the financial statement impact at this time. The Company is closely monitoring the developments and the potential impact on its business, operations and investments (e.g. asset prices, capital and liquidity positions, insurance exposures). Subsequent events have been evaluated up until May 14, 2020, the date that the financial statements were approved by the Board.

FRS102 defines an adjusting event as an event that provides evidence of conditions that existed at the reporting date. A non-adjusting event indicates conditions that arose after the reporting date.

The situation as at 31 December, 2019 was that a limited number of cases of an unknown virus had been reported to the World Health Organisation (“WHO”). There was no explicit evidence of human-to-human transmission at that date. These are the conditions that existed at 31 December, 2019. The subsequent spread of the virus and its identification as the Covid-19 pandemic by the WHO does not provide additional evidence about the situation that existed at 31 December, 2019, and it is therefore a non-adjusting event.

As Covid-19 is a non-adjusting event, its post year end impact has not been taken account of in the recognition and measurement of the Company’s assets or liabilities at 31 December, 2019, and does not alter the directors belief of the Company’s ability to continue as a going concern.

14. PARENT COMPANY DETAILS

The immediate holding company is Allied World Europe Holdings, Ltd, which is incorporated in Bermuda.

The ultimate holding company, controlling party and the largest group for which consolidated financial statements are prepared is Fairfax Financial Holdings Limited, a company registered in Canada.

Consolidated group financial statements are available from Fairfax Financial Holdings Limited, 95 Wellington Street West, Suite 800, Toronto, Canada.