UK DEFENCE CLUB

Above & Beyond

The United Kingdom Freight Demurrage and Defence Insurance (Europe) Ltd
Report and Financial Statements for the year ended 20 February 2024

UKDC
IS MANAGED
BY **THOMAS**
MILLER

Contents

Board of Directors and Other Officers

Board of Directors

Petros Pappas
Daniel John Evans
Michael G. Pateras (resigned on 17 November 2023)
Polys Hajioannou
George Mouskas
Maria Savva

Company Secretary
Cyproman Services Ltd

Independent Auditors
Ernst & Young Cyprus Limited
Jean Nouvel Tower
6 Stasinou Avenue
1060 Nicosia
Cyprus

Registered Office
37 Theklas Lysioti
Gemini House, Flat 202
3030 Limassol
Cyprus

Bankers
Citibank Europe Plc (Netherlands)

Registration Number
HE399596

Website
www.ukdefence.com

Management Report

The Board of Directors presents its report and audited financial statements of The United Kingdom Freight Demurrage and Defence Insurance (Europe) Ltd ("the Company") for the year ended 20 February 2024.

Principal activities and nature of operations of the Company
The Company was incorporated in Cyprus on 4 July 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. The Company is a 100% subsidiary of The United Kingdom Freight Demurrage and Defence Association Limited, registered in the United Kingdom.

The Company's principal activity, which is unchanged from last year, is the provision of insurance to its policyholders against legal costs and expenses relating to the operation of ships entered with the Company as defined in the Rules of the Company. The Company underwrites insurance of policyholders mainly situated in a European Economic Area state and of few policyholders who are situated in third countries.

The Company was licensed under Article 14 of the Insurance and Reinsurance Services and Other Related Issues Laws of 2016-2017 on 19th June 2020..

Review of current position, future developments and performance of the Company's business
The financial position, development and performance of the Company as presented in these financial statements was satisfactory and in line with expectations.

The Company has applied the IFRS 17 – Insurance Contracts - reporting standard for the first time as of 21 February 2023, meaning that the financial statements for the year ended 20 February 2024 are the first in which the Company applies this accounting standard. Under the IFRS 17 model, insurance contract liabilities are calculated as the present value of future insurance cash flows with the provision for a risk adjustment. The Company has set up the systems and processes to report in accordance with the provisions of IFRS 17. The Company meets the criteria to apply the simplified model. IFRS 17 also requires analysis at a more detailed level than previous accounting standards.

The Company's insurance revenue amounted to UK£2,640,728 in 2024 (2023 (restated): UK£2,558,987) and net insurance service expense amounted to UK£1,122,007 (2023 (restated): UK£1,304,903).

The Company earned a profit of UK162,656 (2023 (restated): UK£78,696) which met the Company's expectations for the year.

The Company's insurance contract liabilities amounted to UK£2,228,138 as at 20 February 2024 (2023 (restated): UK£2,020,041).

Shareholders' equity amounted to UK£3,3,905,837 as at 20 February 2024 (2023 (restated): UK£3,743,181).

Principal risks and uncertainties
The Company's approach to financial and insurance risk management and a review of the principal risks is disclosed in Note 5 of the financial statements, which includes the financial risks on climate change. The principal risks are considered to be currency risk, insurance risk and credit risk of reinsurance arrangements, the mitigation of which is further discussed in Note 5 of the financial statements. In addition to the risks discussed in Note 5 of the financial statements, the Board of the Company has identified Cyber risk and the failure of IT system security as additional key risks that the Company faces. These risks, and their respective controls, are monitored by the Company's Board through the regular review of the business risk log.

Future developments of the Company
The Board of Directors monitors the international economic developments and assesses the needs for strategic changes to ensure financial and operational development for the Company.

The Company follows qualitative assessment in accepting risks and increasing turnover. Also, the Company utilizes technology that simplifies procedures and is aimed at reducing the cost of servicing its contracts. The ultimate goal is the continuous improvement of the level of service it offers.

Future developments of the Company (continued)
The Board of Directors does not expect any other significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future. The Company will maintain the current strategy for its business in future years and anticipates retaining market share whilst adding to its Membership subject to its underwriting discipline.

Results and dividends
The Company's results for the year are set out on page 14. The Board of Directors does not recommend the payment of a dividend and net profit for the year is retained.

Share capital
There were no changes in the share capital of the Company.

Corporate Governance
The Company recognises the importance of implementing sound corporate governance policies, practices and procedures. The Company has introduced the appropriate corporate governance practices from the inception and implemented a corporate structure that provides effective oversight, direction and management of the business in compliance with all relevant local and international business laws that apply.

The Board of Directors and the Audit, Regulatory and Risk Committee are suitably composed by Directors having the appropriate background and experience and following their respective fully approved charters of operation. The Audit Regulatory and Risk Committee ("AR&R Committee") is comprised of Non-Executive and Independent Directors.

Operating environment of the Company
Russia – Ukraine conflict
On 24 February 2022, Russian troops started invading Ukraine. In response, multiple jurisdictions have imposed economic sanctions on Russia. This war has increasingly affected economic and global markets and continues to pose ongoing challenges to the global landscape. Whilst the Company does not have a physical presence in Russia or Ukraine, it has seen a rise in claims cost as a result of the conflict. This has mainly been driven by sanctions related risks. The European Union, the United Kingdom and the United States of America (amongst others) have imposed a number of financial and trade sanctions. The Company continues to keep the position under review and ensures compliance with the changing sanction measures whilst acting for the benefit of the Group's overall Membership.

Israel - Gaza conflict
The Israel-Gaza conflict has escalated significantly since the major attack by Hamas on 7th October 2023. This has triggered further instability in the Middle East region with Lebanon and Iran entering conflict. Whilst the Company is not directly exposed to the above events, there is a potential risk of increased claims in terms of both numbers and amounts. The Management monitors the developments closely in order to take appropriate action when and if necessary and provide support to the Association in the area and support the Association's Membership. Further, the Company is likely to be affected by the overall economic uncertainty and negative effects on the global economy and major financial markets resulting from the war.

Red Sea transits
The Company had received a number of queries from Members following the escalation of Houthi attacks on ships transiting the Southern Red Sea. Those queries have primarily concerned clarification around whether certain war risk provisions had been triggered such that an owner could refuse to transit the area.

Various queries have arisen over the intervening months and it would appear that the majority of Members have been able to reach an agreement with their contractual counterparties. It is difficult to anticipate how many of these matters have the potential to develop into disputes, however management continues to monitor the issue through risk and claims processes. As the conflict has progressed enquiries have reduced as more Owners and their charterers take the decision not to transit the area.

Climate change
Financial risks arising from climate change is a key area of focus for regulators. The Company has appointed the Risk Officer as the Senior Management Function holder with the responsibility for identifying and managing exposures from climate change and ensuring that the regulator's expectations are met.

Operating environment of the Company

Climate change (continued)

The continuing emergence of different elements of climate change is being monitored to assess whether and to what extent they might affect future exposure for the Company. The changes imposed on the shipping industry in order to reduce the industry's impact on the environment and climate change regulation developments have, or may have, an impact on Members' existing business models. In turn, this could impact the Company's business model. The Company is likely to be most impacted during the period of adjustment whilst the industry tries to address new environmental regulations.

The Company has considered climate change risk as a risk that manifests through the established principal risks and cascades through the various functions of the Company (underwriting, credit, operational and financial). As such additional procedures and controls as well as updates in the existing mitigating controls have been introduced, in order to ensure that climate changes risks are identified, measured, monitored and managed, against the risk appetite and business risk model. The Company is developing measures and stress tests to manage the potential risks arising from climate change. The Managers are implementing measures to reduce energy consumption, increase the scope of recycling within its office operations, and to raise awareness amongst employees of environmental responsibility and promote sustainable business.

Board of Directors

The members of the Company's Board of Directors as at 20 February 2023 and up to the date of this report are presented on page 4. Mr Pateras retired on 17 November 2023.

In accordance with the Company's Articles of Association all Directors presently members of the Board retire at the forthcoming Annual General Meeting and will be eligible for re-election.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

The Directors met three times during the year under review, in order to fulfil the general and specific responsibilities entrusted to them under the Memorandum and Articles of Association. At those meetings the Directors received and discussed written and oral reports and recommendations from the Managers on operational, performance, risk management and strategic matters.

Board Composition

Name	Position	Role
Daniel John Evans	Chief Executive Officer, Director	Executive Director
Petros Pappas	Non executive and Independent Director	AR&R Committee - Member
Michail Pateras	Non executive and Independent Director	AR&R Committee - Member
Polys Hajioannou	Non executive and Independent Director	AR&R Committee - Member
George Mouskas	Non executive and Independent Director	AR&R Committee - Member
Maria Savva	Chief Financial Officer, Risk Officer, Director	Executive Director

Events after the reporting date

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Branches

The Company did not operate through any branches during the year.

Independent Auditors

The Independent Auditors, Ernst & Young Cyprus Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Cyproman Services Ltd
Secretary

Nicosia, 28 May 2024

Independent Auditor’s Report

Report on the Audit of the Financial Statements To the members of the United Kingdom Freight Demurrage and Defence Insurance (Europe) Ltd

Opinion

We have audited the financial statements of The United Kingdom Freight Demurrage and Defence Insurance (Europe) Ltd (the “Company”) which are presented in pages 14 to 52 and comprise the statement of financial position as at 20 February 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows, for the year then ended, and notes to the financial statements, including a material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 20 February 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 remained independent of the Company throughout the period of our appointment in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report (continued)

Report on the Audit of the Financial Statements

<table>
<tr><th>Key Audit Matters</th><th>Audit Procedures to address the key audit matter</th></tr>
<tr><td colspan="2">Valuation of reported outstanding claims (LIC)</td></tr>
<tr><td>
The total amount of liabilities for incurred claims (LIC) as at the year ended 20 February 2024 amounts to €2.167 thousand. The total value of Liabilities for incurred claims (LIC) represents 92% of the Company's total liabilities.
The valuation of Liabilities for incurred claims ("LIC") is one of the areas that requires the exercise of significant judgment and assumptions by management. These include among others:

The assessment of claims and the potential amount of legal expenses that will be incurred throughout the process of claims settlement, that the outcome of claims will be similar to past claims with identical characteristics etc;
The assessment of the potential amount of claims relating to risks incurred but not yet reported to the Company;
The calculation of risk adjustment which is used to reflect the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts;
The assessment of the impact of time value of money relating to the expected future cash outflows associated with claims reserves.

Given the significance of the total amount of liabilities for incurred claims, the significant level of judgement exercised on behalf of the management, we consider this to be a risk of management override of controls over the valuation of liabilities for incurred claims and a key audit matter.
The Company's disclosures relating to liabilities for incurred claims and insurance risk are included in note 4.1, note 5 and note 14.
</td><td>
As part of our audit procedures in relation to the valuation of Liabilities for incurred claims (LIC) and considering the related risk of management override of controls over the liabilities for incurred claims, we have performed the below:

We have obtained an understanding and performed a walkthrough of the processes related to the calculation of liabilities for incurred claims. We have evaluated the design and tested the operating effectiveness of controls in these processes.
We inspected fee quotations obtained from experts assigned to each claim reported and read their assessment where available to assess the reasonableness of the assumptions used by claims handlers to estimate the development of claims and the effort and timing required to settle each claim selected for testing.
We have assessed the professional competence, capabilities and objectivity of the Company's actuarial specialist.
With the assistance of our actuarial experts, we have assessed the appropriateness of the methodology applied in the context of IFRS 17 requirements for the calculation of undiscounted best estimate liabilities.
With the assistance of our actuarial experts, we have assessed the reasonableness of key assumptions used by the Company's actuarial specialist such as the selection of development factors, similarity of past years claims development and loss ratios to future claims development through examining experience data provided by the Company's actuarial specialist.
With the assistance of our actuarial experts, we have tested whether the inputs used in calculating the undiscounted best estimate liabilities, are appropriate and performed a recalculation of the undiscounted best estimate liabilities in accordance with the Company's methodology.
With the assistance of our actuarial experts, we assessed the appropriateness of the methodology used to determine the payment patterns used in the reserving models developed by the Company's management.

</td></tr>
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Report on the Audit of the Financial Statements

Valuation of reported outstanding claims (continued)	
	▪ We have performed a back testing for the adequacy of the expected undiscounted future cash outflows from claims reported, by comparing payments made post year end to the reserve reported as at the year end. ▪ We have performed back testing to assess the adequacy and reasonableness of the technical reserves included in undiscounted best estimate liabilities by assessing whether actual claims submitted post year end relating to prior years are sufficiently covered by the reserves recognised. ▪ Due to the limited historic information available on claims development at the Company's level, as the Company's operations only fully commenced two years ago, in addition to performing a retrospective analysis of claims settled at the entity's level for the year ended 20 February 2024, we also performed retrospective analysis of claims settled at the parent entity's level, to assess the adequacy of technical reserves included in the estimation of the undiscounted best estimate liabilities and the professional competence and judgment of management for the estimation of the undiscounted best estimate liabilities. At the parent entity level, this was performed by analysing and comparing claims settled subsequent to the year-end to the reserve recognised at each year-end for the years ended 2020-2023. ▪ With the assistance of our actuarial experts, we tested the discount rates used and the accuracy of the calculations for the present value of future cash flows of best estimate liabilities. ▪ With the assistance of our actuarial experts, we assessed the appropriateness of the methodology used to determine the risk adjustment applied in determining the liabilities for incurred claims and tested the mathematical accuracy of the relevant calculations. ▪ We have assessed the completeness and adequacy of the Company's disclosures regarding liabilities for incurred claims and insurance risk in the financial statements.

Report on the Audit of the Financial Statements

Initial application of IFRS 17 Insurance Contracts	

IFRS 17 Insurance Contracts is effective for annual periods beginning on or after 1 January 2023 and is applied retrospectively, hence the Company's financial statements for the year ended 20 February 2024 have been restated.
 	
As a result of the initial application of IFRS 17, the Company recognised a decrease in its equity of €4 thousand on its statement of financial position as at 21 February 2022. Qualitative information on the impact of the new standard and accounting policy choices made by the Company are presented in note 3 of the financial statements.
 	
IFRS 17 Insurance Contracts establishes new principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held. The initial application of IFRS 17 principles involves management exercising a number of judgements and assumptions used to determine the impact at transition Therefore, we consider the likelihood and magnitude of potential misstatements in the financial statements, due to the initial application of the standard, is increased significantly.
 	
Given the significance of the changes in accounting policies and the significant level of judgement exercised on behalf of management for the selection of appropriate accounting policies and assumptions used for the measurement of insurance contract assets and liabilities under IFRS 17, irrespective of its quantitative impact, we consider its initial application to be a key audit matter.
	As part of our audit procedures in relation to the initial application of IFRS 17 Insurance Contracts, we have performed the below:
	
	▪ We obtained an understanding of the IFRS 17 implementation project through inquiries with management and reading of the IFRS 17 implementation position papers prepared by management. We have evaluated the design effectiveness of controls in these processes.
	
	▪ With the assistance of our internal IFRS 17 and actuary experts we assessed the reasonableness and appropriateness of assumptions and accounting policy choices applied for IFRS 17 implementation and documented in the relevant position papers.
	
	▪ We obtained and tested the completeness and accuracy of a sample of the data used by management in determining the impact of the adoption of IFRS 17 on the financial statements by reconciling it to prior years' audited information.
	
	• With the assistance of our actuarial experts, for the sample of portfolios selected for testing as at 21 February 2022 and 20 February 2023, we performed the following:
	  • Tested the reasonableness and appropriateness of estimated future cash flows.
	  • Tested the reasonableness and appropriateness of discount rates used and the calculations of the present value of future cash flows.
	  • Tested the mathematical accuracy of the calculations of liabilities for incurred claims and the relevant reinsurance assets.
	  • Assessed the appropriateness of the methodology used to determine the risk adjustment applied on reserves and tested the relevant calculations.
	  • Tested the mathematical accuracy of the calculation of Insurance Finance Income and Expenses.
	  • Tested the mathematical accuracy of the calculation of Reinsurance Finance Income and Expenses.
	
	▪ We have assessed the completeness and adequacy of the Company's disclosures regarding the initial application of IFRS 17 Insurance Contracts in the financial statements.

Independent Auditor's Report (continued)

Report on the Audit of the Financial Statements

Reporting on other information
The Board of Directors is responsible for the other information. The other information comprises the Management Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements
The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

Independent Auditor's Report (continued)

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the matter that is of most significance in the audit of the financial statements of the current period and are therefore the key audit matter.

Report on Other Legal and Regulatory Requirements
Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement
We were first appointed as auditors of the Company on 6 December 2021 by the Annual General Meeting of the Company's shareholders. Our appointment is renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 3 years.

Consistency of the Additional Report to the Audit Committee
We confirm that our audit opinion on the financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 21 May 2024, in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services
We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company, and which have not been disclosed in the financial statements or the management report.

Other Legal Requirements
Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.

Other Matter
This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Savvas Pentaris.

Stavros Pantzaris
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants & Registered Auditors

Nicosia
28 May 2024

Accounts

Statement of Profit or Loss and Other Comprehensive Income Year Ended 20 February 2024

	Notes	2024 UK£	2023 UK£ (Restated)
Insurance revenue	14	2,640,728	2,558,987
Insurance service expense	7	(1,160,910)	(1,427,433)
Insurance service result before reinsurance contracts held	14	**1,479,818**	**1,131,554**
Allocation of reinsurance premiums	14	(2,116,038)	(1,830,210)
Amounts recoverable from reinsurers for incurred claims	14	872,600	1,117,683
Net expenses from reinsurance contracts held	14	**(1,243,438)**	**(712,527)**
Insurance service result		**236,380**	**419,027**
Net investment income	9	170,787	90,516
Insurance finance cost	8	**(80,078)**	**(22,079)**
Reinsurance finance income	8	**72,257**	**24,249**
Net Insurance financial result		(7,821)	2,170
Net insurance and investment result		**399,346**	**511,713**
Other income		-	1,604
Exchange gains / (losses)		98,291	(49,432)
Operating expenses	10	(330,081)	(379,757)
Profit before tax		**167,556**	**84,128**
Tax	11	(4,900)	(5,432)
Net profit for the year		**162,656**	**78,696**
Other comprehensive income		-	-
Total comprehensive income for the year		**162,656**	**78,696**

The notes on pages 18 to 52 form an integral part of these financial statements.

Accounts

Statement of Financial Position
Year Ended 20 February 2024

	Notes	2024 UK£	2023 UK£ (Restated)	2022 UK£ (Restated)
ASSETS				
Current assets				
Financial assets at fair value through profit or loss	12	**4,386,586**	3,245,494	3,187,118
Accrued interest		**6,003**	8,718	138
Reinsurance contract assets	14	**1,704,447**	2,073,901	1,649,693
Trade and other receivables	13	**15,855**	35,816	37,740
Cash at bank	15	**165,954**	538,781	139,946
Current tax assets		**730**	-	-
Total assets		**6,279,575**	5,902,710	5,014,635
EQUITY AND LIABILITIES				
Equity				
Share capital	16	**20,000**	20,000	10,000
Share premium	16	**3,640,000**	3,640,000	3,150,000
Retained earnings		**245,837**	83,181	4,485
Total equity		**3,905,837**	3,743,181	3,164,485
Current liabilities				
Insurance contract liabilities	14	**2,228,138**	2,020,041	1,671,438
Trade and other payables	17	**145,600**	138,557	174,412
Current tax liabilities	11	**-**	931	4,300
Total liabilities		**2,373,738**	2,159,529	1,850,150
Total equity and liabilities		**6,279,575**	5,902,710	5,014,635

On 28 May 2024 the Board of Directors of The United Kingdom Freight Demurrage and Defence Insurance (Europe) Ltd authorised these financial statements for issue.

Polys Hajioannou
Director

Daniel John Evans
Director

The notes on pages 18 to 52 form an integral part of these financial statements.

Statement of Changes in Equity
Year ended 20 February 2024

	Notes	Share capital UK£	Share premium UK£	Retained earnings UK£	Total UK£
Balance at 21 February 2022 as previously reported		**10,000**	**3,150,000**	**8,200**	**3,168,200**
Impact of initial application of IFRS 17	3	-	-	(3,715)	(3,715)
Restated balance at 21 February 2022		**10,000**	**3,150,000**	**4,485**	**3,164,485**
Issue of share capital	16	10,000	490,000	-	500,000
Comprehensive income:					
Net profit for the year		-	-	78,696	78,696
Total comprehensive income for the year		-	-	78,696	78,696
Balance at 20 February 2023		**20,000**	**3,640,000**	**83,181**	**3,743,181**
Comprehensive income:					
Net profit for the year		-	-	162,656	162,656
Total comprehensive income for the year		-	-	162,656	162,656
Balance at 20 February 2024		**20,000**	**3,640,000**	**245,837**	**3,905,837**

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are natural persons and both Cyprus tax resident and Cyprus domiciled. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2.65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 18 to 52 form an integral part of these financial statements.

Cash Flow Statement
Year ended 20 February 2024

	Notes	2024 UK£	2023 UK£ (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**167,556**	84,128
Adjustments for:			
Net investment income	9	**(170,787)**	(90,516)
		(3,231)	6,388
Changes in working capital:			
Decrease/(increase) in reinsurance contract receivables		**369,454**	(424,208)
Decrease in trade and other receivables		**19,961**	1,924
Increase in insurance contract liabilities		**208,097**	348,603
Increase/(decrease) in trade and other payables		**7,043**	(35,855)
Cash generated/(used in) from operating activities		**601,324**	(115,924)
Taxes paid		(6,561)	(8,801)
Net cash from/(used in) operating activities		**594,763**	(124,725)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of financial assets at fair value through profit or loss		**(5,054,031)**	(6,351,335)
Dividend income	9	**40,888**	12,182
Interest received		**160,088**	32,685
Redemptions of financial assets at fair value through profit or loss		**3,885,465**	6,337,803
Net cash used in investment activities		**(967,590)**	31,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Issue of shares	16	**-**	500,000
Cash from financing activities		**-**	500,000
Net increase/(decrease) in cash and cash equivalents		**(372,827)**	406,610
Cash and cash equivalents at beginning of the year		**538,781**	132,171
Cash and cash equivalents at end of the year	**15**	**165,954**	538,781

The notes on pages 18 to 52 form an integral part of these financial statements.

General Information
1. Incorporation and principal activities
The financial statements of The United Kingdom Freight Demurrage and Defence Insurance (Europe) Ltd (the "Company") for the year ended 20 February 2024, were authorised for issue in accordance with a resolution of the Board of Directors on 28 May 2024.

Country of incorporation
The Company was incorporated in Cyprus on 4 July 2019 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 37 Theklas Lysioti Street, Gemini House, Flat 202, 3030 Limassol, Cyprus.

Principal activities
The Company is a 100% subsidiary of The United Kingdom Freight Demurrage and Defence Association Limited, registered in the United Kingdom, with its registered office at 90 Fenchurch Street, London, EC3M 4ST.

The Company's principal activity, which is unchanged from last year, is the provision of insurance to its policyholders against legal costs and expenses relating to the operation of ships entered with the Company as defined in the Rules of the Company. The Company underwrites insurance of policyholders situated in an European Economic Area state.

The Company was licensed under Article 14 of the Insurance and Reinsurance Services and Other Related Issues Laws of 2016-2017 on 19th June 2020.

2. Basis of preparation
Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (fs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113, as amended from time to time.

Basis of presentation
The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

Statement of measurement
The financial statements have been prepared under the historical cost convention, except for investments classified at fair value through profit or loss, that have been measured at fair value and insurance and reinsurance contracts that have been measured as the present value of their fulfilment cash flows.

Functional and presentation currency of the financial statements
The financial statements are presented in Sterling (UK£), which is the Company's functional currency, and all amounts are rounded to the nearest Sterling, except where otherwise stated.

3. Adoption of new or revised standards and interpretations

3.1 Adoption of new and revised International Financial Reporting Standards and Interpretations:

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 21 February 2023. This adoption did not have a material effect on the financial statements of the Company, with the exception of the adoption of IFRS 17 'Insurance Contracts' as explained below.

IFRS 17 Insurance Contracts (applicable for accounting period commencing on or after 1 January 2023)

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information for 2023 applying the transitional provisions in Appendix C to IFRS 17.

In these financial statements, the Company has applied IFRS 17 for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ("PAA"). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component;
- Measurement of the liability for incurred claims is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk;
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts;
- Acquisition costs are allocated to groups of insurance contracts issued or expected to be issued on a systematic and rational basis.

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 4.1.

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company presents separately:

- Portfolios of insurance contracts issued that are assets.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of insurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

3. Adoption of new or revised standards and interpretations (continued)

IFRS 17 Insurance Contracts (applicable for accounting period commencing on or after 1 January 2023) (continued)

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously the Company reported the following key line items:

- Gross premium written
- Movement in gross unearned premiums
- Outward reinsurance premiums
- Movement in reinsurers' share of unearned premiums Commission Income from Reinsurers.
- Brokerage fees
- Ceded commissions
- Claims paid
- Change in provision for claims

Instead. IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- Amounts recognised in its financial statements from insurance contracts.
- Significant judgements, and changes in those judgements, when applying the standard.

Transition to IFRS 17

On transition date, 21 February 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied
- Derecognised any existing balances that would not exist had IFRS 17 always applied
- Recognised any resulting net difference in equity

3.2 Standards, Amendments to Standards and Interpretations issued but not yet effective and not early adopted:

Adopted by EU:

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date postponed indefinitely).
- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments) (effective for annual periods beginning on or after 1 January 2024).
- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments) (effective for annual periods beginning on or after 1 January 2024).

Management does not expect that the above amendments will have any material effect on the results and the statement of financial position of the Company.

Not adopted by EU:

- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments). The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted.
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments). The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted.
- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

4. Summary of accounting policies

A summary of the principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

4.1 IFRS 17 - Insurance and reinsurance contracts held

Classification of insurance and reinsurance contracts held

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its Policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues legal cost insurance to ship owners and operators.

The Company does not issue any contracts with direct participating features.

Separating components from insurance and reinsurance contracts held

The Company assesses its insurance contracts issued and reinsurance contracts held to determine whether they contain distinct components that must be separated and accounted for under another IFRS standard instead of under IFRS 17. If these non-insurance components are non-distinct, they are accounted for together with the insurance/reinsurance component as part of the accounting for an insurance/reinsurance contract. The insurance contracts issued and reinsurance contracts held by the Company do not contain any embedded derivatives or investment components.

Level of aggregation of insurance and reinsurance contracts held

IFRS 17 requires the Company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts could be treated together as one unit based on reasonable and supportable information. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of the remaining contracts in the portfolio (if any)

The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. All of the Company's contracts fall within the third category as above.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

The Company has classified all of its policies as being categorised under the legal costs insurance and reinsurance portfolios.

4. Summary of accounting policies (continued)

4.1 IFRS 17 - Insurance and reinsurance contracts held (continued)

Recognition of insurance and reinsurance contracts held

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Contract boundary – insurance contracts held

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Contract boundary – reinsurance contracts held

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the cedant that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive insurance contract services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The Company's reinsurance contracts providing coverage on a loss occurring basis cover claims incurred during the accident year from underlying insurance contracts.

4. Summary of accounting policies (continued)
4.1 IFRS 17 - Insurance and reinsurance contracts held (continued)
Measurement – premium allocation approach

The Company has applied the PAA to measure its insurance and reinsurance contracts under the requirements of IFRS 17. The table below details the various options of IFRS 17 around the PAA.

	IFRS 17 options	Adopted approach
Premium Allocation Approach Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model.	The coverage period for the Company's insurance and reinsurance contracts are one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows	Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Liability For Remaining Coverage ("LFRC") adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	There is no allowance for the time value of money on the LFRC as the premiums are received within one year of the coverage period, or any adjustment for the time value of money is considered immaterial.
Liability for Incurred Claims ("LFIC") adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The LFIC is adjusted for the time value of money.
Insurance finance income and expense	There is an option to disaggregate port of the movement in LFIC resulting from changes in discount rates and present this in OCI.	The change in LFIC as a result of changes in discount rates will be captured within profit or loss.

4. Summary of accounting policies (continued)
4.1 IFRS 17 - Insurance and reinsurance contracts held (continued)
Insurance contracts – Initial Measurement
The Company applies the PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, as the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary.

Liability for remaining coverage ('LRC'):
For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:
- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and

Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised. For the measurement of liabilities for remaining coverage the Company does not include an allowance for time value of money as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Liability for Incurred Claims ('LIC')
The LIC for groups of insurance contracts measured under the PAA is estimated based on the general measurement model, as the fulfilment cash flows related to incurred claims. For the measurement of the LIC the Company adjusts the future cash flows for the time value of money and the effect of financial risk since the claims are not expected to be paid within one year of being incurred. Liabilities for incurred claims are initially measured using the discounted cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Reinsurance contracts held – Initial Measurement
The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Insurance contracts – Subsequent Measurement
The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:
- Plus premiums received in the period
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjust the future cash flows for the time value of money using the risk-free yield curve.

4. Summary of accounting policies (continued)
4.1 IFRS 17 - Insurance and reinsurance contracts held (continued)
Insurance contracts – Subsequent Measurement (continued)
Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

Reinsurance contracts held – Subsequent Measurement
The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance Acquisition Cash Flows
Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company uses a systematic and rational method to allocate insurance acquisition costs to its groups of contracts.

Modification and Derecognition
The Company derecognises insurance contracts when:
- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract. When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Presentation of insurance and reinsurance contracts held
The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance Revenue
The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

The majority of policies expire on or before 12pm noon GMT of the reporting date. Insurance revenue from owned entries are usually fixed for any given policy year and is recognised in the Statement of Comprehensive Income in full upon inception of the policy subject to the allocation methodology described above.

4. Summary of accounting policies (continued)

4.1 IFRS 17 - Insurance and reinsurance contracts held (continued)

Insurance Revenue (continued)

Insurance revenue from chartered entries may be subject to variability based on the number and duration of voyages undertaken by such entry. Chartered premium is recognised in the accounting period it relates to, based on the information available to the Company at the inception date of the policy. This is treated as a modification to insurance contract liabilities and any adjustments to insurance revenue are recognised in the accounting period these are agreed with the policyholders.

Loss Components

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise.

Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Loss Recovery Components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses. A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance Service Expenses

Insurance service expense arising from groups of insurance contracts issued comprises:
- incurred claims and other incurred insurance service expenses.
- amortisation of insurance acquisition cash flows: the Company has not elected to expense insurance acquisition cash flows as incurred and hence will defer all the insurance acquisition cash flows.
- impairment of insurance acquisition cash flows, if any.
- changes that relate to past service. i.e. changes in fulfilment cash flows relating to the liability for incurred claims; and
- changes that relate to future service. i.e. losses on onerous groups of contracts and reversals of such losses.

Insurance Finance Income and Expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

Insurance finance income or expenses reflect interest accreted on the future cash flows under the LIC and the effect of changes in interest rates and other financial assumptions.

The Company does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVPL.

Net Income and Expenses from Reinsurance Contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims of the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and includes commissions in the allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

4. Summary of accounting policies (continued)
4.2 Investment income
Fair value gains on financial assets at FVTPL

Financial assets at fair value through profit and loss ("FVTPL") are measured at fair value at each reporting date with any changes recognised in profit or loss.

Dividend and interest income from debt and equity instruments

Dividend from investments in equity instruments is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in debt instruments is recognised using the effective interest rate method.

4.3 Foreign currency translations
Transactions and balances

The functional and presentation currency is Sterling Pounds ("UK£"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the period in which they arise.

The exchange rate on the reporting date and used for the purpose of preparing the accounts are as follows:

	2024	2023
EUR/UK£	**1.1698**	1.1256
USD/UK£	**1.2661**	1.2030

4.4 Income Taxes
Current income tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment.

Deferred taxes

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

4.5 Insurance premium tax
Insurance premium tax is the indirect tax on insurance premiums payable by the policyholders on premiums written and collected by the Company and paid on behalf of the policyholders to the relevant jurisdiction. Insurance premium tax does not form part of insurance revenue. Insurance premium tax payable is presented within insurance contract liabilities on the statement of financial position.

4. Summary of accounting policies (continued)

4.6 Financial instruments

Recognition of financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument.

All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets – Initial recognition and subsequent measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its financial assets:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are initially measured at fair value and subsequently measured using the effective interest (EIR) method and are subject to impairment. Interest income from these financial assets is presented in profit or loss separately. Any gain or loss arising on derecognition is also presented separately in profit or loss. Impairment losses are presented as separate line item in the statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise of cash at bank and other receivables.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises. Interest income on from these financial assets is presented in profit or loss in a separate line than interest income from FVOCI and Amortised cost financial assets. Financial assets measured at FVTPL comprise of investments held in UCITS and Government bonds.

Changes in the fair value of financial assets at FVTPL are recognised in "Investment income"' in the statement of comprehensive income as applicable.

4. Summary of accounting policies (continued)
4.6 Financial instruments (continued)
Financial assets - credit loss allowance for ECL
The Company assesses on a forward-looking basis the ECL for debt instruments measured at amortised cost ('AC'). The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "Expected credit losses on insurance receivables".

Expected losses are recognised and measured according to one of two approaches: general approach or simplified approach.

For trade and other receivables without a significant financing component the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Additionally, the Company has decided to use the low credit risk assessment exemption for Cash at bank financial assets.

Credit risk increase:
The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when:
- the counterparty is unlikely to pay its credit obligations to the Company in full, or
- the financial asset is more than 90 days past due

Measurement of ECL
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets measured at amortised cost at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor, counterparty or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Company on terms that the Company would not otherwise consider;
- it is becoming probable that the debtor, counterparty or issuer will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

4. Summary of accounting policies (continued)
4.6 Financial instruments (continued)

Credit-impaired financial assets (continued)

A financial asset that has been renegotiated due to a deterioration in the debtor's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In assessing whether an investment in bonds is credit-impaired, the Company considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields;
- the rating agencies' assessments of credit-worthiness;
- the country's ability to access the capital markets for new debt issuance;
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- the international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Financial liabilities – Classification and Measurement

Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value. Subsequent measurement of financial liabilities is at amortised cost, using the effective interest rate method.

Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Modifications to, and exchanges of, financial liabilities are treated as extinguishments and derecognised, when the revised terms are substantially different to the original term. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in profit or loss.

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank balances with maturity of 3 months or less which are repayable on demand and which form an integral part of the Company's cash management.

4.8 Dividends

Dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in case of final dividends, these are recognised in the period in which these are approved by the Company's shareholder. Dividends for the year that are declared after the reporting date are dealt with as a non-adjusting event after the reporting date.

4. Summary of accounting policies (continued)

4.9 Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account. Share premium account can only be resorted to for limited purposes which do not include distribution of dividends and is subject to the provisions of the Cyprus Companies Law on reduction of share capital.

4.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

5. Financial and insurance risk and capital management

The Company monitors and manages the risks relating to its operations through its risk management programme. This is evidenced in the Own Risk Solvency Assessment ("ORSA") report which is submitted to the Cyprus Superintendent of Insurance ("ICCS") and documents the Company's risk and capital management policies employed to identify, assess, manage and report the risks. The ORSA report considers the business strategy of the Company and its alignment with the risk appetite and risk profile.

The Company is exposed to insurance risk as part of its ordinary course of business. In addition, the Company has exposure to financial risks, specifically credit risk, liquidity risk, and market risk in relation to its financial instruments. This note presents information about Company's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks.

5.1 Credit risk

Credit risk is the risk of loss in the value of reinsurance contract assets and financial assets due to counterparties failing to meet all or part of their obligations. The Company's objective is to reduce credit risk through the risk management techniques discussed below.

The Company's exposure to reinsurance counterparties is mitigated through the cession of 90% of insurance liabilities with the Company's sole shareholder. In accordance with the Group's policy, exposure to reinsurance counterparties is mitigated by the Parent Company placing its excess of loss reinsurances with counterparties rated A or better thereby reducing the credit risk on the Company's reinsurance recoverable with the Parent Company.

In respect of banking and financial counterparties, the Company regularly assesses the creditworthiness of all its counterparties. This assessment includes a review of credit ratings provided by rating agencies, and other publicly available financial information.

The following tables provide information regarding aggregate credit risk exposure and concentration of the Company and the credit quality analysis of the financial and reinsurance contract assets held as at the year end, with reference to their external credit ratings as published by independent rating agencies:

20 February 2024	AAA - A UK£	Not rated / not readily available UK£	Total UK£	Concentration %
Debt securities at fair value through profit or loss	1,218,432	-	1,218,432	40%
Reinsurance contract assets	-	1,704,447	1,704,447	55%
Accrued interest	6,003	-	6,003	0%
Trade and other receivables	-	1,121	1,121	0%
Cash at bank	165,954	-	165,954	5%
Total assets subject to credit risk	**1,390,389**	**1,705,568**	**3,095,957**	100%

5. Financial and insurance risk and capital management (continued)
5.1 Credit risk (continued)

20 February 2023	AAA - A UK£	Not rated / not readily available UK£	Total UK£	Concentration %
Debt securities at fair value through profit or loss	1,233,947	-	1,233,947	32%
Accrued interest	8,718	-	8,718	0%
Reinsurance contract assets	-	2,073,901	2,073,901	54%
Trade and other receivables	-	16,352	16,352	0%
Cash and cash equivalents	538,781	-	538,781	14%
Total assets subject to credit risk	**1,781,446**	**2,090,253**	**3,871,699**	100%

Any unrated financial assets that are past due, but not impaired are further disclosed in Note 12 and Note 13.

5.2 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets.

The Company maintains a highly liquid portfolio of cash, government and corporate bonds with a maturity equivalent to the expected settlement period of insurance contract liabilities. Most of the remaining assets in the surplus portfolio could be converted into cash in less than one month, as per the internal procedures and approved risk tolerances. The Chief Financial Officer and Chief Risk Officer monitor the liquidity position of the company against risk tolerances on a continuous basis. Any breaches of liquidity limits are assessed, and appropriate action is taken.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company could be required to pay.

The tables also summarizes the maturity analysis of the company's insurance and reinsurance portfolios based on the estimate of the discounted future cash flows expected to be paid in the periods presented.

The table includes both interest and principal cash flows.

20 February 2024	Carrying amounts UK£	Contractual cash flows UK£	12 months or less UK£
Financial assets			
Financial assets at fair value through profit or loss	4,386,586	4,386,586	4,386,586
Accrued interest	6,003	6,003	6,003
Trade and other receivables	1,121	1,121	1,121
Cash at bank	165,954	165,954	165,954
Total financial assets	**4,559,664**	**4,559,664**	**4,559,664**
Financial liabilities			
Trade and other payables	36,297	36,297	36,297
Total financial liabilities	**36,297**	**36,297**	**36,297**

5. Financial and insurance risk and capital management (continued)
5.2 Liquidity risk (continued)

Insurance contracts issued and reinsurance contracts held	Carrying amounts UK£	Contractual cash flows UK£	12 months or less UK£	1 to 2 years UK£	2-5 years UK£	More than 5 years UK£
Reinsurance contract assets	1,704,447	1,704,447	700,631	467,921	390,432	145,463
Insurance contract liabilities	(2,228,138)	(2,228,138)	(1,118,501)	(517,011)	(431,730)	(160,896)
Net undiscounted future cash flows	**523,691**	**(523,691)**	**(417,869)**	(49,090)	(41,299)	(15,433)

20 February 2023	Carrying amounts UK£	Contractual cash flows UK£	12 months or less UK£
Financial assets			
Financial assets at fair value through profit or loss	3,245,494	3,245,494	3,245,494
Accrued interest	8,718	8,718	8,718
Trade and other receivables	35,816	35,816	35,816
Cash at bank	538,781	538,781	538,781
Total financial assets	**3,828,809**	**3,828,809**	**3,828,809**
Financial liabilities			
Trade and other payables	48,424	48,424	48,424
Total financial liabilities	**48,424**	**48,424**	**48,424**

Insurance contracts issued and reinsurance contracts held	Carrying amounts UK£	Contractual cash flows UK£	12 months or less UK£	1 to 2 years UK£	2-5 years UK£	More than 5 years UK£
Reinsurance contract assets	2,073,901	2,073,901	1,064,758	442,025	440,915	126,204
Insurance contract liabilities	(2,020,041)	(2,020,041)	(903,850)	(488,832)	(487,791)	(139,569)
Net undiscounted future cash flows	**53,860**	**53,860**	**160,908**	(46,807)	(46,876)	(13,365)

5.3 Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and security prices will affect the Company's income or the value of its holdings in financial instruments. Market risk comprises mainly three types of risk: interest rate risk, currency risk and market price risk.

5.3.1. Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

5. Financial and insurance risk and capital management (continued)
5.3 Market risk (continued)
5.3.1 Currency risk (continued)

The carrying amounts of the Company's foreign currency denominated financial assets, financial liabilities, insurance contract liabilities, and reinsurance contract assets at the reporting date are as follows:

20 February 2024	Sterling UK£	US Dollar UK£	Euro UK£	Total UK£
Financial and insurance assets				
Other financial investments	3,059,677	1,326,909	-	4,386,586
Accrued interest	6,003	-	-	6,003
Reinsurance contract assets	1,704,447	-	-	1,704,447
Trade and other receivables	14,716	1,139	-	15,855
Cash and cash equivalents	50,910	104,338	10,706	165,954
Current tax assets	-	-	730	730
Total financial and insurance assets	**4,835,753**	**1,432,386**	**11,436**	**6,279,575**
Financial and insurance liabilities				
Insurance contract liabilities	2,206,233	21,905	-	2,228,138
Trade and other payables	-	6,790	29,507	36,397
Total financial and insurance liabilities	**2,206,233**	**28,695**	**29,507**	**2,264,535**

20 February 2023	Sterling UK£	US Dollar UK£	Euro UK£	Total UK£
Financial and insurance assets				
Financial assets at fair value through profit or loss	2,921,304	324,190	-	3,245,494
Accrued interest	8,718	-	-	8,718
Reinsurance contract assets	2,073,901	-	-	2,073,901
Trade and other receivables	24,460	11,356	-	35,816
Cash at bank	285,729	248,278	4,774	538,781
Total financial and insurance assets	**5,314,112**	**583,824**	**4,774**	**5,902,710**
Financial and insurance liabilities				
Insurance contract liabilities	2,020,041	-	-	2,020,041
Trade and other payables	-	-	48,424	48,424
Current tax liabilities	-	-	931	931
Total financial and insurance liabilities	**2,020,041**	**-**	**49,355**	**2,069,396**

5. Financial and insurance risk and capital management (continued)
5.3 Market risk (continued)
5.3.1. Currency risk (continued)

A 5% strengthening/weakening of Sterling against the following currencies at 20 February each year would have increased/(decreased) profit or loss and subsequently equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2024		2023	
	Strengthening	Weakening	Strengthening	Weakening
USD	**(65,601)**	72,507	(20,207)	30,729
EUR	**861**	(951)	2,123	(2,346)

5.3.2. Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Company is exposed to market price risk due to its investments in financial instruments and are classified in the statement of financial position as financial assets at fair value through profit or loss.

Financial assets that are valued at fair value through the results of the Company are subject to market price risk due to uncertainty about future investment prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk. Market price risk is mitigated through the investment policy adopted by the Company which safeguards against exposure to risky asset classes and ensures minimum diversification limits of the investment portfolios. As a result the Company does not have any significant concentration of market price risk, based on the allocation of its investments held.

The Company invests in quoted debt and equity instruments and performs periodic reviews of the market values by reference to quoted prices, along with the credit rating and the financial condition of the key counterparties, at least quarterly, and is ready to take action in the event of a deterioration in the credit quality of the underlying instrument or/and issuer.

The Company holds investments in UCITS and UK Government bonds with maturity within 3 months.

Sensitivity analysis

A 0.5% strengthening/weakening of the market price of financial instruments held at 20 February would have increased/(decreased) profit or loss and subsequently equity by the amounts shown below:

	2024 UK£	**2023 UK£**
0.5% increase in fair value	**21,932**	16,227
0.5% decrease in fair value	**(21,932)**	(16,227)

5.3.3. interest rate risk

The Company's interest rate risk arises from interest-bearing assets. Interest-bearing assets at fixed rates expose the Company to fair value interest rate risk. As at 20 February 2024 and 20 February 2023, all of the Company's interest -bearing investments are bearing fixed interest rates and as such the Company is not exposed to any cash flow interest rate risk. The Company is instead exposed to fair value interest rate risk, and its exposure was determined to be insignificant, taking into consideration the short-term maturity of the interest-bearing financial assets.

5. Financial and insurance risk and capital management (continued)
5.3 Market risk (continued)
5.3.3 Interest rate risk (continued)
Sensitivity analysis

In terms of insurance contract liabilities and reinsurance contract assets, the Company is exposed to interest rate risk given that these balances are discounted. A 10% movement in the yield curve would impact the results as detailed in the table below:

		2024		2023	
	Change in assumptions	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Changes in interest rates	10%	**(53,732)**	**(47,016)**	(31,903)	(27,915)
Changes in interest rates	-10%	**40,967**	**30,978**	30,978	27,106

5.4 Insurance risk
The Company as part of its ordinary course of business is exposed to insurance risk which can be significantly affected by the following:

- fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
- unexpected claims arising from a single source;
- inaccurate pricing of risks when underwritten;
- inadequate reinsurance protection;
- inadequate reserves.

1. Underwriting risk
This is the risk that insurance revenue will not be sufficient to cover the future losses and associated expenses. It arises from the fluctuations in the frequency and severity of financial losses incurred through the underwriting process as a result of unpredictable events or from accepting risks for premiums which are insufficient to cover the ultimate claims which result from such policies.

Underwriting risk is mitigated through cession of 90% of the risk written by the Company to its parent under a quota share agreement.

2. Reserving risk
Reserving risk is defined as the risk arising from the inherent uncertainty about the occurrence, amount and timing of claims, as well as the risk from unexpected increases in the associated expense and other costs of settling the respective claims, compared to the claims' provisions recognised.

The objective of the Company's insurance risk management process is to support the execution of effective underwriting, reinsurance and reserving strategies which are agreed and monitored by the Board of Directors.

The 2024 policy year contracts will not be active until 20 February 2024 at 12pm noon GMT and, therefore, are not included within the financial statements for this year in line with UK insurance industry practice.

Therefore, there is limited risk of fluctuation in loss ratio for the year.

The Company establishes provisions for unpaid claims, both reported and unreported, and related expenses to cover its expected ultimate liability included in its Liability for Incurred Claims. These provisions are established through the application of actuarial techniques and assumptions. In order to minimise the risk of understating these provisions the assumptions made and actuarial techniques employed are reviewed in detail by management.

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

The Company only provides legal expenses cover to its Members and as a result, no further concentration analysis of risks by cover has been performed.

Reserving risk is mitigated through cession of 90% of the risks written by the Company to its parent under a quota share agreement.

5. Financial and insurance risk and capital management (continued)
5.4 Insurance risk (continued)
Sensitivity analysis
A sensitivity testing has been carried out as set out below, showing the impact on surplus after tax, of an increase and decrease in loss ratios gross and net of reinsurance. The sensitivity analysis assumes that a change in loss ratio is driven by a change in claims incurred.

	2024 UK£	2023 UK£
Change in claims ratio by 5%		
Gross	**(132,036)**	(127,949)
Net	**(13,204)**	(12,795)

A 5% decrease in the claims ratio would have an equal and opposite effect.

5.5 Capital management
The Company's capital consists of share capital and share premium amounting to UK£20,000 and UK£3,640,000 respectively (2023: UK£20,000 and UK£3,640,000 respectively).

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The adequacy of the Company's capital is monitored by the Superintendent of Insurance (Ministry of Finance) in order to ensure a minimum margin for solvency. The required minimum capital is 115% and is determined in order to ensure the minimum solvency margin.

The Company assesses on a quarterly basis the potential deficit between the current level and the required level of capital to maintain a strong solvency margin. The Company was in full compliance with the legal capital requirements set by the Superintendent of the Insurance, during the reported accounting period.

5.6 Financial Risks from Climate Change
The guidelines issued by EIOPA in August 2022 approaches to managing the financial risks from "climate change", which sets out their expectations as to how firms will manage the financial risks relating to climate change and apply them in the Own Risk and Solvency Assessment ("ORSA") scenarios. To this end, the Company has put in place a policy for the exposure, identification and management of risk relating to climate change. As a service organisation, the Company considers that there is no direct risk for the Company to climate change given that the Company insures the legal costs that its policyholders are exposed to rather than a direct exposure to climate change and related regulations, however as part of the Company's Own Risk and Solvency Assessment ("ORSA") process under Solvency II the risks around climate change have been included in the Company's scenario analysis. In its scenario analysis, the Company has considered the impact of climate change regulation on policyholders and how this might impact the Company both directly and indirectly, in addition to the impact that climate change may have on the Company's invested assets. The Company continues to monitor its claims for any underlying trends relating to the risks surrounding climate change.

5.7 Fair value estimation
Fair value is the amount at which a financial asset could be exchanged or a liability settled in a transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Company, using available market information, where it exists, and appropriate valuation methodologies and assistance of experts. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Company has used all available market information in estimating the fair value of financial instruments.

5. Financial and insurance risk and capital management (continued)
5.7 Fair value estimation (continued)

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received, discounted at current interest rates for instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Carrying amounts of trade and other receivables approximate their fair values. Carrying amounts of trade and other payables which are due within twelve months approximate their fair values.

The disclosure of the fair value of financial instruments carried at fair value is determined using the following valuation methods:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Company's specific estimates.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial instruments carried at fair value relate to investment securities and are disclosed in Note 11. They are valued using Level 1 valuation techniques from the table above. There were no changes in the valuation techniques during the year.

The below table presents the Company's assets measured at fair value by level of the fair value hierarchy:

As at 20 February 2024	Level 1 UK£	Level 2 UK£	Level 3 UK£	Total UK£
Short term investment funds	3,168,154	-	-	3,168,154
Fixed income securities	1,218,432	-	-	1,218,432
Cash at bank	165,954	-	-	165,954
Total	**4,552,540**	**-**	**-**	**4,552,540**

As at 20 February 2023	Level 1 UK£	Level 2 UK£	Level 3 UK£	Total UK£
Short term investment funds	2,011,547	-	-	2,011,547
Fixed income securities	1,233,947	-	-	1,233,947
Cash at bank	538,781	-	-	538,781
Total	**3,784,275**	**-**	**-**	**3,784,275**

There were no transfers between fair value hierarchy levels during the years ended 20 February 2024 and 2023.

6. Critical accounting estimates, judgments and assumptions

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and requires Management to exercise its judgment and to make assumptions that influence the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognized prospectively i.e., recognised in the period during which the estimate is revised.

The Company makes estimates and assumptions concerning the future which will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

6.1. Insurance and reinsurance contracts

- Insurance contract liabilities – liability for incurred claims

  When measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

  Estimates are made for the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not yet reported at the reporting date. The Company reviews every reported claim, and the estimated insurance liability is based on the facts of each claim and on other factors that are believed to be reasonable under the circumstance. Given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. Insurance liabilities are based on the best estimates of the Directors of the likely cost of individual cases, and the extent of the Company's current commitment to the cost of these cases.

  The final outcome on claims can significantly deviate from both initial estimates and the estimates as disclosed in the financial statements. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made for the best estimate expected ultimate cost of claims, whether reported or unreported, at the end of the reporting period. These estimates are generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Company uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments. The estimates are reviewed regularly. For further details please refer to Note 14.

- Time value of Money

  The Liability for Incurred Claims and Asset for Incurred Recoveries are calculated by discounting expected future cash flows at the risk free interest rate term structure as published by the European Insurance and Occupational Pensions Authority for the purposes of the Solvency II Directive. No adjustment is made for any illiquidity premium.

  Discount rates applied for discounting are listed below:

	1 year		3 year		5 year		10 year	
	2024	2023	2024	2023	2024	2023	2024	2023
GBP	4.96%	4.36%	4.20%	3.94%	3.92%	3.69%	3.81%	3.45%
GBP	3.56%	3.46%	2.82%	3.24%	2.64%	3.03%	2.62%	2.90%
USD	5.02%	5.22%	4.20%	4.22%	3.98%	3.78%	3.90%	3.49%

6. Critical accounting estimates, judgments and assumptions (continued)
6.1. Insurance and reinsurance contracts (continued)

- Risk adjustment for non-financial risk

  The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance and reinsurance contracts. The risk adjustment reflects an amount that an insurer(or reinsurer) would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

  The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 85th percentile as at 2024 and the 75th percentile as at 2023.

6.2 Income taxes

- Income taxes

  Judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6.3 Going concern

- Going concern

  The financial statements have been prepared on a going concern basis. The Board of Directors have assessed the Company's ability to continue as a going concern for a period of 12 months from the date of approval of these financial statements. The Board of Directors has evaluated the financial developments, the prospects as well as the ability of the Company to have the required solvency and liquidity to continue as a going concern. The Board of Directors of the Company taking into account the current business and financial environment considers that the Company has the capacity to continue its operations, as a going concern and maintain compliance with Solvency Capital and Minimum Capital requirements

Notes to the Financial Statements (continued)

7. Insurance service expenses

	2024 UK£	2023 UK£
Paid claims and other expenses	**926,017**	788,269
Amortisation of insurance acquisition cash flows	**194,375**	176,233
Changes to the risk adjustment	**57,198**	75,625
Changes to liabilities for incurred claims	**(16,680)**	387,306
Total	**1,160,910**	1,427,433

8. Insurance and reinsurance finance costs

	2024 UK£	2023 UK£
Interest relating to insurance contract liabilities	**80,078**	(24,249)
Interest relating to reinsurance contract assets	**(72,257)**	22,079
Insurance and reinsurance finance costs/income	**7,821**	(2,170)

9. Net investment income

	2024 UK£	2023 UK£
Dividend income	**40,888**	12,182
Interest income	**157,373**	41,268
Net (losses)/gains on investments at fair value through profit or loss	**(27,474)**	37,066
	170,787	90,516

10. Operating expenses

	2024 UK£	2023 UK£
Auditors' remuneration for the statutory audit of annual accounts	**60,261**	59,530
Auditors' remuneration for other assurance services	**16,501**	18,509
Auditors' remuneration for tax services	**5,372**	1,053
Management fees (1)	**245,172**	308,094
Professional fees	**39,564**	34,027
Directors' remuneration	**16,318**	17,250
Other expenses	**9,348**	6,711
Total expenses	**392,536**	445,174
Attributed to the insurance result	**(62,455)**	(65,417)
Net operating expenses	**330,081**	379,757

10. Operating expenses (continued)

(1) Management fees represent fees charged by the appointed external managers of the Company and covers the costs of providing offices, staff and administration services. The compensation of the Management entity is fixed by the Directors in accordance with the articles of the Company. No loan has been made to the Management entity and none is contemplated. The Company itself had no employees throughout the year.

11. Tax

	2024 UK£	2023 UK£
Tax charge for the year	**4,900**	5,432

The tax on the Company's result before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2024 UK£	2023 UK£
Profit before tax	**167,556**	**84,128**
Tax calculated at the applicable tax rates	**20,945**	10,516
Tax effect of expenses not allowable for tax purposes	**549**	7,387
Tax effect of allowances and income not subject to tax	**(16,594)**	(12,471)
Tax charge	**4,900**	**5,432**

The income tax rate is 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

12. Financial assets at fair value through profit or loss

	2024 UK£	2023 UK£
Fixed income securities	**1,218,432**	1,233,947
Short term investment funds	**3,168,154**	2,011,547
	4,386,586	3,245,494

12. Financial assets at fair value through profit or loss (continued)

The movement in the financial assets at fair value through profit or loss is presented below:

	2024 UK£	2023 UK£
Balance as at 21 February	**3,245,494**	3,187,118
Additions	**5,054,031**	6,339,153
Redemptions	**(3,885,465)**	(6,317,843)
Net gains on investments at fair value through profit or loss	**(27,474)**	37,066
Balance as at 20 February	**4,386,586**	3,245,494

13. Trade and other receivables

	2024 UK£	2023 UK£
Amounts due from Members	**1,121**	16,352
Prepayments	**14,734**	19,464
	15,855	35,816

As per management's assessment receivables from parent company are exposed to low credit risk. In this regard, the provision for expected credit losses under IFRS 9 was assessed as not material to the financial statements.

Other classes within trade and other receivables do not contain impaired assets.

The fair value of receivables approximates their carrying value.

14. Insurance and reinsurance contracts

The breakdown for insurance and reinsurance contracts that are in liability and asset position are shown in the table below:

Legal costs insurance portfolio:	2024 UK£	2023 UK£
Insurance contract liabilities	**(2,228,138)**	**(2,020,041)**
Liability for incurred claims	(2,167,028)	(2,036,326)
(Liability)/asset for remaining coverage	(61,110)	16,285
Legal costs reinsurance portfolio:		
Reinsurance contract assets	**1,704,447**	**2,073,901**
Asset for incurred claims	1,938,464	1,827,022
(Liability)/asset for remaining coverage	(234,017)	246,879
Net (liability)/asset for insurance and reinsurance contracts	**(523,691)**	53,860

14. Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and liability for incurred claims

Liability for Incurred Claims 2024	Liabilities for remaining coverage UK£	Estimate of the present value of future cash flows UK£	Risk adjustment UK£	Total UK£
Insurance contract assets/ (liabilities) brought forward	**16,285**	**(1,782,326)**	**(254,000)**	**(2,020,041)**
Insurance revenue	2,640,728	-	-	2,640,728
Insurance service expense				
Incurred claims and other expenses	-	(909,336)	-	(909,336)
Change in risk adjustment	-	-	(57,198)	(57,198)
Amortisation of insurance acquisition cash flows	(194,376)	-	-	(194,376)
Insurance service result	**2,446,372**	**(909,336)**	**(57,198)**	**1,479,818**
Insurance finance expenses	-	(80,078)		(80,078)
Total changes in the statement of comprehensive income	**2,446,352**	**(989,414)**	**(57,198)**	**1,399,740**
Premiums received	(2,719,184)	-		(2,719,184)
Claims and other expenses paid	-	915,910		915,910
Insurance acquisition cash flows	195,437	-		195,437
Total cash flows	(2,523,747)	915,910	-	(1,607,837)
Net insurance contract assets/ (liabilities) carried forward	**(61,110)**	**(1,855,830)**	**(311,198)**	**(2,228,138)**

14. Insurance and reinsurance contracts (continued)

Liability for Incurred Claims 2023	Liabilities for remaining coverage UK£	Estimate of the present value of future cash flows UK£	Risk adjustment UK£	Total UK£
Insurance contract assets/ (liabilities) brought forward	**(56,962)**	**(1,436,101)**	**(178,375)**	**(1,671,438)**
Insurance revenue	2,558,987	-	-	2,558,987
Insurance service expense				
Incurred claims and other expenses	-	(1,175,575)	-	(1,175,575)
Change in risk adjustment	-	-	(75,625)	(75,625)
Amortisation of insurance acquisition cash flows	(176,233)	-	-	(176,233)
Insurance service result	**2,382,754**	**(1,175,575)**	**(75,625)**	**1,131,554**
Insurance finance expenses	-	24,249	-	24,249
Total changes in the statement of comprehensive income	**2,382,754**	**(1,151,326)**	**(75,625)**	**1,155,803**
Premiums received	(2,485,866)	-	-	(2,485,866)
Claims and other expenses paid	-	805,101	-	805,101
Insurance acquisition cash flows	176,359	-	-	176,358
Total cash flows	(2,309,507)	805,101	-	(1,504,406)
Net insurance contract assets/ (liabilities) carried forward	**16,285**	**(1,782,326)**	**(254,000)**	**(2,020,041)**

Notes

Insurance acquisition cash flows were allocated on a straight-line basis during the coverage period of the respective group of contracts.

Any refunds of premiums have been included in premiums received.

14. Insurance and reinsurance contracts (continued)

Roll-forward of net asset or liability for reinsurance contracts held showing the asset for remaining coverage and asset for incurred recoveries

Asset for incurred recoveries 2024	Asset for remaining coverage UK£	Estimate of the present value of future cash flows UK£	Risk adjustment UK£	Total UK£
Net reinsurance contract assets/ (liabilities) brought forward	**246,879**	**1,597,022**	**230,000**	**2,073,901**
Allocation of reinsurance premiums	(2,116,038)	-	-	(2,116,038)
Amounts recoverable from reinsurers for incurred claims and other expenses	-	822,252	-	822,252
Change in risk adjustment	-	-	50,348	50,348
Net income or expense from reinsurance contracts held	**(2,116,038)**	**822,252**	**50,348**	**(1,243,438)**
Reinsurance finance income	**-**	**72,257**	**-**	**72,257**
Total changes in the statement of comprehensive income	**(2,116,038)**	**894,509**	**50,348**	**(1,171,181)**
Premiums received	1,635,142	-	-	1,635,142
Amounts recovered	-	(833,415)	-	(603,415)
Total cash flows	1,635,142	(833,415)	-	801,727
Net reinsurance contract assets/ (liabilities) carried forward	**(234,017)**	**1,658,116**	**280,348**	**1,704,447**

14. Insurance and reinsurance contracts (continued)

Asset for incurred recoveries 2023	Asset for remaining coverage UK£	Estimate of the present value of future cash flows UK£	Risk adjustment UK£	Total UK£
Net reinsurance contract assets/ (liabilities) brought forward	**21,742**	**1,278,896**	**161,964**	**1,462,602**
Allocation of reinsurance premiums	(1,830,210)	-	-	(1,830,210)
Amounts recoverable from reinsurers for incurred claims and other expenses	-	1,049,647	-	1,049,647
Change in risk adjustment	-	-	68,036	68,036
Net income or expense from reinsurance contracts held	**(1,830,210)**	**1,049,647**	**68,036**	**(712,527)**
Reinsurance finance income	**-**	**(22,079)**	**-**	**(22,079)**
Total changes in the statement of comprehensive income	**(1,830,210)**	**1,027,568**	**68,036**	**(734,606)**
Premiums received	2,055,347	-	-	2,055,347
Amounts recovered	-	(709,442)	-	(709,442)
Total cash flows	2,055,347	(709,442)	-	1,345,905
Net reinsurance contract assets/ (liabilities) carried forward	**246,879**	**1,597,022**	**230,000**	**2,073,901**

Notes
The Company applies a consistent accounting policy to reinsurance contracts held and recognises net insurance finance expense in profit or loss only

14. Insurance and reinsurance contracts (continued)

Development claim tables

The development of incurred claims provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Company's estimate of total claims outstanding for each policy year has changed. The bottom half of the table reconciles the cumulative claims to the amount appearing in the liability for incurred claims.

The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

Gross undiscounted estimate of ultimate claims cost attributable to policy year:

As at 20 February 2024				
Reporting year	**Prior years UK£**	**2021/2022 UK£**	**2022/2023 UK£**	**2023/2024 UK£**
At the end of the reporting year	15,018	1,513,322	1,529,845	1,046,455
One year later	27,811	1,342,958	1,560,873	
Two years later	23,845	1,239,410		
Current estimate of cumulative claims	23,845	1,239,410	1,560,873	1,046,455
Cumulative payments to date	-	(861,618)	(894,748)	(145,511)
LIC recognised on the balance sheet	**23,845**	**377,792**	**666,125**	**900,944**
Total LIC relating to the past four years				**1,067,762**
Impact of discounting				(160,282)
Risk adjustment for non-financial risk				311,198
Other liabilities				47,406
Total gross LIC				**2,167,028**

14. Insurance and reinsurance contracts (continued)
Development claim tables (continued)
Net undiscounted estimate of ultimate claims cost attributable to policy year:

As at 20 February 2024				
Reporting year	**Prior years UK£**	**2021/2022 UK£**	**2022/2023 UK£**	**2023/2024 UK£**
At the end of the reporting year	1,502	151,332	150,505	101,567
One year later	2,781	129,609	149,240	
Two years later	2,384	123,879		
Current estimate of cumulative claims	2,384	123,879	149,240	101,567
Cumulative payments to date	-	(86,162)	(89,475)	(14,551)
LFIC recognised on the balance sheet	**2,384**	**37,717**	**59,765**	**87,016**
Total LFIC relating to the past four years				**99,866**
Impact of discounting				(15,302)
Risk adjustment for non-financial risk				30,849
Other liabilities				4,741
Total gross LIC				**207,170**

Prior years relate to policies which was transferred to the Company from its Parent entity and are for policy years that preceded the Company's incorporation.

15. Cash at bank

	2024 UK£	**2023 UK£**
Cash at bank	**165,954**	538,781

Bank accounts held by the Company earn annual interest rate of 0.38% (2023: 0.08%)

The exposure of the Company to credit risk in relation to cash at bank is reported in Note. No expected credit losses in relation with cash at bank were recognised during the year.

16. Share capital

	2024 Number of shares	2024 UK£	2023 Number of shares	2023 UK£
Authorised - Ordinary shares of UK£ 1.00				
Balance brought forward	40,000	40,000	20,000	20,000
Increase in authorised shared capital	-	-	20,000	20,000
Balance carried forward	40,000	40,000	40,000	40,000

	Number of shares	Par value UK£	Share premium UK£	Total
Issued				
Balance at 21 February 2022	20, 000	20,000	3,150,000	3,170,000
Increase in share capital	10, 000	10, 000	490,000	500,000
Balance at 20 February 2023	30, 000	30,000	3,640,000	3,670,000
Not called/unpaid issued capital	(10, 000)	(10,000)	-	(10,000)
Balance at 20 February 2023	20, 000	20,000	3,640,000	3,660,000
Balance at 21 February 2023	30, 000	30,000	3,640,000	3,670,000
Increase in share capital	-	-	-	-
Balance at 20 February 2024	30, 000	30,000	3,640,000	3,670,000
Not called/unpaid issued capital	(10, 000)	(10,000)	-	(10,000)
Balance at 20 February 2023	**20, 000**	**20,000**	**3,640,000**	**3,660,000**

On 23rd June 2022 the Board of Directors of the Company approved the increase of the authorised share capital of the Company to UK£40,000 (2022: UK£20,000) divided into 40,000 ordinary shares of nominal value of UK£1 each (2022: 20,000 ordinary shares of nominal value of UK£1 each).

On 23rd June 2022, 10.000 out of the additional authorised share capital of the Company of nominal value UK£1 each were issued and allotted to the existing sole shareholder of the Company at a premium of UK£49 per share, totalling to UK£10,000 increase in the share capital and UK£490,000 increase in the share premium of the Company.

Nature and purpose of reserves:
(i) Retained earnings:
Retained earnings includes the total earnings for the year less dividends paid to shareholders. Retained earnings are distributable to the owners of the Company.

(ii) Share premium:
Share premium consists of the value of shares issued above par value. Share premium is not distributable.

17. Trade and other payables

	2024 UK£	2023 UK£
Other payables	6,790	-
Management fee payable	29,507	48,424
Accruals	109,303	90,133
	145,600	**138,557**

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

18. Related Parties

The Company is controlled by The United Kingdom Freight Demurrage and Defence Association Limited (the "Association"), incorporated in United Kingdom, which owns 100% of the Company's shares. The Association is a mutual entity with no share capital and is controlled by the Members who are also the insureds. The subsequent insurance transactions are consequently deemed to be between related parties, but these are the only transactions between the Association and the Members.

The four non-executive directors of the Company are current representatives of Member companies and other than the insurance and Member interests of these companies, the Directors have no financial interests in the Company or the Association.

18.1 Directors' remuneration

The remuneration of Directors was as follows:

	2024 UK£	2023 UK£
Directors' fees	15,318	17,250
	15,318	**17,250**

The Company's key management personnel services are provided by a separate management entity, Thomas Miller B.V. Cyprus Branch, and their remuneration forms part of the management fees incurred during the year (Note 9).

18. Related Parties (continued)
18.2 (Payables)/Receivable from related parties

Name	Nature of transactions	2024 UK£	2023 UK£
The United Kingdom Freight Demurrage and Defence Association Limited (parent).	Reinsurance	**(300,136)**	216,704

The fair value of balance with the parent entity which is due within one year approximates to the carrying amounts as presented above. The amount (due to) /due from the parent entity is repayable on demand. The amount is presented within reinsurance contract assets in the statement of financial position.

The following income statement transactions were recorded during the year:

	2024 UK£	2023 UK£
Outward reinsurance premium	**(2,261,385)**	(2,187,569)
Claims paid and inwards reinsurance	**812,218**	685,403
Ceding commission	**130,600**	381,560

Independent auditor's report on pages 8 to 13.

Appendix 1 Additional Information

For the year ended 20 February 2024

Additional information to the information provided under the provisions of the Companies Act (Amendment) (No.2) Law of 2003 [NN 67(1)] and of the IFRS, under Order 7 of the Superintended of Insurance for the year ended 20 February 2024.

Class 17 - Legal costs	2023 UK£	2022 UK£
Gross premiums written	2,634,920	2,568,284
Reinsurers share of gross premiums	2,230,492	2,187,569
Gross earned premiums	2,628,245	2,564,931
Gross outstanding claims reserves	2,267,962	2,111,101
Gross claims incurred	966,534	1,444,895
Administrative expenses	392,536	445,174

For the year ended 20 February 2024	Belgium UK£	Cyprus UK£	Finland UK£	France UK£	Germany UK£	Greece UK£	Ireland UK£
Gross Written premiums	16,273	475,974	10,298	120,397	689,062	266,212	24,757
Premiums from direct insurance	16,273	475,974	10,298	120,397	689,062	266,212	24,757
Gross claims incurred	1,779	86,190	81	83,981	194,464	245,747	32,444
Brokerage expenses	1,670	26,925	-	549	22,509	9,559	2,477

	Italy UK£	Malta UK£	Netherlands UK£	Portugal UK£	Spain UK£	Other countries UK£	Total UK£
Gross Written premiums	135,475	244,346	515,154	30,009	104,889	2,073	2,634,920
Premiums from direct insurance	132,196	244,346	516,349	26,928	103,379	2,073	2,628,245
Gross claims incurred	20,926	6,828	275,806	-	-	18,288	966,534
Brokerage expenses	13,394	16,648	38,136	4,187	18,905	-	154,957

For the year ended 20 February 2023	Belgium UK£	Cyprus UK£	Finland UK£	France UK£	Germany UK£	Greece UK£	Ireland UK£
Gross Written premiums	16,273	364,826	9,140	342,351	610,223	307,402	21,686
Premiums from direct insurance	16,273	364,826	9,140	342,351	610,223	307,402	21,686
Gross claims incurred	9,146	206,456	5,137	192,416	342,972	172,773	12,189
Brokerage expenses	852	19,230	479	17,923	32,122	16,093	1,135

	Italy UK£	Malta UK£	Netherlands UK£	Portugal UK£	Spain UK£	Other countries UK£	Total UK£
Gross Written premiums	69,389	243,134	452,599	10,312	88,669	32,278	2,568,284
Premiums from direct insurance	69,389	243,134	449,246	10,312	88,669	32,278	2,564,931
Gross claims incurred	39,000	136,652	254,380	5,796	49,836	18,142	1,444,895
Brokerage expenses	3,633	12,729	23,519	540	4,642	1,690	134,586

ukdefence.com

The UK Defence Club
c/o Thomas Miller Defence Ltd,
90 Fenchurch Street, London EC3M 4ST
+44 207 283 4646
tmdefence@thomasmiller.com
www.ukdefence.com

Registered in England: No. 501877
UKDC is regulated in the UK by the PRA and the FCA.
Company number: 00501877