

**GROUP
SOLVENCY AND FINANCIAL
CONDITION REPORT
AS AT
31st DECEMBER 2021**

**ASHBROOKE FINANCIAL
GROUP LIMITED**

ASHBROOKE

Prepared by Ashbrooke Financial Group Limited

May 2022

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ABBREVIATIONS & DEFINITIONS

Reference	Abbreviation/Definition
Ashbrooke or Group or AFGL	Ashbrooke Financial Group Limited
AVL	Ashbrooke Ventures Limited
AUL	Ashbrooke Underwriting Limited
AUSL	Ashbrooke Underwriting Services Limited
BW	Barnett Waddingham LLP
Bestpark or BIL	Bestpark International Limited
ENID	Events Not In Data
FCA	Financial Conduct Authority
Group	Ashbrooke Financial Group Limited
IBNR	Incurred But Not Reported claims
MCR	Minimum Capital Requirement
NAV	Net Asset Value
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
SCR	Solvency Capital Requirement
SFCR	Solvency and Financial Condition Report

Ashbrooke Financial Group Limited (“AFGL” or the “Group”) was incorporated on 9th July 2015 with a view to executing acquisitions and other capital investment opportunities in the (re)insurance run-off market.

AFGL made its first run-off acquisition on 19th February 2016 when it acquired Bestpark International Limited (“Bestpark” or the “Company” or “BIL”) and although it carries on no regulated activity in its own right, it is classified as an Insurance Holding Company and therefore regulated by the PRA. Bestpark is an insurance and reinsurance company which entered run-off in 2002 and is regulated by the PRA and the FCA.

AFGL also acquired Ashbrooke Ventures Limited (“AVL”) on 19th February 2016, which provides run-off management services to Bestpark and consultancy services to third parties. AVL does not carry on any regulated activities and so is not regulated.

In December 2019, BIL signed sale and purchase agreements for the acquisition of two insurance companies from the AA Plc – Ashbrooke Underwriting Limited (“AUL”) and Ashbrooke Underwriting Services Limited (“AUSL”). These two acquisitions were completed on 21 May 2020 following receipt of the requisite regulatory approvals. AUL is subject to Solvency II regulations and AUSL is subject to Solvency I regulations.

The outbreak of COVID-19 in early 2020 resulted in a pandemic causing significant disruption across the globe. The impact on society was reflected in business closure, restrictions on movement, home working and cancellations of sporting and other events which have now been largely lifted. The Group monitored the impact on asset and liability values and are satisfied that it has no exposure to potential claims arising from COVID-19 and no material impact on the solvency capital of the Group or any of its subsidiaries.

As a result of the low levels of active claims, the Group and its subsidiaries remain in a robust position and the directors expect solvency to be maintained above requirements under current laws and regulations.

The Group recorded a consolidated loss before taxation of £(0.4)m (2020: Profit £0.5m) with net assets of £11.9m (2020: £12.3m). Bestpark recorded a loss before taxation of £(0.7)m (2020: Loss £(0.3)m) with net assets of £11.1m (2020: £11.8m). AUL and AUSL each recorded profits of £0.0m in the period (2020: £0.0m each for both AUL and AUSL) and net assets of £3.5m and £2.6m respectively (2020: £3.5m and £2.6m respectively).

ASHBROOKE FINANCIAL GROUP LIMITED

EXECUTIVE SUMMARY

GROUP SFCR 2021

All relevant Group companies have complied with all aspects of the Solvency II regulations during the relevant periods and both comfortably exceed their SCR and MCR requirements. AUSL has complied with its Solvency I regulations during the period and comfortably exceeds its General Insurance Capital Requirement and its Capital Resources Requirement.

The Group, Bestpark and AUL's own funds are as follows:

Own Fund Item - Group	Tier	2021 £000	%	2020 £000	%
Share Capital	1	20	0.17%	20	0.17%
Reconciliation Reserve	1	11,766	99.83%	12,162	99.83%
TOTAL		11,786	100.00	12,182	100.00

Own Fund Item - Bestpark	Tier	2021 £000	%	2020 £000	%
Share Capital	1	5,250	48.07%	5,250	45.18%
Reconciliation Reserve	1	5,671	51.93%	6,370	54.82%
TOTAL		10,921	100.00	11,620	100.00

Own Fund Item - AUL	Tier	2020 £000	%	2020 £000	%
Share Capital	1	2,020	57.52%	2,020	57.45 %
Reconciliation Reserve	1	1,496	42.48%	1,496	42.55%
TOTAL		3,516	100.00	3,516	100.00

The Group, Bestpark and AUL's SCR and MCR are as follows:

Group	2021		2020	
	£000	Own Fund Cover	£000	Own Fund Cover
SCR	2,462	4.78	2,379	5.12
MCR	3,126	3.77	3,338	3.65

Bestpark	2021		2020	
	£000	Own Fund Cover	£000	Own Fund Cover
SCR	2,519	4.34	2,765	4.20
MCR	3,126	3.49	3,338	3.48

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EXECUTIVE SUMMARY

GROUP SFCR 2021

AUL	2021		2020	
	£000	Own Fund Cover	£000	Own Fund Cover
SCR	777	4.53	231	15.25
MCR	2,112	1.66	2,255	1.56

The Group's business plan forecasts that own funds and Solvency II capital requirements will continue to comfortably exceed the SCR and MCR requirements in all relevant Group companies.

The directors acknowledge their responsibility for preparing the Group Solvency and Financial Condition Report ("SFCR") in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

The directors have assessed that the Group qualifies for the audit exemption of this SFCR as set out in the policy statement PS25/18: Solvency II: External Audit of the public disclosure requirement issued by the PRA on 18 October 2018.

The Directors are satisfied that:

- a) throughout the financial year in question, the Group, Bestpark and AUL have complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable; and
- b) it is reasonable to believe that the Group, Bestpark and AUL have continued so to comply subsequently and will continue so to comply in future.



Andrew Morpeth
Director
For Ashbrooke Financial Group Limited

A. BUSINESS

This Group SFCR relates to the Ashbrooke Financial Group Limited group of companies. Following receipt of the requisite waiver under Rule 18 of the Group Supervision part of the PRA Rulebook, this report also incorporates individual SFCR information in respect of the Group's regulated insurance subsidiaries, Bestpark and AUL; no separate SFCR has been prepared for Bestpark or AUL. AUSL is not subject to SII provisions and as such is not required to prepare a solo SFCR or indeed be incorporated into the Group SFCR.

A.1 Holding Company and Group Structure**Ashbrooke Financial Group Limited**

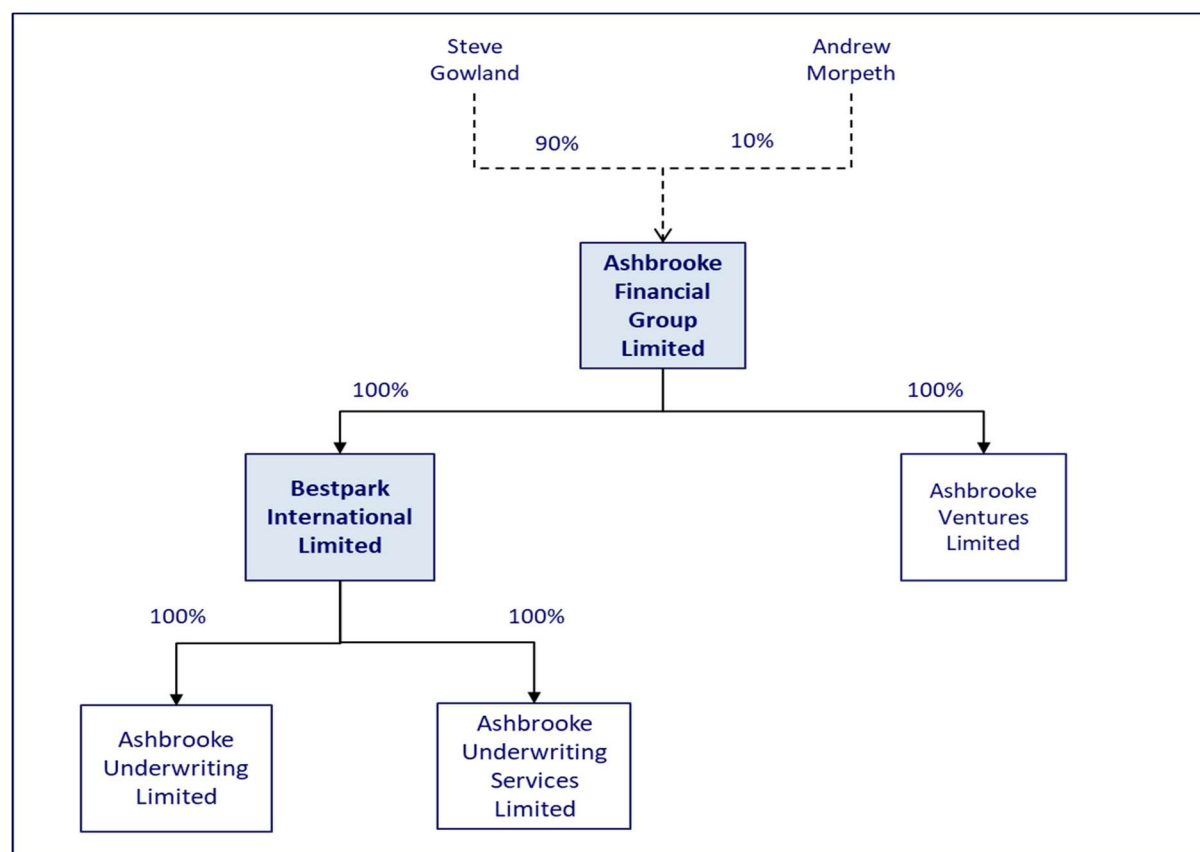
Ashbrooke is the holding company for the Ashbrooke group of companies. It does not undertake any regulated activities in its own right but is classified as an Insurance Holding Company.

Ashbrooke was incorporated on 9th July 2015, registered in England and Wales with its registered office at 8 Eagle Court, London EC1M 5QD.

Ashbrooke is regulated by the Prudential Regulation Authority ('PRA' – part of the Bank of England) and audited by LB Group Limited. Their respective contact details are as follows:

PRA	LB Group Limited
20 Moorgate	Number One, Vicarage Lane
	Stratford
London	London
EC2R 6DA	E15 4HF
Tel: + 44 (0) 20 3461 7000	Tel: + 44 (0) 20 8221 8282
www.bankofengland.co.uk	www.lbgroupltd.com

The only shareholders of Ashbrooke, who are also Directors, are Steve Gowland and Andrew Morpeth, who are both resident in the United Kingdom. The Group and controller structure is set-out below.



A.1.1 Subsidiaries Of Ashbrooke

a) Bestpark International Limited

Bestpark is an insurance and reinsurance company which was authorised to transact insurance business in the UK and is now in run-off. 100% of the issued share capital was acquired by Ashbrooke on 19th February 2016. Bestpark is registered in England and Wales. It is regulated by the Prudential Regulatory Authority ("PRA" – part of the Bank of England), the Financial Conduct Authority ("FCA") and audited by LB Group Limited. Their respective contact details are as follows:

FCA	PRA	LB Group
25 The North Colonnade	20 Moorgate	Number One, Vicarage lane
Canary Wharf		Stratford
London	London	London
E14 5HS	EC2R 6DA	E15 4HF
Tel: + 44 (0) 20 7066 1000	Tel: + 44 (0) 20 3461 7000	Tel: + 44 (0) 20 8221 8282
www.fca.org.uk	www.bankofengland.co.uk	www.lbgroupltd.com

b) Ashbrooke Ventures Limited

AVL was established by Steve Gowland in September 2007 to provide specialist consultancy and advisory services to the international (re)insurance industry. 100% of the issued share capital was acquired by Ashbrooke on 19th February 2016.

AVL is the Group's administrative business and provides run-off management services to Bestpark and consultancy services to third parties in related and non-related areas. It does not undertake any regulated activities and so is not a regulated entity.

AVL is audited by LB Group Limited, whose contact details are as follows:

LB Group Limited Number One, Vicarage lane Stratford London E15 4HF Tel: + 44 (0) 20 8221 8282 www.lbgroupltd.com

c) Ashbrooke Underwriting Limited

AUL was established in 1996 to underwrite Motor and Property classes of general insurance business and traded for one year only when a decision was taken to cease activities. AUL has therefore written no new business since 1998 and the final claims were paid out in 2003. AUL has no technical provisions and has no current plans to write further business in the future. AUL is a direct subsidiary of BIL and is regulated by the PRA and the FCA and is audited by LB Group Limited whose respective contact details are set out below:

FCA	PRA	LB Group
25 The North Colonnade Canary Wharf London E14 5HS Tel: + 44 (0) 20 7066 1000 www.fca.org.uk	20 Moorgate London EC2R 6DA Tel: + 44 (0) 20 3461 7000 www.bankofengland.co.uk	Number One, Vicarage lane Stratford London E15 4HF Tel: + 44 (0) 20 8221 8282 www.lbgroupltd.com

d) Ashbrooke Underwriting Services Limited

AUSL was established in the early 1980s and predominantly wrote motor add-on business including legal expenses cover. However, during the year ended 31 January 2009, the directors took the decision to cease writing all personal business lines and to cease to write commercial business lines in line with contract expiry. No new contracts have been written since February 2014 and the last of the AUSL underwritten policies expired in March 2016. AUSL has very low technical provisions and has no current plans to write further business in the future. AUSL is a direct subsidiary of BIL and is regulated by the PRA and the FCA (under Si Regulations) and is audited by LB Group Limited – all of whose contact details are set out below.

FCA 25 The North Colonnade Canary Wharf London E14 5HS Tel: + 44 (0) 20 7066 1000 www.fca.org.uk	PRA 20 Moorgate London EC2R 6DA Tel: + 44 (0) 20 3461 7000 www.bankofengland.co.uk	LB Group Number One, Vicarage lane Stratford London E15 4HF Tel: + 44 (0) 20 8221 8282 www.lbgroupltd.com
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A.1.2 Group Results

The full Group audited consolidated results for the year to 31st December 2021 are attached as Appendix 1.

The results and net assets of the Group and its individual subsidiaries as reported under UK GAAP for the year ending 31st December 2021 and previous year comparisons are as follows:

Financial Summary – Current Year	Group	Bestpark	AUL	AUSL	AVL
£000	2021	2021	2021	2021	2021
Profit/(Loss) for the Year	(412)	(716)	-	-	303
Net Asset Value/ Shareholders Funds	11,922	11,057	3,516	2,565	275

Financial Summary – Prior Year/Period	Group	Bestpark	AUL *	AUSL *	AVL
£000	2020	2020	2020	2020	2020
Profit/(Loss) for the Year	483	(287)	-	-	3
Net Asset Value/ Shareholders Funds	12,334	11,773	3,516	2,565	(28)

* Attributable to period of ownership

A.2 UNDERWRITING PERFORMANCE

The Group has no underwriting risk relating to new policies as it writes no new policies in any group company.

The Group's primary responsibility is the continued protection of policyholder interests without favouring one individual or one class of policyholders over any other individual or class of policyholders. All are treated equally and fairly. Ashbrooke manages the Group companies which are in run off with the following central objectives:

- Optimising cash flow via prudent claims management and pro-active credit control;
- Operation of a prudent claim adjudication process to ensure claim settlements are made in line with the contractual terms and obligations of each Group Company;

- c) Maximising the timing and quantum of reinsurance recoveries and outstanding premiums;
- d) Minimising the requirement for bad debt provisions by pro-actively chasing potential delinquent debtors and filing claims against insolvent estates;
- e) Execution of bespoke commutations or other settlement strategies when opportunities can be created to provide a convenient and fair settlement with the target on a principal-to-principal basis;
- f) Conducting ad hoc inspection and claim portfolio review; Enhancement of the management of claims affecting the direct portfolio to include procedures to adjust valid claims, settle claims as soon as possible and to minimise legal costs, but always in a balanced and manner;
- g) Minimisation of overall costs whilst ensuring adequate service levels with all governance and compliance standards being met in line with Group and PRA/FCA expectations. This includes an on-going review of outsourcing versus internal services provision; and
- h) Evaluation of any opportunities for the disposal/transfer of books of business where contractual liability continues to extend for a significant period into the future eg, Employers Liability policies.

A.3 INVESTMENT PERFORMANCE

Ashbrooke has run a prudent investment policy during the period with a view to preserving capital, ensuring adequate liquidity to support claims and expenses and optimising investment returns within a prudent level of risk. In this context, Ashbrooke held both cash and cash equivalents and investments during the year.

Cash and cash equivalents held are in the major currencies that match the denominations of the material outstanding claims which mitigates the risk of currency mismatching. Cash and cash equivalents were held in main bank accounts as well as Institutional Liquidity Funds with a view to ensuring ease of access and maximising investment returns in the context of appropriate risk profiles as adopted by the Group. During the year the Group held investments (see B.8) with varying rates of interest and security.

The ultra-low interest rate environment has meant that investment returns on cash and cash equivalents have been severely curtailed in the year. The investment return on Group balances held in Euros and Swedish Krona have been negative following further pressure on the European Central Bank. This is not expected to change in the near future. The net overall income from investments,

including cash and cash equivalents, totalled £124k for the year (2020: £158k). As a result of the currency fluctuations during the period under review, the fact that the Group holds major currency accounts to match its underlying claims liabilities and that the Group reports in GBP (Sterling), there have been a very small adverse Foreign Exchange movements booked in the year, the net of which totalled £(5)k in Group and £(5)k in Bestpark in relation to own funds (2020: £70k favourable in Group and £70k favourable in Bestpark). As at the end of the year, the Group held 92% of its own funds in Sterling and the balance in a mix of the major currencies noted in C.2 (2020: 97%). The Group holds some foreign currencies above its matched reserve levels in case further claims in foreign currencies arise.

A.4 PERFORMANCE OF OTHER ACTIVITIES

BIL provided no run off or other services to any third party (2020: £105k). AVL has recharged some of its costs to a related third party during the current year in the sum of £74k (2020: £90k). There were no other insurance or non-insurance related activities within the Group during the year for third parties.

A.5 ANY OTHER INFORMATION

The outbreak of COVID-19 in 2020 resulted in a pandemic causing significant disruption across the globe. The impact on society was reflected in business closure, restrictions on movement, home working and cancellations of sporting and other events.

The volatility in financial markets during 2020 and 2021 and the impact on asset and liability values was and is still being monitored by the Group and has currently been assessed as resulting in no exposure to potential claims arising from COVID-19 and no material impact on solvency capital of the Group or any of its subsidiaries. As a result of the low levels of active claims, the Group and its subsidiaries remain in a robust position and the directors expect solvency to be maintained above requirements under current laws and regulations. Whilst the impact of COVID-19 and the ongoing vaccination programme continues to evolve with reopening supply chain and other issues around the world, the Group does not expect there to be any material financial impact on the Group at the time of writing.

The Group has a secured loan of £1.34m (2020: £1.34m) to Tunestore Digital Limited, a holding company that is under the same common control as the ultimate controlling party of the Group. The secured loan was interest bearing at 5% per annum during the year and is repayable over a five-year period commencing in 2023. The Group has a loan of £2.15m to Whitburn Capital Limited, a holding

company that is under the same common control as the ultimate controlling party of the Company. This loan is interest bearing at the rate of 2.5% per annum and is repayable on demand.

The Group holds £0.6m (2020: £0.6m) in preference shares, with a stated cumulative dividend of 6% per annum, in a company in which one of the Company directors' is a director and minority shareholder.

During the year, the Group provided a loan to c-burn Systems Limited, a wholly owned subsidiary of Tunestore Digital Limited. The amount outstanding at the year-end was £228k (2020: £263k) and is included within other debtors. The amount is repayable on demand and is non-interest bearing.

The Group physically occupies office space leased by c-burn systems Limited, a subsidiary of Tunestore Digital Limited, for which no rent has been charged for the year.

AVL has recharged costs to Ashbrooke Reinsurance Limited, which is the operating subsidiary of Ashbrooke Investment Partners Limited based in Guernsey, a group that is under the same common control as the ultimate controlling party of the Group, in the sum of £74k (2020: £90k). Bestpark did not charge any costs, fees or cost recharges to third parties during the year (2020: £105k - to the same related party). During the year the Group received a short-term loan of £1.2m from Ashbrooke Reinsurance Limited which was repaid during the year.

There were no other related party transactions.

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

The Group, its subsidiaries and its Directors are fully committed to the principles of transparency, honesty, integrity and accountability which form the foundation of corporate governance. Risk management is an integral part of the corporate governance process and serves to support internal control. The Group takes a risk based approach to the system of governance. Governance requirements are largely set by regulatory and legal requirements, however the Group also considers any additional measures it considers necessary to manage the risk of its subsidiaries and implements these on a case by case basis.

The Directors and Key Personnel who served during the year to 31st December 2021 for each group company were as follows:

	<i>Group</i>	<i>Bestpark</i>	<i>AUL</i>	<i>AUSL</i>	<i>AVL</i>
<i>Directors</i>					
<i>Steven Gowland (Chief Executive Office)</i>	✓	✓	✓	✓	✓
<i>Andrew Morpeth (Chief Financial Officer)</i>	✓	✓	✓	✓	✓
<i>Anson Game (Non-executive Chairman)</i>	X	✓	X	X	X
<i>Key Personnel</i>					
<i>Jeremy Watt - Company Secretary</i>	✓	✓	✓	✓	✓
<i>Jeremy Watt – Claims Management</i>	X	✓	✓	✓	X

The Group Directors receive no remuneration from Ashbrooke, Bestpark, AUL or AUSL but receive a salary from AVL. The total remuneration (including defined contribution pension payments of £106k (2020: £31k) and fees) for the year ending 31st December 2020 was £321k (2020: £249k). No bonuses were paid to any Directors in the year to 31st December 2021.

There have been no dividends paid to the shareholders of the Group during the reporting period.

Committees and consequential roles and responsibilities for Executive Directors and Key Personnel were as follows:

Committee:	Risk, Regulatory	Investment	Claims and Reinsurance
Responsible For:	Coordination and oversight of financial and regulatory reporting functions and coordination and provision of risk management function including the risk register and the ORSA	Coordination of overall Group and subsidiary company investment policies including investment proposals and its compliance	Coordination of all claims and reinsurance management
Directors			
Steven Gowland (<i>Chief Executive Officer</i>)	Chair	Chair	Chair
Andrew Morpeth (<i>Chief Financial Officer</i>)	✓	✓	✓
Key Personnel			
Jeremy Watt (<i>Company Secretary and Claims Management</i>)	✓	x	✓

On 12 December 2019, the FCA issued a time limited waiver to release Bestpark from the requirement to set up an Audit Committee.

B.2 FIT AND PROPER REQUIREMENTS

The Group fully recognises the value of the fit and proper requirements in that a company run in a fit and proper manner, by fit and proper Directors and other individuals holding key functions or roles, will benefit from the knowledge and experience brought to the company and is more likely to be successful. In addition, the risks associated with a badly run business (risks such as: regulatory, financial and reputational risks) will be reduced. Whilst there is no definition for 'fit and proper', it is generally accepted that it includes amongst other considerations the concepts of honesty, solvency and competence.

The basic elements of the fit and proper assessment are:

- honesty, integrity and reputation (e.g. treating customer fairly, proper respect of legal, regulatory, professional obligations, prudent approach to business);
- competence, ability to conduct business and organisation;

- having a robust corporate governance structure, declaration of conflicts of interest, Directors having appropriate skills, knowledge and experience; and
- financial position (e.g. ensuring the Company has sufficient financial resources to meet commitments on a continuous basis, and is robust enough to withstand business risks).

Ashbrooke ensure that candidates for a position on the board of the Group (and all regulated subsidiaries) or for any other key functions/roles, are assessed to ensure that they fulfil fit and proper requirements. This includes reviewing the CV of the candidate, extensive interviews and obtaining suitable references at both the personal and professional levels together verification of identity and address.

B.2.1 Senior Manager Regime (“SMR”)

During the reporting period, all Directors of Bestpark are approved by the FCA and the PRA under the SMR under which Bestpark and AUL are classified as a small run off firm. AUSL is classified as a small run off firm as Solvency II Directive is dis-applied to it.

The acquisition of AUL and AUSL required new applications under the SMR to replace the previous owners’ Function holders. These applications were made by the previous owner prior to completion and whilst the replacements/appointments for the Controlled Functions under AUL's application were confirmed in August 2020 and the AUSL application was confirmed on 12 July 2021.

Whilst the mapping of the Senior Manager Functions, Prescribed Responsibilities, Overall responsibilities and Statements of Responsibilities is not required for companies classified as small run off firms, the Group has taken the decision to map its requirements under the regime as good practice.

The allocated Senior Management Functions under SMR are set out below:

<i>Ref</i>	<i>Senior Manager Function Code</i>	<i>Senior Manager Function</i>	<i>Name</i>	<i>Bestpark</i>	<i>AAUL</i>	<i>AAUSL</i>
1	SMF1	Chief Executive function	Steven Gowland	Chief Executive Officer	Not Applicable	Not Applicable
2	SMF2	Chief Finance function	Andrew Morpeth	Chief Financial Officer	Chief Financial Officer	Chief Financial Officer
3	SMF3	Executive Director	-	Not Applicable *	Not Applicable	Not Applicable
4	SMF4	Chief Risk Function	Andrew Morpeth	Chief Financial Officer	Not Applicable	Not Applicable
5	SMF5	Head of Internal Audit	-	Not Applicable *	Not Applicable	Not Applicable
6	SMF6	Head of Key Business Area	-	Not Applicable *	Not Applicable	Not Applicable
7	SMF7	Group Entity Senior Manager	-	Not Applicable *	Not Applicable	Not Applicable
9	SMF9	Chairman	Anson Game	Non-Executive Chairman	Not Applicable	Not Applicable
10	SMF10	Chair of the Risk Committee	-	Not Applicable *	Not Applicable	Not Applicable
11	SMF11	Chair of the Audit Committee	-	Not Applicable *	Not Applicable	Not Applicable
12	SMF12	Chair of the Remuneration Committee	-	Not Applicable *	Not Applicable	Not Applicable
14	SMF14	Senior Independent Director	-	Not Applicable *	Not Applicable	Not Applicable
16	SMF17	Money Laundering Reporting	Andrew Morpeth	Chief Financial Officer	Not Applicable	Not Applicable
18	SMF20	Chief Actuary	-	Not Applicable *	Not Applicable	Not Applicable
19	SMF20a	With Profits Actuary	-	Not Applicable *	Not Applicable	Not Applicable
20	SMF23	Chief Underwriting Officer	-	Not Applicable *	Not Applicable	Not Applicable
21	SMF24	Chief Operations	-	Not Applicable *	Not Applicable	Not Applicable
22	SMF26	Head of Small Run Off Firm	Steve Gowland	Not Applicable *	Chief Executive Officer	Chief Executive Officer

** Not Applicable Functions – Individual Function allocations are not considered proportionate to size of company as they are covered proportionately within SMF 1, 2, 4, 9 and 16.*

The allocation of Prescribed Responsibilities is set out below:

PR Code and Allocation Code	Prescribed Responsibility	FCA/PRA/Dual	Allocation - Role	Allocation - Name	Bestpark	AAUL	AAUSL
A	Responsibility for the firm's Performance of its obligations under the Senior Managers Regime	Dual	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
B	Responsibility for the firm's performance of its obligations under the Certification Regime	Dual	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
B-1	Responsibility for the firm's obligations in relation to individual conduct rules for training and reporting	FCA	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
D	Overall Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	FCA	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
DD	Responsibility for ensuring the governing body is informed of its legal and regulatory obligations	PRA	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
CC	Responsibility for managing the firm's financial resources	PRA	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
GG	Responsibility for the oversight of systems and controls, along with risk management policies and procedures, that are proportionate to the nature, scale, and complexity of the risks inherent in the firm's business model	PRA	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
T-1	Providing the governing body with an up-to-date business plan and all relevant MI	PRA	Chief Executive Officer	Steven Gowland	✓	✓	✓
Z	Overall Responsibility for the firm's compliance with CASS	FCA	Chief Financial Officer	Andrew Morpeth	✓	✓	✓

The allocation of Overall responsibilities is set out below:

Allocation Code	Overall Responsibility	Allocation - Role	Allocation - Name	Bestpark	AAUL	AAUSL
A	Responsibility for strategy for run off and of company	Chief Executive Officer	Steven Gowland	✓	✓	✓
B	Responsibility for claims management for company	Chief Executive Officer	Steven Gowland	✓	✓	✓
C	Responsibility for corporate governance	Chief Executive Officer	Steven Gowland	✓	✓	✓
D	Responsibility for treasury management	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
E	Responsibility for compliance with regulatory and statutory requirements	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
F	Responsibility for contractors and external consultants	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
G	Responsibility for estate management and IT infrastructure	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
H	Responsibility for production of financial reports and management information	Chief Financial Officer	Andrew Morpeth	✓	✓	✓
I	Responsibility for financial assessment of climate change	Chief Financial Officer	Andrew Morpeth	✓	✓	✓

B.3 RISK MANAGEMENT SYSTEM (INCLUDING OWN RISK AND SOLVENCY ASSESSMENT)

The Group and its Directors view risk management as an integral part of the corporate governance process and serves to support internal control. The Own Risk and Solvency Assessment is reviewed and approved on an annual basis.

The Group has adopted a culture for managing risk including planning, identification, assessment/analysis and monitoring and reporting risks. These processes can be extended to address strategic risk by focusing on uncertainties which might affect strategic objectives. The Group's management of risk depends largely on the effectiveness of the Group's management and its implementation of its Risk Management System and communication of the process to all who have roles and responsibilities in it.

The primary requirement for implementing strategic risk management is therefore to identify these strategic objectives which might be affected by uncertainty.

Strategic risk management is aimed at ensuring that:

- All risks which could jeopardise/enhance achievement of the Group's strategic objectives will be identified;
- An appropriate risk appetite and risk tolerance is established for each Group company;
- Suitable structures, procedures and practices are in place to manage these risks; and that
- Sufficient organisational resources are applied to, and corporate culture is fully supportive of, the effective implementation of these structures, procedures and practices.

Ashbrooke takes the following strategic business objectives and adapts them in operational strategies to:

- Run-off the claims book in the most efficient and effective manner using available resources; and
- Optimise investment return on the cash deposits and any investments held without exposing the capital sums to unnecessary risk.

Successful implementation of this approach achieves the following objectives:

- Improving the effectiveness and efficiency of operations;
- Effectively managing the Group's risks and support internal control.
- Safeguarding the Group's and its subsidiaries' assets (including information);
- Complying with applicable laws, regulations and supervisory requirements;
- Ensuring the reliability of reporting; and
- Behaving responsibly towards all stakeholders.

The most significant risks that currently exist for the Group and its subsidiaries are as follows:

- Deterioration of existing claims;
- Notification of new claims;
- Credit default of one or more of the banks holding the Group's funds;
- Credit default of one or more of the Group's reinsurers;

- A gap in the reinsurance cover;
- Loss of key personnel/collapse of the management company, AVL;
- Cost inflation/increase in run-off provision; and
- Non-compliance with regulatory requirements.

It is important to note that Bestpark has no underwriting risk, having been in run-off since 2002 and neither AUL and AUSL write any new business.

AVL provides management services to the Group and is responsible for:

- Designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the Group;
- Ensuring that generally accepted risk management frameworks and models, including internal control, are embedded in organisational operations and processes; and
- Ensuring that Group companies are advised of any significant changes or weaknesses in internal controls and procedures.

B.4 INTERNAL CONTROL SYSTEM

The Group Board is responsible for the Group internal control system. Internal controls are implemented within each group subsidiary at a level proportionate to the complexity, nature, size of business, whether it is subject to any regulatory requirements and the overall level of risk that each subsidiary represents to the Group.

As a minimum, all subsidiaries have sound reporting and accounting procedures to ensure that the respective boards have sufficient timely management information with which to manage each subsidiary. All subsidiaries are subject to external statutory audit.

B.5 INTERNAL AUDIT FUNCTION

There is no structured internal audit function within the Group.

B.6 ACTUARIAL FUNCTION

Bestpark's actuarial function supports Group company activities where required, for example the Group and individual subsidiary solvency calculation and Group ORSA.

The actuarial function is responsible for:

- Coordination of the calculation of technical provisions;
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions;
- Comparing best estimates against experience;
- Informing the Board of the reliability and adequacy of the calculation of technical provisions;
- Expressing an opinion on the overall underwriting policy;
- Expressing an opinion on the adequacy of reinsurance arrangements; and
- Contributing to the effective implementation of the risk-management system.

Each of these activities is undertaken on an at least annual basis and the outcome reported to the Board.

B.7 OUTSOURCING

Outsourcing is the use of a third party (either an affiliated entity within the same group or an external entity) to perform activities on a continuing basis that would normally be undertaken by the company. The third party to whom an activity is outsourced is a 'service provider'. Each Board shall ensure that an outsourcing arrangement shall not diminish the company's ability to fulfil its obligations to customers or its regulator, nor impede effective supervision by its regulator (should it be regulated). Fundamental responsibilities such as the setting of strategies and policies, the oversight of the operation of the Group's processes, and the final responsibility for customers, shall not be outsourced. The respective Boards consider outsourcing where they believe that there is an advantage to the Group and specific subsidiary and customer by using a service provider e.g. access to specialist resource, provision of services in the same jurisdiction as the customer, cost benefits.

B.7.1 AFGL Outsourcing

AFGL is a holding company and has little operational activity. Its Board has delegated authority to its subsidiaries for operational matters but has not outsourced any of its activities.

B.7.2 Bestpark Outsourcing

Bestpark is reliant on three material service providers:

- AVL – for run-off management services;
- Charles Taylor Broker Services Limited – for insurance broker services; and
- Barnett Waddingham LLP – for ad hoc actuarial advice including input into the Sii Annual Reporting requirements.

B.7.3 AUL Outsourcing

AUL is reliant on two material service providers:

- AVL – for run-off management services;
- BIL for its actuarial function; and
- Charles Taylor Broker Services Limited – for insurance broker services.

B.7.4 AVL Outsourcing

AVL does not outsource any of its operations.

B.8 ANY OTHER INFORMATION

No Other Information

C.1 UNDERWRITING RISK

Bestpark has been in run-off since 2002 and neither AUL nor AUSL write new business and so the Group is therefore not exposed to new underwriting risk.

The Group and its subsidiaries are exposed to reserving risk (the risk that claims reserves are not sufficient to meet insurance liabilities) which is linked to past underwriting risk. This risk is mitigated by:

- a) the Claims and Reinsurance Committee regularly reviewing claims reserves to ensure they are appropriate;
- b) the adoption of a prudent reserving philosophy;
- c) internally assessing the data quality and methodology used to calculate the reserves; and
- d) engaging external actuaries to independently review any IBNR reserve.

Given that the Group is not exposed to new underwriting risk and its very low remaining outstanding claims (in both number and value) across its specific business classes within its subsidiaries, the Group believes that there is no increase in its underwriting/insurance risk as a result of COVID-19.

C.2 MARKET RISK

Ashbrooke has limited exposure to market risks as it holds funds predominately in cash or cash equivalents only. The Group held no Equity, Property, Bonds or Derivatives as at 31st December 2021 other than an investment in £1 preference shares in the sum of £600,000 and loans to third parties totaling £3.7m (2020: £600,000 and £3.5m respectively).

C.2.1 Currency

Ashbrooke and Bestpark are exposed to three main currencies:

- Euro ("EUR");
- US dollar ("USD"); and
- British Pound ("GBP").

Whilst Ashbrooke reports in GBP, its risk management process matches its overall outstanding claims exposure in the relevant foreign currencies to ensure that the risk of currency mismatch is mitigated to protect its policy holders. The Group held a small percentage of its surplus own funds in EURs, SEKs

and USDs during the year which has resulted in an exchange loss (2020: gain). The Group does not have any material balance of own funds in foreign currencies and will continue to review its current holdings as time progresses.

C.2.2 Interest rate

Ashbrooke is exposed to interest rate risk in relation to its bank deposits. This risk is assessed and monitored. The Group manages this risk by investing cash balances so as to optimise returns whilst having regard to the minimum investment criteria as adopted by the Group. Ashbrooke also seeks to minimise the negative interest rate risk with regard to its deposits in Euros.

The Group considers the prudent person principle in considering the investment assets and how they match to the expected payment profile of the Group's technical liabilities.

It is likely that following the general governmental response to COVID-19 that the large increase in HM Government Debt will mean that yields will be further depressed and so overall income will decrease over the short and medium term. The Group will keep reviewing the yield/risk balance of its investments and seek to optimise its positions.

C.3 CREDIT RISK

Credit risk is the risk that a counterparty will be unable to pay the amounts in full when due. The main areas where the Group is exposed to credit risk is in relation to bank deposits with credit institutions, loans to third parties and reinsurance assets.

The Group seeks to minimise Credit and Concentration risk by monitoring the financial security of credit institutions and reinsurers and collecting reinsurance recoveries as soon as they become due. Ashbrooke manages this risk by investing cash balances with regard to the minimum investment criteria adopted by the Group. All loans are reviewed for recoverability and priced to provide yield within the current environment of depressed yields and returns.

The position of both Ashbrooke and Bestpark is set out below:

31st December 2021 - Group	AA	A	Not Rated	Carrying Amount
	2021 £000	2021 £000	2021 £000	2021 £000
Deposits with ceding undertakings	101	207	6	314
Reinsurers' share of technical provisions	43	-	6	49
Debtors arising out of direct insurance operations	-	-	363	363
Debtors arising out of reinsurance operations	-	228	14	242
Loan Notes	-	-	3,487	3,487
Other debtors	-	-	228	228
Investments	-	-	600	600
Cash at bank and in hand	-	7,997	-	7,997
TOTAL	144	8,432	4,704	13,280

31st December 2020 - Group	AA	A	Not Rated	Carrying Amount
	2020 £000	2020 £000	2020 £000	2020 £000
Deposits with ceding undertakings	105	222	6	333
Reinsurers' share of technical provisions	33	15	6	54
Debtors arising out of direct insurance operations	-	-	123	123
Debtors arising out of reinsurance operations	1	233	-	234
Loan Notes	-	-	3,260	3,260
Other debtors	-	-	295	295
Investments	-	-	600	600
Cash at bank and in hand	-	8,821	-	8,821
TOTAL	139	9,291	4,290	13,720

31st December 2021 - Bestpark	AA	A	Not Rated	Carrying Amount
	2021 £000	2021 £000	2021 £000	2021 £000
Deposits with ceding undertakings	101	207	6	314
Investment	-	-	600	600
Reinsurers' share of technical provisions	43	-	-	43
Debtors arising out of direct insurance operations	-	-	363	363
Debtors arising out of reinsurance operations	-	228	14	242
Other debtors	-	-	2,362	2,362
Cash at bank and in hand	-	4,048	-	4,048
TOTAL	101	4,483	3,345	7,972

31st December 2020 - Bestpark	AA	A	Not Rated	Carrying Amount
	2020 £000	2020 £000	2020 £000	2020 £000
Deposits with ceding undertakings	105	222	6	333
Reinsurers' share of technical provisions	33	15	-	48
Debtors arising out of direct insurance operations	-	-	123	123
Debtors arising out of reinsurance operations	1	233	-	234
Other debtors	-	-	3,842	3,842
Cash at bank and in hand	-	2,822	-	2,822
TOTAL	139	3,292	4,571	8,002

31st January 2021 - AUL	AA	A	Not Rated	Carrying Amount
	2021 £000	2021 £000	2021 £000	2021 £000
Other debtors	-	-	1,588	1,588
Cash at bank and in hand	-	1,928	-	-
TOTAL	-	1,928	1,588	3,516

31 st December 2020 - AUL	AA	A	Not Rated	Carrying Amount
	2020 £000	2020 £000	2020 £000	2020 £000
Other debtors	-	-	88	88
Cash at bank and in hand	-	3,428	-	3,428
TOTAL	-	3,428	88	3,516

C.4 LIQUIDITY RISK

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Group seeks to mitigate this risk by maintaining sufficient cash to meet its obligations as they fall due.

C.5 OPERATIONAL RISK

Operational risk is identified, assessed and monitored by the Risk & Regulatory Committee with oversight from the Board, and recorded on the Risk Register. See the Risk Management System above for further detail. There have been no material changes to the operational risks the Group is exposed to over the reporting period. The impact of COVID-19 in 2020 continues to evolve and the Group is monitoring the situation closely but does not expect there to be any material financial impact on the Group at the time of writing.

Key operational risks are:

a) Material service provider risk

The risk that a material service provider fails to meet its contractual obligations or goes into liquidation is mitigated by having an Outsourcing Policy which includes that:

- contracts must be in place with all material service providers to the Group;
- appropriate risk assessment and due diligence must be conducted before entering into a new outsourcing arrangement;
- service providers' stability and performance are monitored regularly; and
- contingencies must be considered.

b) Regulatory & legal risk

This risk is mitigated by having sound corporate governance and internal controls. Internal controls are regularly monitored and are also subject to internal review. Regulatory compliance is reviewed quarterly. If any recurrent issues are identified, additional or changes to existing controls will be considered to resolve the root cause.

c) Reputational risk

The risk of a legal or regulatory breach, poor customer service, or market/jurisdiction insurer failures might give the Group a bad reputation, affecting its standing within the Insurance Market. The mitigation of a legal or regulatory breach is described above. Poor customer service is mitigated by ensuring that all Group employees and contractors have suitable experience and qualifications where necessary.

d) Claims Risk

Insurance risk is the risk that new claims may arise and that reserves on existing claims may prove to be inadequate. The Group seeks to mitigate this risk by regularly reviewing claims developments and carefully reviewing the adequacy of its reserves including Incurred But Not Reported ("IBNR").

C.6 OTHER MATERIAL RISK

The Group reviews and conducts tests where necessary to identify the implications of risks and consider potential adverse scenarios and how to mitigate such risks. These have been explained in the previous sections. Ashbrooke has conducted some stress testing of the risks identified, their mitigation and, ultimately, whether there is any material impact on the financial position and solvency of the Group and its insurance subsidiaries. The Group is able to keep its Solvency II capital ratio and those of its subsidiaries materially above 100% so the SCR requirement is not breached.

There are no other material risks identified within the Group.

C.7 ANY OTHER INFORMATION

Not required.

D.1 ASSETS

The Group held the following assets valued on both UK GAAP and Solvency II bases:

As At 31 December 2021 Asset Class	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted Value £000	Solvency II Value £000	Difference £000	Note
Tangible Fixed Assets	1	-	1	1	-	-
Investments	600	3,715	4,315	4,315	-	D.1.2
Goodwill/(Negative Goodwill)	-	-	-	-	-	D.1.1
Reinsurance Recoverables	49	-	49	49	-	
Deposits with Cedents	314	-	314	314	-	
Insurance Receivables	363	-	363	363	-	
Reinsurance Receivables	242	-	242	242	-	
Cash and Cash Equivalents	7,997	-	7,997	7,997	-	
Other Assets	3,799	(3,715)	84	84	-	D.1.2
TOTAL ASSETS	13,365	-	13,365	13,365	-	

Notes:

D.1.1 – Goodwill/(Negative Goodwill) is not recognised in the calculation of Solvency II (SII) Values.

D.1.2 – Loans to third parties as noted in the statutory accounts are reclassified for the purposes of Solvency II values as investments.

As At 31 December 2020 Asset Class	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted Value £000	Solvency II Value £000	Difference £000	Note
Tangible Fixed Assets	3	-	3	3	-	
Investments	600	3,522	4,122	4,122	-	E.1.1
Goodwill/(Negative Goodwill)	-	-	-	-	-	
Reinsurance Recoverables	54	-	54	54	-	
Deposits with Cedents	333	-	333	333	-	
Insurance Receivables	123	-	123	123	-	
Reinsurance Receivables	234	-	234	234	-	
Cash and Cash Equivalents	8,821	-	8,821	8,821	-	
Other Assets	3,749	(3,522)	227	227	-	E.1.1
TOTAL ASSETS	13,917	0	13,917	13,917	-	

Notes:

E.1.1 – Loans to third parties as noted in the statutory accounts are reclassified for the purposes of Solvency II values as investments

Bestpark held the following assets valued on both UK GAAP and Solvency II bases:

As At 31 December 2021 Asset Class	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted Value £000	Solvency II Value £000	Difference £000	Note
Reinsurance Recoverables	43	-	43	43	-	D.1.2
Investments	5,900	2,705	8,605	8,605	-	
Deposits with Cedents	314	-	314	314	-	
Insurance Receivables	363	-	363	363	-	
Reinsurance Receivables	242	-	242	242	-	
Cash and Cash Equivalents	4,048	-	4,048	4,048	-	D.1.2
Other Assets	2,705	(2,705)	-	-	-	
TOTAL ASSETS	13,615	-	13,615	13,615	-	

D.1.2 - Loans to third parties as noted in the statutory accounts are reclassified for the purposes of Solvency II values as investments.

As At 31 December 2020 Asset Class	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted Value £000	Solvency II Value £000	Difference £000	Note
Reinsurance Recoverables	48	-	48	48	-	
Deposits with Cedents	333	-	333	333	-	
Insurance Receivables	123	-	123	123	-	
Reinsurance Receivables	234	-	234	234	-	
Cash and Cash Equivalents	2,822	-	2,822	2,822	-	
Investments in Subsidiaries	5,300	-	5,300	5,300	-	D.1.2
Investments	600	3,826	4,426	4,426	-	
Other Assets	4,037	(3,826)	211	211	-	D.1.2
TOTAL ASSETS	13,497	-	13,497	13,497	-	

D.1.2 - Loans to third parties as noted in the statutory accounts are reclassified for the purposes of Solvency II values as investments.

AVL held the following assets valued on a UK GAAP basis. AVL is not in itself subject to Solvency II and is not required to report separately any Solvency II values:

TOTAL ASSETS	2021 £'000	2020 £000
Fixed Assets	1	3
Investments	-	-
Cash and Cash Equivalents	26	76
Other Assets	417	203
TOTAL ASSETS	444	282

AUL held the following assets valued on both UK GAAP and Solvency II bases:

As At 31 December 2021 Asset Class	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted Value £000	Solvency II Value £000	Difference £000	Note
Cash and Cash Equivalents	1,928	-	1,928	1,928	-	
Other Assets	1,588	-	1,588	1,588	-	
TOTAL ASSETS	3,516	-	3,516	3,516	-	

As At 31 December 2020 Asset Class	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted Value £000	Solvency II Value £000	Difference £000	Note
Cash and Cash Equivalents	3,428	-	3,428	3,428	-	
Other Assets	88	-	88	88	-	
TOTAL ASSETS	3,516	-	3,516	3,516	-	

The Solvency II valuation principles applied to assets are in line with UK GAAP, namely:

a) Fixed assets

These are valued at the lower of their amortised cost or net realisable value.

b) Goodwill

This represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses and amortisation. Negative goodwill is recognised and treated in accordance with FRS102 Section

19.24. The Group Board assesses the accounting periods expected to benefit from the excess of the fair value of non-monetary assets acquired and release negative goodwill in accordance with that assessment. Goodwill is ignored for Solvency II purposes.

c) Insurance and Reinsurance Recoverables and Receivables

Valued based on the best estimate of the recoverable value, discounted to present value where the expected recovery is greater than one year. Reclassified for solvency purposes to net off technical provisions.

d) Cash and equivalents

Valued at the amount held at the period end, translated using the year end exchange rates where appropriate.

e) Prepayments

Valued based on the estimated unused benefit as at 31 December 2021.

f) Investments

Valued at fair value.

g) Other assets

Valued based on the best estimate of the recoverable or realisable value.

D.2 TECHNICAL PROVISIONS

The GAAP accounts of the Group and its insurance subsidiaries include provisions for claims incurred based on earned premiums which consider all reasonably foreseeable best estimates. This includes reserves for claims incurred plus a provision for IBNR claims. The Group and its subsidiaries also consider any amounts recoverable from reinsurance contracts in respect of its claims reserves and IBNR.

Under UK GAAP reporting, the constituent elements to the changes to the Group's Technical Provisions are as follows:

CLASS	Total 31/12/21 £000	Total 31/12/20 £000	Net M'ment £000
Accident and Health	-	-	-
Marine Aviation and Transport	-	-	-
Fire and Other Damage To Property	4	4	-
Third Party Liability	718	878	(160)
Miscellaneous and Pecuniary Loss	165	179	(14)
Treaty	423	440	(17)
TOTAL	1,310	1,501	(191)

For the purposes of Solvency II, technical provisions are broken down in slightly different categories than those used in UK GAAP reporting, and then adjusted in accordance with standard calculations as follows:

Technical Provisions £000	Gross UK GAAP 2021	SII Adjust emnt	ENID	Discount- ing	SII Best Estimate	Risk Margin	Gross SII 2021
Marine, aviation, transport	-	-	-	-	-	-	-
Fire and other property damage	10	-	-	-	10	1	11
Third-party liability	663	-	4	(3)	664	77	741
Credit and suretyship	442	-	1	2	445	47	492
Miscellaneous	1	-	-	-	-	1	1
Non-proportional casualty reinsurance	58	-	-	-	58	6	64
Non-proportional property reinsurance	23	-	-	-	23	2	25
Legal Expenses	13	-	-	-	13	-	13
Medical expense	-	-	-	-	-	-	-
Sub-Total	1,210	-	5	(1)	1,213	134	1,347
ULAE provision	100	-	-	-	-	-	100
Sub-Total	1,310	-	5	(1)	1,213	134	1,447
Claims handling provision **	-	-	-	-	-	-	-
TOTAL	1,310	-	5	(1)	1,213	134	1,447

Technical Provisions	£000	Gross UK GAAP 2020	SII Adjust emnt	ENID	Discounting	SII Best Estimate	Risk Margin	Gross SII 2020
Marine, aviation, transport	-	-	-	-	-	-	-	-
Fire and other property damage	10	-	-	-	-	10	1	11
Third-party liability	827	-	4	-	-	831	89	920
Credit and suretyship	469	-	1	3	-	473	47	520
Miscellaneous	-	-	-	-	-	-	-	-
Non-proportional casualty reinsurance	59	-	-	-	-	59	6	65
Non-proportional property reinsurance	23	-	-	-	-	23	2	25
Legal Expenses	13	-	-	-	-	13	-	13
Medical expense	-	-	-	-	-	-	-	-
Sub-Total	1,401	-	5	3		1,409	145	1,554
ULAE provision	100	-	-	-	-	100	-	100
Sub-Total	1,501	-	5	3		1,509	145	1,654
Claims handling provision **	-	-	-	-	-	-	-	-
TOTAL	1,501	-	5	3		1,509	145	1,654

BIL's technical provisions are summarised below:

Technical Provisions	£000	Gross UK GAAP 2021	SII Adjust emnt	ENID	Discounting	SII Best Estimate	Risk Margin	Gross SII 2021
Marine, aviation, transport	-	-	-	-	-	-	-	-
Fire and other property damage	10	-	-	-	-	10	1	11
Third-party liability	663	-	4	(2)	-	665	77	742
Credit and suretyship	442	-	1	2	-	445	46	491
Miscellaneous	1	-	-	-	-	1	-	1
Non-proportional casualty reinsurance	58	-	-	-	-	58	6	64
Non-proportional property reinsurance	23	-	-	-	-	23	2	25
Medical expense	-	-	-	-	-	-	-	-
Sub-Total	1,198	-	5	(1)		1,202	132	1,334
ULAE provision	100	-	-	-	-	100	-	100
Sub-Total	100	-	5	(1)		1,302	132	1,434
Claims handling provision **	-	-	-	-	-	-	-	-
TOTAL	1,298	-	5	(1)		1,302	132	1,434

Technical Provisions	£000	Gross UK GAAP 2020	SII Adjust emnt	ENID	Discounting	SII Best Estimate	Risk Margin	Gross SII 2020
Marine, aviation, transport	-	-	-	-	-	-	-	-
Fire and other property damage	10	-	-	-	-	10	1	11
Third-party liability	827	-	4	-	-	831	89	920
Credit and suretyship	469	-	1	3	-	473	47	520
Miscellaneous	-	-	-	-	-	-	-	-
Non-proportional casualty reinsurance	59	-	-	-	-	59	6	65
Non-proportional property reinsurance	23	-	-	-	-	23	2	25
Medical expense	-	-	-	-	-	-	-	-
Sub-Total	1,389	-	5	3	3	1,397	145	1,542
ULAE provision	100	-	-	-	-	100	-	100
Sub-Total	1,489	-	5	3	3	1,497	145	1,642
Claims handling provision **	-	-	-	-	-	-	-	-
TOTAL	1,489	-	5	3	3	1,497	145	1,642

AUL has no technical provisions as there are no outstanding notified or un-notified claims as at 31 December 2021 or the previous year end, 31 January 2021.

D.2.1 Explanations for SII Adjustments

a) ENID

A loading for Events Not In Data ("ENID") was included, which allows for possible events that have not occurred in the Group's experience to date, but that could arise in the future.

An ENID loading was applied to each class of business and was calculated using industry methodology. The ENID loading was slightly higher for the credit and suretyship due to specific claims, and for third party liability due to the uncertainty of the Employers Liability claims.

b) Discounting

The projected cash flows were discounted using risk free rate yield curves as at 31st December 2021, as published by EIOPA, according to the currencies and expected timing of the cash flows. Some of the discount rates used were negative (EUR, SEK), which meant that discounting these cash flows increased the Solvency II best estimate.

c) Risk Margin

A risk margin has been calculated for each line of business, which involves projecting a reference SCR for each future year until the business has run-off and calculating the expected cost of providing

eligible own funds equal to the value of those SCR. The approach used is method 2 in guideline 61 from EIOPA's "Guidelines on the valuation of technical provisions".

In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which may cause the cost of unsettled claims to change when compared with the cost of previously settled claims including:

- Changes in Company processes;
- Changes in the legal environment;
- The effects of inflation;
- Changes in the mix of business;
- The impact of large losses; and
- Movement in industry benchmarks.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Group has regard to claim circumstances as reported, and information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are assessed separately where appropriate, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of the large claims.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

D.3 OTHER LIABILITIES

As at 31st December 2021 Group recorded the following liabilities:

Category	£000	UK GAAP	Reclassify for SII Purposes	Adjusted Value	Solvency II	Difference	Explanation
Accruals		59	-	59	59	-	None required
Insurance and Intermediaries Payable		8	-	8	8	-	None required
Reinsurance Payables		-	-	-	-	-	None required
Other Liabilities		66	-	66	66	-	None required

As at 31st December 2021 Bestpark recorded the following liabilities:

Category	£000	UK GAAP	Reclassify for SII Purposes	Adjusted Value	Solvency II	Difference	Explanation
Accruals		59	-	59	59	-	None required
Insurance and Intermediaries Payable		8	-	8	8	-	None required
Reinsurance Payables		-	-	-	-	-	None required
Other Liabilities		49	-	49	49	-	None required

As at 31st December 2021 AUL recorded the following liabilities:

Category	£000	UK GAAP	Reclassify for SII Purposes	Adjusted Value	Solvency II	Difference	Explanation
Accruals		-	-	-	-	-	None required
Insurance and Intermediaries Payable		-	-	-	-	-	None required
Reinsurance Payables		-	-	-	-	-	None required
Other Liabilities		-	-	-	-	-	None required

As at 31st December 2020 Group recorded the following liabilities:

Category	£000	UK GAAP	Reclassify for SII Purposes	Adjusted Value	Solvency II	Difference	Explanation
Accruals		65	-	65	65	-	None required
Insurance and Intermediaries Payable		7	-	7	7	-	None required
Reinsurance Payables		9	-	9	9	-	None required
Other Liabilities		-	-	-	-	-	None required

As at 31st December 2020 Bestpark recorded the following liabilities:

Category	£000	UK GAAP	Reclassify for SII Purposes	Adjusted Value	Solvency II	Difference	Explanation
Accruals		56	-	56	56	-	None required
Insurance and Intermediaries Payable		7	-	7	7	-	None required
Reinsurance Payables		9	-	9	9	-	None required
Other Liabilities		-	-	-	-	-	None required

As at 31st December 2020 AUL recorded the following liabilities:

Category	£000	UK GAAP	Reclassify for SII Purposes	Adjusted Value	Solvency II	Difference	Explanation
Accruals		-	-	-	-	-	None required
Insurance and Intermediaries Payable		-	-	-	-	-	None required
Reinsurance Payables		-	-	-	-	-	None required
Other Liabilities		-	-	-	-	-	None required

D.4 ALTERNATIVE METHODS OF VALUATION

Not Applicable for the Group or subsidiaries.

D.5 ANY OTHER INFORMATION

The full comparison of the UK GAAP and SII Balance sheet for Group is as follows:

	UK GAAP Value £000	Reclassify for SII Purposes £000	Adjusted UK GAAP Value £000	Solvency II Value £000	Difference £000	Note – See Section:
ASSETS						
<i>Tangible Fixed Assets</i>	1	-	1	1	-	
<i>Investments</i>	600	3,715	4,315	4,315	-	
<i>Goodwill/(Negative Goodwill)</i>	-	-	-	-	-	
<i>Reinsurance Recoverables</i>	49	-	49	49	-	
<i>Deposits with Cedents</i>	314	-	314	314	-	
<i>Insurance Receivables</i>	363	-	363	363	-	
<i>Reinsurance Receivables</i>	242	-	242	242	-	
<i>Cash and Cash Equivalents</i>	7,997	-	7,997	7,997	-	
<i>Other Assets</i>	3,799	(3,715)	84	84	-	
TOTAL ASSETS	13,365	-	13,365	13,365	-	
LIABILITIES						
<i>Technical Provisions</i>	1,310	-	1,310	1,447	(137)	D.2
<i>Claims Handling Provision</i>	-	-	-	-	-	
<i>Accruals</i>	125	-	125	125	-	
<i>Insurance and Intermediary Payables</i>	8	-	8	8	-	
<i>Reinsurance Payables</i>	-	-	-	-	-	
<i>Other Liabilities</i>	-	-	-	-	-	
TOTAL LIABILITIES	1,443	-	1,443	1,579	(137)	
Net Assets/Surplus	11,922	-	11,922	11,786	(137)	

See Section D.2 for full details of Sii adjustments to technical provisions

E.1 OWN FUNDS

As at 31st December 2021 the own funds of Group, Bestpark and AUL were as follows:

Own Fund Item Group	Tier	Group 2021	%	Group 2020	%
		£'000		£'000	
Share Capital	1	20	0.17%	20	0.17%
Reconciliation Reserve	1	11,766	99.83%	12,162	99.83%
TOTAL		11,786	100.00%	11,653	100.00%

Own Fund Item Bestpark	Tier	Bestpark 2021	%	Bestpark 2020	%
		£'000		£'000	
Share Capital	1	5,250	48.07%	5,250	45.18%
Reconciliation Reserve	1	5,671	51.93 %	6,370	54.82%
TOTAL		10,921	100.00%	11,620	100.00%

Own Fund Item AUL	Tier	AUL 2020	%	AUL 2020	%
		£'000		£'000	
Share Capital	1	2,020	57.52%	2,020	57.45%
Reconciliation Reserve	1	1,496	42.48%	1,496	42.55%
TOTAL		3,516	100.00%	3,516	100.00%

There has been no material changes in the objectives, policies, and processes employed by the Group for managing its own funds. There have been no distributions made to the shareholders of Group and Bestpark during the year.

E.2 SOLVENCY REQUIREMENT AND MINIMUM CAPITAL REQUIREMENTS

As at 31st December 2021 the SCR and MCR requirements of Group and Bestpark were as follows:

Group	2021		2020	
	£000	Own Fund Cover	£000	Own Fund Cover
SCR	2,462	4.78	2,379	6.12
MCR	3,126	3.77	3,338	3.65

Bestpark	2021		2020	
	£000	Own Fund Cover	£000	Own Fund Cover
SCR	2,519	4.34	2,765	4.20
MCR	3,126	3.49	3,338	3.48

AUL	2021		2020	
	£000	Own Fund Cover	£000	Own Fund Cover
SCR	777	4.53	231	15.22
MCR	2,112	1.67	2,255	1.56

There has been no non-compliance with SCR or MCR during the course of the period in either Group, Bestpark or AUL.

As at 31 December 2021, the SCRs of Group, Bestpark and AUL were made up as follows:

Risk Category	Sub Risk Category	Group £000	Group £000	Bestpark £000	Bestpark £000	AUL £'000	AUL £'000
Market	Currency	57		57		-	
	Interest rate	52		52		-	
	Equity	337		1,503		-	
	Spread	306		275		48	
	Concentration	1,827		1,171		733	
	Diversification	(648)		(964)		(47)	
Total Market Risk			1,931		2,094		734
Counterparty	Type 1	470		292		129	
	Type 2	325		325		-	
	Diversification	(50)		(40)		-	
Total Counterparty Risk			745		577		129
Health Underwriting Risk			-		-		-
Non-Life Underwriting Risk			410		409		-
Operational Risk			39		39		-
Diversification			(663)		(599)		(86)
TOTAL SCR			2,462		2,519		777

As at 31 December 2020, the SCRs of Group, Bestpark and AUL were made up as follows:

Risk Category	Sub Risk Category	Group £000	Group £000	Bestpark £000	Bestpark £000	AUL £'000	AUL £'000
Market	Currency	64		64		-	
	Interest rate	10		10		-	
	Equity	291		1,457		-	
	Spread	206		215		3	
	Concentration	1,699		1,699		-	
	Diversification	(503)		(1,082)		-	
Total Market Risk			1,767		2,363		3
Counterparty	Type 1	529		213		230	
	Type 2	315		314		-	
	Diversification	(51)		(33)		-	
Total Counterparty Risk			793		494		230
Health Underwriting Risk			-		-		-
Non-Life Underwriting Risk			463		462		-
Operational Risk			46		45		-
Diversification			(690)		(599)		(2)
TOTAL SCR			2,379		2,765		231

SCR figures have been calculated using the standard formula with no simplified calculations being used.

The MCR of Bestpark is the absolute floor value of Euro 3.7m at the GBP/Euro exchange rate as at 31st October 2021 which was 0.8449 as published by the PRA (2020: 0.90208). This conversion gives an MCR of £3.126m as at 31st December 2021 (2020: £3.338m). The absolute floor value is applicable as it exceeds 45% of Bestpark's SCR. AUL's MCR is the absolute floor value of euro 2.5m (as it has no risks present in Classes 10-15) which translated at the official exchange rate gives an MCR of £2.1m (2020: £2.3m).

E.3 USE OF THE DURATION- BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

The Group and Bestpark have not used the duration-based equity risk sub-module.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Group and Bestpark use the standard formula.

**GROUP
SOLVENCY AND FINANCIAL
CONDITION REPORT
AS AT
31st DECEMBER 2021**

APPENDIX 1

**ASHBROOKE FINANCIAL GROUP LIMITED –
AUDITED FINANCIAL STATEMENTS FOR THE
YEAR TO 31 DECEMBER 2021**

ASHBROOKE FINANCIAL GROUP LIMITED

Company registration number: 09678901

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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ASHBROOKE FINANCIAL GROUP LIMITED

COMPANY INFORMATION

Directors	Steven Gowland Andrew Morpeth
Company Secretary	Jeremy Watt
Registered Office	8 Eagle Court London EC1M 5QD
Independent Auditor	LB Group Limited Number One Vicarage Lane London E15 4HF

ASHBROOKE FINANCIAL GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic Report for the year ended 31 December 2021.

Principal activity and review of business

The Company was incorporated on 9 July 2015 in England & Wales with the company number 09678901.

The principal activities of Ashbrooke Financial Group Limited and its subsidiaries (the 'Group') are the acquisition of insurance companies and portfolios in the legacy insurance market and the provision of outsourcing and consultancy services related to the management and administration of insurance operations.

The pre tax loss for the year was £(0.4)m (2020: £0.5m profit) and the loss after taxation was £(0.4)m (2020: £0.5m).

Strategy and financial performance during the year

The Group offers high quality, knowledgeable resources to administer run-off services in the UK. The directors continue to seek an orderly run-off of the Group's business as quickly as is consistent with protecting the interests of policyholders. In order to achieve this objective the Group will continue to seek to remove future uncertainty through effective claims management techniques including commutation agreements, where appropriate.

The key performance indicator used by the directors is the reported and forecast solvency of the Group which they seek to maintain at a level that meets the Group's regulatory capital requirements. During the year the net assets of the Group have decreased to £11.9m at 31 December 2021 (2020: £12.3m) under FRS102. The directors currently expect a solvent run-off to be maintained in the future. The Group comfortably exceeds its Regulatory Capital requirements for both Minimum Capital Requirement ("MCR") and Solvency Capital Requirement ("SCR") as calculated in accordance with Solvency II requirements.

Principal financial risks and uncertainties

The financial risks and uncertainties facing the Company and Group are described below under "Financial risk management". In addition to these financial risks the Company is exposed to legal and regulatory risk. Non-compliance with regulation could give rise to fines or restrictions on approvals which might impair the Group's performance or financial position.

As further explained in note 17 to the financial statements, the directors consider that there is uncertainty attaching to the future development of certain classes of business. Whilst the directors consider that, on the basis of information currently available, the Company and the Group will conduct a solvent run-off, there is a small risk that the future cost of claims may exceed the financial resources of the Group and hence the Company and the Group may not be able to meet liabilities to policyholders.

The outbreak of COVID-19 in early 2020 resulted in a pandemic causing significant disruption across the globe. The impact on society was reflected in business closure, restrictions on movement, home working and cancellations of sporting and other events.

The directors have assessed that there is no exposure to potential claims arising from COVID-19 and no material impact on its solvency capital. As a result of the low levels of active claims, the Company remains in a robust position and we expect solvency to be maintained above requirements under current laws and regulations. The impact of COVID-19 is continuing to evolve but we do not expect there to be any material financial impact on the Company at the time of writing.

Financial risk management

The Group is exposed to financial risk through its financial assets, liabilities, reinsurance assets and policyholder liabilities. The most important components of this financial risk that the Group is exposed

ASHBROOKE FINANCIAL GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

to are interest rate risk, currency risk, credit risk and liquidity risk. The Group does not use hedging or adopt hedge accounting for any type of transactions.

Interest rate risk

The Group is exposed to interest rate risk in relation to its bank deposit balances. The Group manages this risk by investing cash balances so as to optimise returns whilst having regard to the minimum investment criteria applied by the Company

Currency risk

The Group's assets and liability matching procedures ensure that all liabilities are at least matched by assets in the same denomination, reducing the exposure to net adverse currency risk.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay the amounts in full when due. The main areas where the Group is exposed to credit risk is in relation to bank deposits with credit institutions and reinsurance assets. The Group seeks to minimise this risk by monitoring the financial security of credit institutions and reinsurers, and collecting reinsurance recoveries as soon as they become due. The Group manages this risk by investing cash balances with regard to the minimum investment criteria applied by the Group.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Group seeks to mitigate this risk by maintaining sufficient cash to meet its obligations as they fall due. Instant access accounts holding at least £1m are maintained at all times.

Insurance Risk

Insurance risk is the risk that new claims may arise and that reserves on existing claims are inadequate. The Group seeks to mitigate this risk by regularly reviewing claim developments and carefully reviewing the adequacy of reserves including incurred but not reported ("IBNR") reserves within the Group.

This report was approved by the Board of Directors and signed on behalf of the Board.

Steven Gowland
Director

DocuSigned by:

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19 May 2022

ASHBROOKE FINANCIAL GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Incorporation and principal activities

Ashbrooke Financial Group Limited was incorporated on 9 July 2015 and commenced trading on 19 February 2016. The principal activities of the Group are the acquisition of insurance companies and portfolios in the legacy insurance market and the provision of outsourcing and consultancy services related to the management of insurance operations and management consulting to the international reinsurance market.

Dividends

The directors do not recommend the payment of a dividend in the year (2020: £nil).

Directors

The directors who served during the year were:

Steven Gowland
Andrew Morpeth

Going concern

The financial statements have been prepared on a going concern basis. As explained in note 17 there is uncertainty regarding the ultimate cost of claims of the subsidiary companies, particularly those in relation to liability and financial institutions business. The Group maintains sufficient liquid resources to meet claims as they fall due over the next year and the claims subject to greatest uncertainty are those that are long-tail in nature. Financial risk management and future developments are covered within the Strategic Report. The directors have considered possible outcomes for COVID-19 and do not consider that there has been nor will be any material impact on the Company

Accordingly, the directors consider that on the basis of information currently available it is appropriate to prepare the financial statements on the basis that the Company and the Group is a going concern.

Matters covered in the Strategic Report

As permitted in paragraph 1A of Schedule 7 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 and 3. These matters relate to the financial risk management disclosures and likely future business development.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 *Insurance Contracts*.

ASHBROOKE FINANCIAL GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

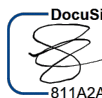
Statement as to disclosure of information to Auditor

Each of the persons who is a director at the date of this report has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418(2) of the Companies Act 2006.

This report was approved by the board of directors and signed on its behalf by:

DocuSigned by:

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Steven Gowland
Director

19 May 2022

ASHBROOKE FINANCIAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Ashbrooke Financial Group Limited (the 'company') and its subsidiaries (the "group") for the period ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Audit Scope – We scope the audit based on materiality, by financial statement line item. No scoping by location is required as there are no branches or other locations. As part of designing our audit we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where directors made judgements on a subjective basis for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls and the industry in which it operates.

ASHBROOKE FINANCIAL GROUP LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021**

Our group audit scope included an audit of the group and parent company financial statements of Ashbrooke Financial Group Limited. Based on our risk assessment all entities within the group were subject to full scope audit and was performed by the audit team. At the group level we also tested the consolidation process and carried out analytical procedures to confirm our conclusions that there were no significant risks of material misstatement of the aggregated financial information.

Key audit matters

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

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from these procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key audit matter

2021 and post balance sheet date have been impacted by the continuing Covid-19 global pandemic resulting in significant economic disruption.

Management have ensured that the measurement of assets and liabilities reflects only the conditions that existed at the reporting date.

Management have concluded the company will maintain its solvency above requirements under current laws and regulations and the company continues to be a going concern. Although the situation continues to evolve at the time of signing management do not expect there to be any material financial impact on the company.

How our scope addressed this matter

We assessed management's approach to the impact of Covid-19 on the company and the financial statements by performing the following procedures:

- obtained management's assessment on the continuing Covid-19 pandemic on going concern.
- We inspected the impact assessment provided to evaluate its consistency with our understanding of the operations of the company and the investment portfolio; and
- Examined the disclosures made by management in the financial statements and checked consistency of the disclosures with our knowledge of the company based on our audit and the other procedures.

Based on the work performed and the evidence obtained, we have not identified any facts that would suggest that the financial statements should not be prepared on a going concern basis and that the disclosure of the impact of the continuing Covid-19 pandemic in the financial statements is not appropriate.

ASHBROOKE FINANCIAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds of materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality - £200,000

How we determined it – 1.5% of total assets.

Rationale for benchmark applied – The company is in run-off and therefore we believe that total assets is the most appropriate benchmark as this reflects the primary objective of the Company, being to hold an asset position that provides sufficient solvency and cover over its liabilities.

We agreed with the directors that we would report to them misstatements identified during our audit above £2,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit, including the extent to which the audit was considered capable of detecting irregularities, including fraud

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements.

In identifying and assessing risks of material misstatement in respect of irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- at planning stage, we gained an understanding of the legal and regulatory framework applicable to the Company, the industry in which it operates and considered the risk of acts by the Company which were contrary to the applicable laws and regulations;
- we discussed with the directors the policies and procedures in place regarding compliance with laws and regulations;
- we discussed amongst the engagement team the identified laws and regulations, and remained alert to any indications of non-compliance; and
- during the audit, we focused on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as

ASHBROOKE FINANCIAL GROUP LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021**

required by auditing standards), from inspection of the Company's regulatory and legal correspondence and review of minutes of directors' meetings in the year. We identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory requirements of the Prudential Regulatory Authority and Financial Conduct Authority. We also considered those other laws and regulations that have a direct impact on the preparation of financial statements, such as the Companies Act 2006.

Our procedures in relation to fraud included but were not limited to:

- inquiries of management whether they have knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussions amongst the engagement team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the provisions for the settlement of future claims, and significant one-off or unusual transactions; and
- addressing the risk of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as there may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any 'key audit matters' relating to irregularities, including fraud. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under 'key audit matters' within this report.

Other information

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

ASHBROOKE FINANCIAL GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed above.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ASHBROOKE FINANCIAL GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL
GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021**


Other matters which we are required to address

We were appointed by the board of directors on 4 December 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Use of our report

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

DocuSigned by:

2E2E030F622E454...
20-05-22

**Richard Lane (Senior Statutory Auditor)
For and on behalf of LB Group (Stratford)
Chartered Accountants
Statutory Auditors**

**Number One
Vicarage Lane
Stratford
London
E15 4HF**

ASHBROOKE FINANCIAL GROUP LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

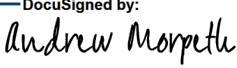
	Note	<u>2021</u>	<u>2020</u>
		<u>£'000</u>	<u>£'000</u>
TECHNICAL ACCOUNT - GENERAL BUSINESS			
Earned Premiums, net of reinsurance			
Gross premiums written	3	1	2
Outward reinsurance premiums	3	-	-
Change in the gross provision for unearned premiums		-	-
Change in the provision for unearned premiums, reinsurers' share		-	-
Allocated investment return transfer from the non - technical account	4	-	-
Total Technical income		<u>1</u>	<u>2</u>
Claims Incurred, Net Of Reinsurance			
Claims Paid			
Gross Amount		195	(279)
Reinsurers' share		7	7
Net claims paid		<u>202</u>	<u>(272)</u>
Change in Provision For claims			
Gross amount	17,19	146	420
Reinsurer's share	17,19	(1)	(13)
Net Change in Provision for Claims		<u>145</u>	<u>407</u>
Net operating expenses	5	(880)	(664)
Total Technical Charges		<u>(533)</u>	<u>(529)</u>
Balance on Technical Account		<u>(532)</u>	<u>(527)</u>
NON TECHNICAL ACCOUNT			
Balance on Technical Account – General Business		(532)	(527)
Investment Income	4	124	158
Investment Income Allocated to Technical Account		-	-
<i>Other Income</i>			
Amortisation of goodwill	11	-	781
Foreign Exchange (Losses)/Gains	8	(5)	70
Profit on Ordinary Activities Before Taxation	10	<u>(413)</u>	<u>482</u>
Income tax expense		-	-
(Loss)/Profit For The Financial Period		<u>(413)</u>	<u>482</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		<u>(413)</u>	<u>482</u>

The notes on pages 17 to 36 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021**

ASSETS	Note	2021	2020
		£'000	£'000
Intangible Assets			
Positive Goodwill	11	-	-
Negative Goodwill	11	-	-
		<u>-</u>	<u>-</u>
Investments	25	<u>600</u>	<u>600</u>
Reinsurers' share of technical provisions			
Provision for unearned premiums	17	-	-
Claims outstanding	17,19	<u>49</u>	<u>54</u>
		<u>49</u>	<u>54</u>
Debtors			
Debtors arising out of direct insurance operations	13	363	123
Debtors arising out of reinsurance operations	13	556	567
Other debtors	13	<u>3,715</u>	<u>3,554</u>
		<u>4,634</u>	<u>4,244</u>
Other assets			
Tangible Assets	12	1	2
Cash and cash equivalents	14	<u>7,997</u>	<u>8,821</u>
		<u>7,998</u>	<u>8,823</u>
Prepayments and accrued income			
Other prepayments and accrued income		<u>84</u>	<u>195</u>
		<u>84</u>	<u>195</u>
TOTAL ASSETS		<u>13,365</u>	<u>13,916</u>
LIABILITIES			
Capital and reserves			
Called up share capital	16	20	20
Profit and loss account		<u>11,902</u>	<u>12,314</u>
Total shareholders' funds		<u>11,922</u>	<u>12,334</u>
Technical provisions			
Provision for unearned premiums	17	-	-
Claims outstanding	17,19	<u>1,310</u>	<u>1,501</u>
		<u>1,310</u>	<u>1,501</u>
Creditors			
Creditors arising out of direct insurance operations		8	7
Creditors arising out of reinsurance operations		-	9
Other creditors		-	-
		<u>8</u>	<u>16</u>
Accruals and deferred income		<u>125</u>	<u>65</u>
TOTAL OF LIABILITIES AND SHAREHOLDERS' EQUITY		<u>13,365</u>	<u>13,916</u>

The financial statements were approved by the board of directors on 19 May 2022 and were signed on its behalf by:

DocuSigned by:

 Andrew Morpeth
 BB61208351F641A...
Director

The notes on pages 17 to 36 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Investments in subsidiary undertakings	15	211	211
		<u>211</u>	<u>211</u>
TOTAL ASSETS		<u>211</u>	<u>211</u>
EQUITY			
Capital and reserves			
Called up share capital	16	20	20
Profit and loss account		-	-
Total shareholders' funds		<u>20</u>	<u>20</u>
LIABILITIES			
Current liabilities			
Creditors – amounts owed to group undertakings	18	191	191
		<u>191</u>	<u>191</u>
TOTAL OF LIABILITIES AND SHAREHOLDERS' EQUITY		<u>211</u>	<u>211</u>

The financial statements were approved by the board of directors on 19 May 2022 and were signed on its behalf by:

DocuSigned by:

 BB61208351F641A...
 Andrew Morpeth
 Director

Company Registration No 09678901

The notes on pages 17 to 36 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED**CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Consolidated	Called up share capital £'000	Profit and loss account £'000	Total share- holders' equity £'000
Issue of shares on incorporation	20	-	20
Profit for prior years	-	12,314	12,314
Total comprehensive income	-	12,314	12,314
At 31 December 2020	20	12,314	12,334
Loss for the year	-	-	-
Other comprehensive income	-	(412)	(412)
Total comprehensive income	-	(412)	(412)
At 31 December 2021	20	11,902	11,922

Reserves*Profit and loss account*

This reserve represents the cumulative profits and losses of the Group.

Company

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' equity £'000
Issue of shares on incorporation	20	-	20
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
At 31 December 2020	20	-	20
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
At 31 December 2021	20	-	20

Reserves*Profit and loss account*

This reserve represents the cumulative profits and losses of the Company.

The notes on pages 17 to 36 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
		£'000	£'000
Net cash from operating activities			
Profit/(Loss) on Ordinary Activities Before Taxation		(412)	482
Interest receivable		(124)	(158)
Goodwill Adjustment	11	-	(782)
Depreciation		2	2
Unrealised Foreign Exchange (gains)/losses		5	(70)
<i>Adjustments to Reconcile Cash Flows Used in Operating Activities</i>			
Reinsurers share of Technical Account	17,19	5	(6)
Debtors Arising From Direct Insurance Activities	13	(239)	(49)
Debtors Arising From Reinsurance Activities	13	11	210
Other Debtors		(50)	94
Technical Provisions	17,19	(191)	(337)
Creditors Arising From Direct Insurance Activities		-	12
Creditors Arising from Indirect Insurance Activities		(9)	3
Other Creditors		60	(43)
Taxation paid			-
Net cash absorbed by operating activities		(942)	(642)
Cash flow from investing activities			
Purchase of Tangible Assets		(1)	(1)
Purchase of Investments		-	-
Purchase of Group companies		-	795
Interest received		124	158
Net cash from investing activities		123	952
Cash flow from financing activities			
Net cash (used in)/from financing activities		-	-
Net decrease in cash at bank and in hand before Unrealised Foreign Exchange gains/(losses)		(819)	310
Unrealised Foreign Exchange gains/(losses)		(5)	70
Net Increase/(decrease) in cash at bank and in hand		(824)	380
Cash and cash equivalents at the beginning of the year		8,821	8,441
Cash and cash equivalents at the end of the year		7,997	8,821

Cash and cash equivalents consist of cash at bank and in hand as described in note 14.

The notes on pages 17 to 36 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****1 ACCOUNTING POLICIES****General information**

The Company is registered in England & Wales with the registered number: 09678901 and is a holding company whose only investments are the entire issued share capital of Bestpark International Limited and Ashbrooke Ventures Limited. The address of its registered office and principal place of business is 8 Eagle Court, London EC1M 5QD.

These financial statements have been presented in Pounds Sterling as this is the Company's and subsidiaries' functional currency, being the currency of the primary economic environment in which the Group operates.

Basis of preparation

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* ("FRS 102"). FRS 103 *Insurance Contracts* and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups. These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2). A summary of important and material accounting policies is set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and those of its subsidiaries made up to 31 December 2018. Where a subsidiary is acquired/disposed of during the period, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal.

All intra-group balances, transactions, income and expenses are eliminated on consolidation. The consolidated accounts are prepared using uniform accounting policies. The profit and loss account for the period dealt with in the accounts of the Company was £Nil (2020: £Nil).

Business combinations

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the fair value of assets transferred, liabilities incurred and the equity interest issued by the Group at the date of acquisition, which includes the fair value of any assets or liabilities arising from a contingent arrangement.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiaries financial statements prior to the acquisition.

Goodwill and negative goodwill is stated after separate recognition of identifiable net assets. It is calculated as the difference between (i) the fair value of the consideration transferred; and (ii) the fair value of the reporting entity's share of the pre-transaction identifiable net assets of the other entity.

In accordance with section 408 of the Companies Act 2006 the Company has chosen not to present an individual profit and loss account for the period.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****ACCOUNTING POLICIES (CONTINUED)****Goodwill**

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses and amortisation.

Negative goodwill is recognised and treated in accordance with FRS102 Section 19.24C. The directors assess the accounting periods expected to benefit from the excess of the fair value of non-monetary assets acquired and release negative goodwill in accordance with that assessment.

Going concern

The financial statements have been prepared on a going concern basis. As explained in note 17 there is uncertainty regarding the ultimate cost of claims of the subsidiary company, Bestpark International Limited, particularly those in relation to liability, latent defects and financial institutions business. These could vary materially from the amounts currently estimated and exceed the financial resources of the Group. However, the Company and Group maintains sufficient liquid resources to meet claims as they fall due over the next year and the claims subject to greatest uncertainty are those that are long-tail in nature. Accordingly, the directors consider that on the basis of information currently available it is appropriate to prepare the financial statements on the basis that the Company and the Group is a going concern. The directors have considered possible outcomes for Brexit and do not consider that there will be any material impact on the Company in any of the possible scenarios. The directors have considered possible outcomes for COVID-19 and do not consider that there will be any material impact on the Company.

Tangible fixed assets

Tangible fixed assets is recognised as an asset only if it is probable that economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. After recognition, all property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Computer equipment	33.33 % per annum
Fixtures and fittings	20.00 % per annum

The residual value and the useful life of an asset is reviewed at least at each financial period-end. Gains or losses arising on disposal of tangible fixed assets are determined as the difference between the disposal proceeds and carrying value of the asset and are recognised in profit or loss.

Premiums written

Premiums written relate to business incepted during the period, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the Company or the Group, less an allowance for cancellations.

Unearned premiums

Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the reporting date, calculated on a time apportionment basis.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****ACCOUNTING POLICIES (CONTINUED)****Claims incurred**

Claims incurred comprise claims and related expenses paid in the period and changes in the provision for outstanding claims, including provision for claims incurred but not yet reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

Interest income

Interest income is recognised as interest accrues using the effective interest rate method.

Taxation

The tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date. Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

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

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds only basic financial instruments, which comprise cash and cash equivalents, investments, debtors, debt securities and creditors. The Group has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instrument Issues* in full.

*Financial assets – classified as basic financial instruments**Cash and cash equivalents*

Cash and cash equivalents comprises cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost.

Investments

The Group holds non-convertible preference shares recognised as a non-derivative financial instruments that is the equity of the issuer, which is measured at cost less impairment as it is not publicly traded and fair value cannot otherwise be measured reliably. There has been £nil impairment in 2020 (2019:nil). See disclosure in Note 25.

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Debtors and deposits with ceding undertakings

Debtors include debtors arising out of direct and reinsurance operations and other debtors. Debtors and deposits with ceding undertakings are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****ACCOUNTING POLICIES (CONTINUED)**

Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

At the end of each reporting year the Group assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

*Financial liabilities – classified as basic financial instruments**Creditors*

Creditors include creditors arising out of direct and reinsurance operations and other creditors. Creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Amounts that are payable within one year are measured at the undiscounted amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Claims provisions

Provision is made at the year-end for the estimated cost of claims incurred but not yet settled at the reporting date, including the cost of claims incurred but not yet reported. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. This is discussed in more detail in note 17, 19 and 20.

Reinsurance recoveries

Reinsurance recoveries in respect of claims provisions are estimated based upon contractual agreements at the reporting date. Reinsurance recoveries in respect of estimated claims incurred but not reported ("IBNR") are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Company's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to market data on the financial strength of each of the reinsurance companies.

Foreign currencies

Foreign currency transactions are translated into the functional currency of the reporting entity using the exchange rate prevailing on the first day of the month in which the transactions took place. Income and expenses items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. For the purposes of foreign currency translation, insurance balances are treated as monetary items. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****ACCOUNTING POLICIES (CONTINUED)****Segmental analysis**

The Company only operates in the UK and there are no reportable segments which are managed separately based on the Company's management and internal reporting structure.

Investment in subsidiaries

Investments in subsidiaries are recorded at historical cost in the Company's balance sheet.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group and Company financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions in applying accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and based on historical experience and factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Group's results and financial position, are as follows:

(i) Estimating claims provisions and reinsurance recoveries

When estimating claims provisions and reinsurance recoveries the directors are required to make estimates regarding various inputs into calculations for these balances. These are discussed further in note 17, 19 and 20.

(ii) Recoverability of debtors

A provision for debtors is established where it is estimated that the debtors are not considered to be fully recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability and the credit profile of individual or groups of customers.

(iii) Treatment of Negative Goodwill

Under FRS102, negative goodwill arising on acquisitions should be released to the profit and loss account on the basis of accounting periods of recovery for excesses relating to non-monetary assets and in the accounting periods expected to benefit for any excess relating to non-monetary assets acquired. The directors have used their judgement in assessing the accounting periods that are expected to benefit and have therefore released the negative goodwill created in the latest acquisition in the current year (Note 11).

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****3 PARTICULARS OF BUSINESS WRITTEN**

The business of the Group arises mainly in respect of London market direct insurance and reinsurance business the premiums written and results have been analysed accordingly.

	Gross written premiums 2021 £'000	Gross earned premiums 2021 £'000	Gross claims incurred 2021 £'000	Reinsurance Balance 2021 £'000
Direct insurance	-	-	325	(6)
Reinsurance	1	1	15	-
	<u>1</u>	<u>1</u>	<u>340</u>	<u>(6)</u>

**By class of business-
Direct insurance:**

Accident & health	-	-	-	-
Marine, aviation and transport	-	-	-	-
Fire and other damage to property	-	-	-	-
Third party liability	-	-	41	2
Miscellaneous & pecuniary loss	-	-	284	(8)
	<u>-</u>	<u>-</u>	<u>325</u>	<u>(6)</u>

	Gross written premiums 2020 £'000	Gross earned premiums 2020 £'000	Gross claims incurred 2020 £'000	Reinsurance Balance 2020 £'000
Direct insurance	-	-	66	(7)
Reinsurance	2	2	50	-
	<u>2</u>	<u>2</u>	<u>116</u>	<u>(7)</u>

**By class of business-
Direct insurance:**

Accident & health	-	-	-	-
Marine, aviation and transport	-	-	-	-
Fire and other damage to property	-	-	-	-
Third party liability	-	-	13	-
Miscellaneous & pecuniary loss	-	-	53	(7)
	<u>-</u>	<u>-</u>	<u>66</u>	<u>(7)</u>

The reinsurance gross written premium received in the year relates to historical premium withheld in error by brokers. Gross administrative costs of £880k relate to direct insurance (2020: £645k).

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****4 INVESTMENT INCOME**

	2021	2020
	£'000	£'000
Income from cash at bank	(2)	8
Income from loans (note 18)	126	150
	124	158

5 NET OPERATING EXPENSES

	2021	2020
	£'000	£'000
Administrative expenses	871	645
Release of irrecoverable debtors and creditors	9	19
	880	664

6 INVESTMENT EXPENSES AND CHARGES

	2021	2020
	£'000	£'000
Investment management expenses	-	-

7 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff Costs for the period were as follows:

	2021	2020
	£'000	£'000
Wages and Salaries	462	498
Social Security Costs	53	58
Other Pension Costs	134	60
	649	616

The total average number of employees, including directors, in the period was 6 (2020: 6).

The remuneration of the Directors was as follows:

	2021	2020
	£'000	£'000
Wages and Salaries	177	185
Fees	38	33
Defined contribution pension payments	106	31
	321	249

The remuneration of the highest paid director included wages and salaries of £77k (2020: £100k) and defined contribution pension payments of £66k (2020: £3.5K).

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****8 OTHER INCOME AND EXPENSES**

	2021 £'000	2020 £'000
Foreign Exchange profit/(loss)	<u>(5)</u>	<u>70</u>

9 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2021 £'000	2020 £'000
(Loss)/Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration		
- fees payable for the audit of the company financial statements	5	5
- fees payable for the audit of the subsidiaries' financial statements	25	25
- fees payable for audit related assurance services	-	-
	<u>30</u>	<u>30</u>

10 TAXATION

Analysis of profit or loss charge	2021 £'000	2020 £'000
Current tax on loss/profit on ordinary activities	-	-

Factors affecting current tax charge

Profit/(loss) on ordinary activities before tax	<u>(412)</u>	<u>482</u>
UK corporation tax at 19% (2020: 19%)	(78)	92
Adjustments for items not chargeable to Corporation Tax	-	(147)
Tax losses utilised/Increased	78	55
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The Group has unutilised tax losses of approximately £1.1m as at 31 December 2021 (2020: £0.7m). Following the decision to place BIL into run-off and the subsequent acquisition of BIL by the Company, it is still considered unlikely that there will be sufficient profits in future periods against which tax losses can be offset and therefore no deferred tax asset has been recognised. There is no expiry date for these losses.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****11 GOODWILL**

	Negative Goodwill £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2021	(6,559)	68	(6,491)
As at 31 December 2021	(6,559)	68	(6,491)
Accumulated (amortisation)/release			
At 1 January 2021	6,559	(68)	6,491
Amortisation charge for the period	-	-	-
As at 31 December 2021	6,559	(68)	(6,491)
Carrying amount at 31 December 2021	-	-	-
<i>Carrying amount at 31 December 2020</i>	<i>-</i>	<i>-</i>	<i>-</i>

In accordance with the policy on Goodwill, goodwill is amortised over a five year period and negative goodwill is released and recognised in the periods expected to benefit. The directors' assessed the timetable for the run off of BIL and spread the release of negative goodwill over the four year period to 31 December 2019. The negative goodwill of £795k arising from the acquisition by BIL of Ashbrooke Underwriting Limited and Ashbrooke Underwriting Services Limited was released in the prior year as the directors believe that this reflects the period in which the actual benefit arose.

12 TANGIBLE ASSETS

	Computer equipment £'000	Furniture and fittings £'000	Total £'000
Cost			
As at 1 January 2021	11	9	20
Additions	-	1	1
As at 31 December 2021	11	10	21
Depreciation			
As at 1 January 2021	(11)	(7)	(18)
Charge	-	(2)	(2)
As at 31 December 2021	(11)	(9)	(20)
Carrying amount at 31 December 2021	-	1	1
<i>Carrying amount at 31 December 2020</i>	<i>-</i>	<i>2</i>	<i>2</i>

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****13 DEBTORS**

	Group 2021 £'000	Company 2021 £'000
<i>Amounts due within one year</i>		
Debtors arising out of direct insurance operations	363	-
Debtors arising out of reinsurance operations	556	-
Loan notes	2,381	-
Other Debtors And Prepaid Income	84	-
	3,384	-
<i>Amounts due after year</i>		
Debtors arising out of direct insurance operations	-	-
Debtors arising out of reinsurance operations	-	-
Loan notes	1,335	-
Other Debtors	-	-
	1,335	-
	Group 2020 £'000	Company 2020 £'000
<i>Amounts due within one year</i>		
Debtors arising out of direct insurance operations	123	-
Debtors arising out of reinsurance operations	567	-
Loan notes	2,187	-
Other Debtors And Prepaid Income	227	-
	3,104	-
<i>Amounts due after year</i>		
Debtors arising out of direct insurance operations	-	-
Debtors arising out of reinsurance operations	-	-
Loan notes	1,335	-
Other Debtors	-	-
	1,335	-

The Group has issued a number of loan notes to related parties as described in Note 24 which are outstanding at the end of the current year. A secured loan note first was issued in 2019 of £1.335k (2020: £1.335m), interest bearing (5% per annum for the current and previous year) which is repayable over the course of five years commencing in 2023. The series of unsecured loan notes have been issued during the year which are interest bearing (2.5% per annum) in the sum of £2,150m (2020: £1,925k) which are repayable on demand. Accrued interest balances for the loan notes were £nil at year end (2020: £Nil).

Debtors arising out of reinsurance operations includes deposits with ceding undertakings of £556k (2020: £333k).

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****14 CASH AT BANK AND CASH EQUIVALENTS**

	Group 2021 £'000	Company 2021 £'000
Cash at bank and in hand	7,997	-
Cash Equivalents	-	-
	7,997	-

	Group 2020 £'000	Company 2020 £'000
Cash at bank and in hand	8,821	-
Cash Equivalents	-	-
	8,821	-

15 Investments in subsidiary undertakings

Company

£'000

Investments in subsidiary undertakings
Cost as at 1 January 2021

211

Net book value at 31 December 2021

211

Subsidiary Undertakings

<i>Name</i>	<i>Class</i>	<i>Holding</i>	<i>Business</i>
<i>Direct Subsidiaries</i>			
Bestpark International Limited	Ordinary A and B Shares	100%	Insurance Company
Ashbrooke Ventures Limited	Ordinary shares	100%	Consulting Services
<i>Indirect Subsidiaries</i>			
Ashbrooke Underwriting Limited	Ordinary Shares	100%	Insurance Company
Ashbrooke Underwriting Services Limited	Ordinary Shares	100%	Insurance Company

Both direct subsidiaries were acquired on 19 February 2016 and are registered in England and Wales with their registered offices at 8 Eagle Court, London EC1M 5QD.

On 19 December 2019, the Company's subsidiary, BIL, signed sale and purchase agreements with a third party for the acquisition of two insurance companies. Completion of the acquisitions occurred on 21 May 2020 after the requisite regulatory approvals were received. Both indirect subsidiaries are registered in England and Wales with their registered offices at 8 Eagle Court, London EC1M 5QD.

16 SHARE CAPITAL

	2021 £'000	2020 £'000
Allotted and fully paid: 20,000 ordinary shares of £1 par	20	20

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****17 ANALYSIS OF UNEARNED PREMIUMS PROVISION AND CLAIMS OUTSTANDING**

	Provision for unearned premiums		Claims Outstanding		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Gross amount						
At 1 January	-	-	1,501	1,838	1,501	1,838
Exchange difference	-	-	(46)	46	(46)	46
Change in the provisions	-	-	(145)	(383)	(145)	(383)
At 31 December	-	-	1,310	1,501	1,310	1,501
Reinsurance amount						
At 1 January	-	-	(54)	(48)	(54)	(48)
Exchange difference	-	-	-	-	-	-
Change in the provisions	-	-	5	(6)	5	(6)
At 31 December	-	-	(49)	(54)	(49)	(54)
Net technical provisions						
At 1 January	-	-	1,447	1,790	1,447	1,790
Exchange difference	-	-	(46)	46	(46)	46
Change in the provisions	-	-	(140)	(389)	(140)	(389)
At 31 December	-	-	1,261	1,447	1,261	1,447

Provision is made at the year-end for the estimated cost of claims incurred but not yet settled at the reporting date, including the cost of claims incurred but not yet reported ('IBNR'). The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of IBNR is generally subject to a degree of uncertainty than the estimation of the cost of settling claims already notified, where more information about the claim event is generally available. IBNR liabilities may often not be apparent to the insured until many years after the event giving rise to the claim. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility. However, it should be noted that the Group's outstanding liabilities are relatively small in terms of numbers of claims, their value and the limited number of active classes and so any volatility is minimal.

18 Amounts owed to group companies

	2020 £'000	2020 £'000
Company		
Amounts owed to Group undertakings	191	191
	191	191

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****19 CLAIMS OUTSTANDING**

In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which may cause the cost of unsettled claims to change when compared with the cost of previously settled claims including:

- Changes in Company processes;
- Changes in the legal environment;
- The effects of inflation;
- Changes in the mix of business;
- The impact of large losses; and
- Movement in industry benchmarks.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Group has regard to claim circumstances as reported, and information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are assessed separately where appropriate, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of the large claims.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

20 INSURANCE RISK MANAGEMENT

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Group is exposed.

Sensitivity to insurance risk

In estimating the insurance liabilities the Group uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. There remains some uncertainty surrounding the ultimate cost of insurance claims to the Group. At 31 December 2021 reserves for claims outstanding were £1.3m (2020: £1.5m) and expected reinsurance recoveries totalled £0.05m (2020: £0.1m). The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****20 INSURANCE RISK MANAGEMENT (CONTINUED)**

	Pre-tax Profit 2021 £'000	Shareholder Equity 2021 £'000	Pre-tax Profit 2020 £'000	Shareholder Equity 2020 £'000
5% increase in operating expenses				
Gross	(44)	(44)	(32)	(32)
Net	(44)	(44)	(32)	(32)
5% increase in claims value				
Gross	(65)	(65)	(23)	(27)
Net	(65)	(65)	(20)	(24)

Claims outstanding are claims incurred but not settled, which includes claims incurred but not yet reported of £0.15m (2020: £0.2m).

There remains uncertainty surrounding the ultimate cost of insurance claims to the Group. At 31 December 2021 reserves for claims outstanding were £1.3m (2020: £1.5m) and expected reinsurance recoveries totalled £0.05m (2020: £0.1m).

The Group has exposure in respect of claims which are the subject of litigation in a variety of jurisdictions across Europe including Italy, Spain and the United Kingdom as well as in Colombia.

The final cost of these claims is subject to uncertainty pending the conclusion of legal actions, the outcome of which is unlikely to be known for some time including the long running proceedings in Colombia relating to the Banco de la Republica claim notification. As a consequence of these issues the net asset position of the Group is subject to uncertainty.

Claims development tables

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The Group's subsidiary BIL has not written any new policies for over 6 years, and earned premiums over this period have been minimal. The following net favourable/ (adverse) run-off deviations experienced since 2010 in respect of BIL's insurance reserves were:

	£'000
2010	933
2011	354
2012	(838)
2013	(129)
2014	967
2015	3,417
2016	3,187
2017	3,103
2018	833
2019	628
2020	123
2021	346

This table includes figures that relate to periods before the acquisition of BIL by the Company in 2016 and are provided for completeness of information.

Concentrations of insurance risk

Management determines concentrations of risk by reference to class of business and geographical location. Prior to entering into run-off the Group's subsidiary, BIL, previously underwrote risk across a range business classes and geographical locations. The concentrations of risk that the Group is exposed to in respect of class of business and geographical location is set out in the tables below, by reference to liabilities.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****20 INSURANCE RISK MANAGEMENT (CONTINUED)**

Concentration of insurance risk by geographical location:

	Gross		Reinsurance		Net	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
UK	541	607	(36)	(37)	505	570
Europe	693	810	(6)	(10)	687	800
Other	76	84	(7)	(7)	69	77
	1,310	1,501	(49)	(54)	1,261	1,447

Concentration of insurance risk by class of business:

	Gross		Reinsurance		Net	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Accident & health	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-
Fire and other damage to property	4	4	(2)	(2)	2	2
Third party liability	718	878	(34)	(36)	684	842
Miscellaneous & pecuniary loss	165	179	(13)	(16)	152	163
Treaty	423	440	-	-	423	440
Total	1,310	1,501	(49)	(54)	1,261	1,447

21 FINANCIAL INSTRUMENTS**Category of financial instruments**

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2021	2020
	£'000	£'000
Financial assets		
<i>Measured at amortised cost</i>		
- Deposits with ceding undertakings	314	333
- Cash at bank and in hand	7,997	8,821
- Investments	600	600
<i>Measured at undiscounted amount receivable</i>		
- Debtors arising out of direct insurance operations	363	123
- Debtors arising out of reinsurance operations	242	234
- Other debtors	228	295
- Loan notes	3,487	3,260
- Reinsurers share of technical income	49	54
Total financial assets	13,280	13,720

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****21 FINANCIAL INSTRUMENTS (CONTINUED)***Measured at undiscounted amount payable*

- Creditors arising out of direct insurance operations	8	7
- Creditors arising out of reinsurance operations	-	9
- Other creditors	125	108
Total financial liabilities	133	124

22 FINANCIAL RISK MANAGEMENT

The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include:

- Interest rate risk;
- Credit risk;
- Liquidity risk; and
- Currency risk

These risks are considered in more detail in the Strategic Report on Page 3

The credit quality of the Group's financial assets and reinsurers share of technical provisions which are neither past due nor impaired is set out below:

	AA	A	Not rated	Carrying amount
	2021	2021	2021	2021
	£'000	£'000	£'000	£'000
Reinsurer's share of technical provisions	43	-	6	49
Debtors arising out of direct insurance operations	-	-	363	363
Debtors arising out of reinsurance operations	-	228	14	242
Deposits with Ceding Undertakings	101	207	6	314
Loan Notes	-	-	3,487	3,487
Other Debtors	-	-	228	228
Cash at bank and in hand	-	7,997	-	7,997
Investments	-	-	600	600
	144	8,432	4,704	13,280

	AA	A	Not rated	Carrying amount
	2020	2020	2020	2020
	£'000	£'000	£'000	£'000
Reinsurer's share of technical provisions	33	15	6	54
Debtors arising out of direct insurance operations	-	-	123	123
Debtors arising out of reinsurance operations	1	233	-	234
Deposits with Ceding Undertakings	105	222	6	333
Loan Notes	-	-	3,260	3,260
Other Debtors	-	-	295	295
Cash at bank and in hand	-	8,821	-	8,821
Investments	-	-	600	600
	139	9,291	4,290	13,720

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****22 FINANCIAL RISK MANAGEMENT (CONTINUED)**

The following tables show the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining that the value of the assets have been impaired were: analysis of impairment; ageing of balances; past loss experience; current economic conditions; and other relevant circumstances.

	Neither past due nor impaired 2021	Past due less than 30 days 2021	Past due 31 to 90 days 2021	Past due more than 90 days 2021	Past due and impaired 2021	Carrying amount 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurer's share of technical provisions	49	-	-	-	-	49
Debtors arising out of direct insurance operations	291	-	72	-	-	363
Debtors arising out of reinsurance operations	-	-	-	242	-	242
Deposits with Ceding Undertakings	-	-	-	314	-	314
Loan notes	3,487	-	-	-	-	3,487
Other debtors	228	-	-	-	-	228
Cash at bank and in hand	7,997	-	-	-	-	7,997
Investments	600	-	-	-	-	600
	12,652	-	72	556	-	13,280

	Neither past due nor impaired 2020	Past due less than 30 days 2020	Past due 31 to 90 days 2020	Past due more than 90 days 2020	Past due and impaired 2020	Carrying amount 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurer's share of technical provisions	54	-	-	-	-	54
Debtors arising out of direct insurance operations	123	-	-	-	-	123
Debtors arising out of reinsurance operations	234	-	-	-	-	234
Deposits with Ceding Undertakings	-	-	-	333	-	333
Loan notes	3,260	-	-	-	-	3,260
Other debtors	295	-	-	-	-	295
Cash at bank and in hand	8,821	-	-	-	-	8,821
Investments	600	-	-	-	-	600
	13,387	-	-	333	-	13,720

No allowance has been made for estimated irrecoverable amounts from counterparties determined by reference to past default experience. All amounts that have not been provided for are expected to be recoverable.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****22 FINANCIAL RISK MANAGEMENT (CONTINUED)****Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. There were no changes in the Group's subsidiary BIL's liquidity risk exposure in the financial period nor to the objectives, policies and processes for managing liquidity risk.

The Group is primarily exposed to liquidity risk arising from policy holders on its insurance contracts. The Group manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities. Liquidity management ensures that the Group has sufficient access to funds necessary to cover insurance claims and other liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities and claims outstanding. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Group can be required to pay. The tables include both interest and principal cash flows.

	<i>1 - 3 months 2021</i>	<i>3 months to 1 year 2021</i>	<i>1 - 5 years 2021</i>	<i>5+ years 2021</i>	<i>Total 2021</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Claims outstanding	-	-	1,310	-	1,310
Creditors arising out of direct insurance operations	3	5	-	-	8
Creditors arising out of reinsurance operations	-	-	-	-	-
Other creditors	-	125	-	-	125
	<u>3</u>	<u>130</u>	<u>1,310</u>	<u>-</u>	<u>1,443</u>

	<i>1 - 3 months 2020</i>	<i>3 months to 1 year 2020</i>	<i>1 - 5 years 2020</i>	<i>5+ years 2020</i>	<i>Total 2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Claims outstanding	33	58	1,410	-	1,501
Creditors arising out of direct insurance operations	2	5	-	-	7
Creditors arising out of reinsurance operations	-	9	-	-	9
Other creditors	65	-	-	-	65
	<u>100</u>	<u>72</u>	<u>1,410</u>	<u>-</u>	<u>1,582</u>

Currency risk

The Group's asset and liability matching procedures ensure that all liabilities are at least matched by assets in the same denomination, reducing the exposure to currency risk.

At 31 December 2021, the Group held approximately £0.6m (2020: £0.5m) in US denominated assets, £0.01m (2020: £0.0m) in Euro denominated assets and £0.01m (2020: £0.01m) in Swedish Kroner denominated assets in excess of the estimated liabilities in these currencies.

As at 31 December 2021, if the pound had weakened/strengthened by 10% against the US Dollar and the Euro with all other variables held constant, profit for the year would have been £0.1m and £0.1m (2020: £0.1m, £0.1m) higher and lower, respectively, mainly as a result of foreign exchange gains/losses on the translation of US dollar and Euro denominated financial assets, carried at fair value through the profit and loss.

ASHBROOKE FINANCIAL GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****23 CAPITAL MANAGEMENT**

The Group's insurance related operations are regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA") and are subject to insurance solvency regulations which specify the minimum amount of capital that must be held in addition to the Group's insurance liabilities. The Group manages capital in accordance with these rules and has embedded in its processes the necessary tests to ensure continuous and full compliance with such regulations.

The Group's objectives in managing capital are:

- To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- To satisfy the requirements of its policyholders and regulators; and
- To support business growth.

The Group's capital consists of ordinary share capital and retained earnings. The Group's capital levels were £11.9m (2020: £12.3m) at 31 December 2021 which comfortably exceeds the Group's Regulatory Capital requirements as calculated for Solvency II purposes.

24 RELATED PARTY TRANSACTIONS

The Group has a secured loan of £1.34m (2020: £1.34m) to Tunestore Digital Limited, a holding company that is under the same common control as the ultimate controlling party of the Company. The secured loan is interest bearing at 5% per annum during the year (7% per annum in the preceding year) and is repayable over a five year period commencing in 2023. The Group has loans of £2.15m to Whitburn Capital Limited, a holding company that is under the same common control as the ultimate controlling party of the Company. These loans are interest bearing at the rate of 2.5% per annum and are repayable on demand. As at the prior year end the Group had issued a loan note in the sum of £1.9m to Ashbrooke Investment Partners Limited, a holding company (of Ashbrooke Reinsurance Company Limited) that is under the same common control as the ultimate controlling party of the Company, which was repaid during the year. The Group has recharged some costs to Ashbrooke Reinsurance Company Limited during the financial year in the sum of £0.1m (2020: £0.2m). During the year the Group received a short term loan of £1.2m from Ashbrooke Reinsurance Limited which was repaid during the year.

The Group holds £0.6m (2020: £0.6m) in preference shares, with a stated cumulative dividend of 6% per annum, in a company in which one of the Company directors' is a director and minority shareholder.

During the year, the Group provided a loan to c-burn Systems Limited, a wholly owned subsidiary of Tunestore Digital Limited. The amount outstanding at the year-end was £228k (2020: £263k) and is included within other debtors. The amount is repayable on demand and is non-interest bearing.

The Group physically occupies office space leased by c-burn systems Limited, a subsidiary of Tunestore Digital Limited, for which no rent has been charged for the year.

There were no other related party transactions.

25 INVESTMENTS

The Group had the following non derivative investments as at 31 December 2021.

	<i>Preference Shares £'000</i>	<i>Total Investments £'000</i>
As at 1 January 2021	600	600
Additions at Cost	-	-
Impairment Adjustments	-	-
Carrying amount at 31 December 2021	600	600
Carrying amount at 31 December 2020	600	600

ASHBROOKE FINANCIAL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The preference shares are not listed and are held at cost less impairment.

26 POST BALANCE SHEET EVENTS

The outbreak of COVID-19 in early 2020 resulted in a pandemic causing significant disruption across the globe. The impact on society was reflected in business closure, restrictions on movement, home working and cancellations of sporting and other events which were eased during the course of 2020. The situation continues to evolve and the directors are monitoring the situation and any possible effects that it might have on the Group.

There have been no other post balance sheet events.

27 CONTROLLING PARTY

Ashbrooke Financial Group Limited was the parent undertaking of the smallest and largest group of undertakings at 31 December 2021. The controlling party of the Company is Mr S Gowland.

**GROUP
SOLVENCY AND FINANCIAL
CONDITION REPORT
AS AT
31st DECEMBER 2021**

**APPENDIX 2
QUANTITATIVE REPORTING
TEMPLATES -
GROUP**

Assets	
R0030	Intangible assets
R0040	Deferred tax assets
R0050	Pension benefit surplus
R0060	Property, plant & equipment held for own use
R0070	Investments (other than assets held for index-linked and unit-linked contracts)
R0080	Property (other than for own use)
R0090	Holdings in related undertakings, including participations
R0100	Equities
R0110	Equities - listed
R0120	Equities - unlisted
R0130	Bonds
R0140	Government Bonds
R0150	Corporate Bonds
R0160	Structured notes
R0170	Collateralised securities
R0180	Collective Investments Undertakings
R0190	Derivatives
R0200	Deposits other than cash equivalents
R0210	Other investments
R0220	Assets held for index-linked and unit-linked contracts
R0230	Loans and mortgages
R0240	Loans on policies
R0250	Loans and mortgages to individuals
R0260	Other loans and mortgages
R0270	Reinsurance recoverables from:
R0280	Non-life and health similar to non-life
R0290	Non-life excluding health
R0300	Health similar to non-life
R0310	Life and health similar to life, excluding health and index-linked and unit-linked
R0320	Health similar to life
R0330	Life excluding health and index-linked and unit-linked
R0340	Life index-linked and unit-linked
R0350	Deposits to cedants
R0360	Insurance and intermediaries receivables
R0370	Reinsurance receivables
R0380	Receivables (trade, not insurance)
R0390	Own shares (held directly)
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in
R0410	Cash and cash equivalents
R0420	Any other assets, not elsewhere shown
R0500	Total assets

Solvency II value

C0010
0
0
0
1
4,316
0
0
600
0
600
0
0
0
0
0
0
0
0
3,716
0
0
0
0
49
49
49
0
0
0
0
314
363
242
0
0
0
7,997
84
13,365

		Solvency II value
		C0010
	Liabilities	
R0510	Technical provisions – non-life	1,447
R0520	Technical provisions – non-life (excluding health)	1,447
R0530	TP calculated as a whole	0
R0540	Best Estimate	1,314
R0550	Risk margin	132
R0560	Technical provisions - health (similar to non-life)	0
R0570	TP calculated as a whole	0
R0580	Best Estimate	0
R0590	Risk margin	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	Technical provisions - health (similar to life)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	125
R0820	Insurance & intermediaries payables	8
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	Total liabilities	1,579
R1000	Excess of assets over liabilities	11,786

[illegible]

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	20	20		0	
Non-available called but not paid in ordinary share capital at group level	0	0			
Share premium account related to ordinary share capital	0	0		0	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	0	0		0	
Subordinated mutual member accounts	0	0	0	0	0
Non-available subordinated mutual member accounts at group level	0	0	0	0	0
Surplus funds	0	0			
Non-available surplus funds at group level	0	0			
Preference shares	0		0	0	0
Non-available preference shares at group level	0		0	0	0
Share premium account related to preference shares	0		0	0	0
Non-available share premium account related to preference shares at group level	0		0	0	0
Reconciliation reserve	11,766	11,766			
Subordinated liabilities	0	0	0	0	0
Non-available subordinated liabilities at group level	0	0	0	0	0
An amount equal to the value of net deferred tax assets	0				0
The amount equal to the value of net deferred tax assets not available at the group level	0				0
Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
Non available own funds related to other own funds items approved by supervisory authority	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	0	0	0	0	0
Non-available minority interests at group level	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0				
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities whereof deducted according to art 228 of the Directive 2009/138/EC	0	0	0	0	0
Deductions for participations where there is non-availability of information (Article 229)	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	0	0	0	0	0
Total of non-available own fund items	0	0	0	0	0
Total deductions	0	0	0	0	0
Total basic own funds after deductions	11,786	11,786	0	0	0
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
Unpaid and uncalled preference shares callable on demand	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
Non available ancillary own funds at group level	0			0	0
Other ancillary own funds	0			0	0
Total ancillary own funds	0			0	0
Own funds of other financial sectors					
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	0	0	0	0	
Institutions for occupational retirement provision	0			0	0
Non regulated entities carrying out financial activities	0		0	0	
Total own funds of other financial sectors	0	0	0	0	0
Own funds when using the D&A, exclusively or in combination of method 1					
Own funds aggregated when using the D&A and combination of method	0	0	0	0	0
Own funds aggregated when using the D&A and a combination of method net of IGT	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	11,786	11,786	0	0	0
Total available own funds to meet the minimum consolidated group SCR	11,786	11,786	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	11,786	11,786	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	11,786	11,786	0	0	
Consolidated Group SCR					
Minimum consolidated Group SCR	3,126				
Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)					
Ratio of Eligible own funds to Minimum Consolidated Group SCR	3,7701				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	11,786	11,786	0	0	0
SCR for entities included with D&A method					
Group SCR	2,462				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	4,7874				
Reconciliation reserve	C0060				
Excess of assets over liabilities	11,786				
Own shares (held directly and indirectly)	0				
Forseeable dividends, distributions and charges	0				
Other basic own fund items	20				
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
Other non available own funds	0				
Reconciliation reserve before deduction for participations	11,766				
Expected profits					
Expected profits included in future premiums (EPIFP) - Life business	0				
Expected profits included in future premiums (EPIFP) - Non- life business	0				
Total Expected profits included in future premiums (EPIFP)	0				

C0010

C0020

C0030

C0040

C0050

C0060

C0070

C0080

C0180

C0190

C0200

C0210

C0220

C0230

C0240

C0250

C0260

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	Criteria of influence					Inclusion in the scope of Group supervision		Group solvency calculation	
								% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800H2RH83LXP17G35	LEI	Bestpark International Limited	2	Limited	2	Prudential Regulation Authority	100.0000	100.0000	100.0000		1	1.0000	1		1
GB	738073	SC	Ashbrooke Financial Group Limited	5	Limited	2	Prudential Regulation Authority					1		1		1
GB	6393937	SC	Ashbrooke Ventures Limited	10	Limited	2	Prudential Regulation Authority	100.0000	100.0000	100.0000		1	1.0000	1		1
GB	AUSL code	SC	Ashbrooke Underwriting Services Limited	2	Limited	2	Prudential Regulation Authority	100.0000	100.0000	100.0000		1	1.0000	1		1
GB	213800U1KU2HNM58NI71	LEI	Ashbrooke Underwriting Limited	2	Limited	2	Prudential Regulation Authority	100.0000	100.0000	100.0000		1	1.0000	1		1

R0010	Basic Solvency Capital Requirement
R0070	Intangible asset risk
R0060	Diversification
R0050	Non-life underwriting risk
R0040	Health underwriting risk
R0030	Life underwriting risk
R0020	Counterparty default risk
R0010	Market risk

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0120
1,930		
746		
0		
0		
410		
-663		
0		
2,422		

	Calculation of Solvency Capital Requirement
R0130	Operational risk
R0140	Loss-absorbing capacity of technical provisions
R0150	Loss-absorbing capacity of deferred taxes
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
R0200	Solvency capital requirement excluding capital add-on
R0210	Capital add-on already set
R0220	Solvency capital requirement
	Other information on SCR
R0400	Capital requirement for duration-based equity risk sub-module
R0410	Total amount of Notional Solvency Capital Requirements for remaining part
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
R0440	Diversification effects due to RFF nSCR aggregation for article 304
R0470	Minimum consolidated group solvency capital requirement
	Information on other entities
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)
R0510	Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies
R0520	Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions
R0530	Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non-regulated entities carrying out financial activities
R0540	Capital requirement for non-controlled participation requirements
R0550	Capital requirement for residual undertakings
	Overall SCR
R0560	SCR for undertakings included via D and A
R0570	Solvency capital requirement

C0100
39
0
0
0
2,462
0
2,462
0
0
0
0
0
3,126
0
0
0
0
0
0
2,462

**GROUP
SOLVENCY AND FINANCIAL
CONDITION REPORT
AS AT
31st DECEMBER 2021**

**APPENDIX 2
QUANTITATIVE REPORTING
TEMPLATES -
BESTPARK**

[illegible]

	Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010 Technical provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0050 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM																	
Best estimate																	
Premium provisions																	
R0060 Gross	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0140 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0150 Net Best Estimate of Premium Provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims provisions																	
R0160 Gross	0	0	0	0	0	0	10	764	445	0	0	1	0	58	0	23	1,302
R0240 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0	0	0	0	0	2	34	3	0	0	1	0	0	0	4	43
R0250 Net Best Estimate of Claims Provisions	0	0	0	0	0	0	9	730	442	0	0	1	0	58	0	19	1,259
R0260 Total Best estimate - gross	0	0	0	0	0	0	10	764	445	0	0	1	0	58	0	23	1,302
R0270 Total Best estimate - net	0	0	0	0	0	0	9	730	442	0	0	1	0	58	0	19	1,259
R0280 Risk margin	0	0	0	0	0	0	1	77	46	0	0	0	0	6	0	2	132
Amount of the transitional on Technical Provisions																	
R0290 Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0300 Best estimate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
R0310 Risk margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions - total																	
R0320 Technical provisions - total	0	0	0	0	0	0	11	841	492	0	0	1	0	64	0	25	1,434
R0330 Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	0	0	0	0	0	0	2	34	3	0	0	1	0	0	0	4	43
R0340 Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	0	0	0	0	0	0	10	807	488	0	0	1	0	64	0	21	1,391

Total Non-Life Business

Accident year /
Underwriting year

Z0020

Underwriting year [UWY]

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
R0100	Prior											-195	-195	-195	
R0160	N-9	0	0	0	0	0	0	0	0	0	0		0	0	
R0170	N-8	0	0	0	0	0	0	0	0	0			0	0	
R0180	N-7	0	0	0	0	0	0	0	0				0	0	
R0190	N-6	0	0	0	0	0	0	0					0	0	
R0200	N-5	0	0	0	0	0	0						0	0	
R0210	N-4	0	0	0	0	0							0	0	
R0220	N-3	0	0	0	0								0	0	
R0230	N-2	0	0	0									0	0	
R0240	N-1	0	0										0	0	
R0250	N	0											0	0	
R0260													Total	-195	-195

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

[illegible]

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector					
R0010 Ordinary share capital (gross of own shares)	5,250	5,250		0	
R0030 Share premium account related to ordinary share capital	0	0		0	
R0040 Initial funds, members' contributions or the equivalent basic own - fund item for	0	0		0	
R0050 Subordinated mutual member accounts	0		0	0	0
R0070 Surplus funds	0	0			
R0090 Preference shares	0		0	0	0
R0110 Share premium account related to preference shares	0		0	0	0
R0130 Reconciliation reserve	5,671	5,671			
R0140 Subordinated liabilities	0		0	0	0
R0160 An amount equal to the value of net deferred tax assets	0				0
R0180 Other own fund items approved by the supervisory authority as basic own funds not	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II					
R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II	0				
Deductions					
R0230 Deductions for participations in financial and credit institutions	0	0	0	0	0
R0290 Total basic own funds after deductions	10,921	10,921	0	0	0
Ancillary own funds					
R0300 Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320 Unpaid and uncalled preference shares callable on demand	0			0	0
R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0340 Letters of credit and guarantees other than under Article 96(2) of the Directive	0			0	0
R0350 Supplementary members calls under first subparagraph of Article 96(3) of the	0			0	
R0370 Supplementary members calls - other than under first subparagraph of Article 96(3)	0			0	0
R0390 Other ancillary own funds	0			0	0
R0400 Total ancillary own funds	0			0	0
Available and eligible own funds					
R0500 Total available own funds to meet the SCR	10,921	10,921	0	0	0
R0510 Total available own funds to meet the MCR	10,921	10,921	0	0	
R0540 Total eligible own funds to meet the SCR	10,921	10,921	0	0	0
R0550 Total eligible own funds to meet the MCR	10,921	10,921	0	0	
R0580 SCR	2,519				
R0600 MCR	3,126				
R0620 Ratio of Eligible own funds to SCR	4.3347				
R0640 Ratio of Eligible own funds to MCR	3.4934				
Reconciliation reserve	C0060				
R0700 Excess of assets over liabilities	10,921				
R0710 Own shares (held directly and indirectly)	0				
R0720 Foreseeable dividends, distributions and charges	0				
R0730 Other basic own fund items	5,250				
R0740 Adjustment for restricted own fund items in respect of matching adjustment	0				
R0760 Reconciliation reserve	5,671				
Expected profits					
R0770 Expected profits included in future premiums (EPIFP) - Life business	0				
R0780 Expected profits included in future premiums (EPIFP) - Non- life business	0				
R0790 Total Expected profits included in future premiums (EPIFP)	0				

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	8,605
R0080	Property (other than for own use)	0
R0090	Holdings in related undertakings, including participations	5,300
R0100	Equities	600
R0110	Equities - listed	0
R0120	Equities - unlisted	600
R0130	Bonds	0
R0140	Government Bonds	0
R0150	Corporate Bonds	0
R0160	Structured notes	0
R0170	Collateralised securities	0
R0180	Collective Investments Undertakings	0
R0190	Derivatives	0
R0200	Deposits other than cash equivalents	0
R0210	Other investments	2,705
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	Loans on policies	0
R0250	Loans and mortgages to individuals	0
R0260	Other loans and mortgages	0
R0270	Reinsurance recoverables from:	43
R0280	Non-life and health similar to non-life	43
R0290	Non-life excluding health	43
R0300	Health similar to non-life	0
R0310	Life and health similar to life, excluding health and index-linked and unit-linked	0
R0320	Health similar to life	0
R0330	Life excluding health and index-linked and unit-linked	0
R0340	Life index-linked and unit-linked	0
R0350	Deposits to cedants	314
R0360	Insurance and intermediaries receivables	363
R0370	Reinsurance receivables	242
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	4,048
R0420	Any other assets, not elsewhere shown	0
R0500	Total assets	13,615

		Solvency II value
		C0010
R0510	Liabilities	
R0520	Technical provisions – non-life	1,434
R0530	Technical provisions – non-life (excluding health)	1,434
R0540	TP calculated as a whole	0
R0550	Best Estimate	1,302
R0560	Risk margin	132
R0570	Technical provisions - health (similar to non-life)	0
R0580	TP calculated as a whole	0
R0590	Best Estimate	0
R0600	Risk margin	0
R0610	Technical provisions - life (excluding index-linked and unit-linked)	0
R0620	TP calculated as a whole	0
R0630	Best Estimate	0
R0640	Risk margin	0
R0650	Technical provisions – life (excluding health and index-linked and unit-linked)	0
R0660	TP calculated as a whole	0
R0670	Best Estimate	0
R0680	Risk margin	0
R0690	Technical provisions – index-linked and unit-linked	0
R0700	TP calculated as a whole	0
R0710	Best Estimate	0
R0720	Risk margin	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	108
R0820	Insurance & intermediaries payables	8
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	0
R0860	Subordinated liabilities not in Basic Own Funds	0
R0870	Subordinated liabilities in Basic Own Funds	0
R0880	Any other liabilities, not elsewhere shown	1,144
R0900	Total liabilities	2,694
R1000	Excess of assets over liabilities	10,921