ASHBROOKE FINANCIAL GROUP LIMITED

Company registration number: 09678901

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

CONTENTS

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 2023

The directors present their Strategic Report for the year ended 31 December 2023.

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 £(0.7)m (2022: £(0.5)m loss) and the loss after taxation was £(0.7)m (2022: £(0.5)m loss).

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 £10.8m at 31 December 2023 (2022: £11.4m) 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.

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 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

Steven Gowland
Director

Date: 25/04/2024

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the audited financial statements for the year ended 31 December 2023.

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 (2022: £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.

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*.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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:

Steven Gowland

Steven Gowland
Director

Date: 25/04/2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 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 2023 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2023

Our group audit scope included an audit of the group and parent company financial statements of Ashbrooke Financial Group Limited. Bases 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.

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 - £215,000

How we determined it – 2% of net 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 £10,750 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 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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.

Mark Middleton

Mark Middleton (Senior Statutory Auditor)
For and on behalf of LB Group Limited (Stratford)
Chartered Accountants
Statutory Auditors

Date: 07/05/2024

Number One
Vicarage Lane
Stratford
London
E15 4HF

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		£'000	£'000
TECHNICAL ACCOUNT - GENERAL BUSINESS			
Earned Premiums, net of reinsurance			
Gross premiums written	3	-	-
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		-	-
Claims Incurred, Net Of Reinsurance			
Claims Paid			
Gross Amount		(311)	(221)
Reinsurers' share		13	3
Net claims paid		(298)	(218)
Change in Provision For claims			
Gross amount	17,19	474	254
Reinsurer's share	17,19	(39)	(10)
Net Change in Provision for Claims		435	244
Net operating expenses	5	(1,081)	(740)
Total Technical Charges		(944)	(714)
Balance on Technical Account		(944)	(714)
NON TECHNICAL ACCOUNT			
Balance on Technical Account – General Business		(944)	(714)
Investment Income	4	299	137
Investment Income Allocated to Technical Account		-	-
Other Income			
Amortisation of goodwill	11	-	-
Foreign Exchange (Losses)/Gains	8	(40)	84
Profit on Ordinary Activities Before Taxation	10	(685)	(493)
Income tax expense		-	-
(Loss)/Profit For The Financial Period		(685)	(493)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		(685)	(493)

The notes on pages 16 to 35 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

ASSETS	Note	2023	2022
Intangible Assets		**£'000**	£'000
Positive Goodwill	11	**-**	**-**
Negative Goodwill	11	**-**	**-**
		-	**-**
Investments	25	**600**	**600**
Reinsurers' share of technical provisions			
Provision for unearned premiums	17	**-**	**-**
Claims outstanding	17,19	**-**	**39**
		-	**39**
Debtors			
Debtors arising out of direct insurance operations	13	**101**	**206**
Debtors arising out of reinsurance operations	13	**251**	**530**
Other debtors	13	**3,803**	**4,388**
		4,155	**5,124**
Other assets			
Tangible Assets	12	**-**	**-**
Cash and cash equivalents	14	**7,443**	**6,846**
		7,443	**6,846**
Prepayments and accrued income			
Other prepayments and accrued income		**64**	**46**
		64	**46**
TOTAL ASSETS		**12,262**	**12,655**
LIABILITIES			
Capital and reserves			
Called up share capital	16	**20**	**20**
Profit and loss account		**10,725**	**11,410**
Total shareholders' funds		**10,745**	**11,430**
Technical provisions			
Provision for unearned premiums	17	**-**	**-**
Claims outstanding	17,19	**598**	**1,088**
		598	**1,088**
Creditors			
Creditors arising out of direct insurance operations		**-**	**-**
Creditors arising out of reinsurance operations		**-**	**-**
Other creditors		**792**	**-**
		792	**-**
Accruals and deferred income		**127**	**137**
TOTAL OF LIABILITIES AND SHAREHOLDERS' EQUITY		**12,262**	**12,655**

The financial statements were approved by the board of directors on 25/04/2024 and were signed on its behalf by:

Andrew Morpeth

Andrew Morpeth
Director

The notes on pages 16 to 35 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023	2022
ASSETS		**£'000**	£'000
Non-current assets			
Investments in subsidiary undertakings	15	**211**	211
		211	211
TOTAL ASSETS		**211**	211
EQUITY			
Capital and reserves			
Called up share capital	16	**20**	20
Profit and loss account		**-**	-
Total shareholders' funds		**20**	20
LIABILITIES			
Current liabilities			
Creditors – amounts owed to group undertakings	18	**191**	191
TOTAL OF LIABILITIES AND SHAREHOLDERS' EQUITY		**211**	211

The financial statements were approved by the board of directors on 25/04/2024 and were signed on its behalf by:

Andrew Morpeth

Andrew Morpeth
Director

Company Registration No 09678901

The notes on pages 16 to 35 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 2023

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	-	11,410	11,410
Total comprehensive income		11,410	11,410
At 31 December 2022	**20**	**11,410**	**11,430**
Loss for the year	**-**	**(685)**	**(685)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income	**-**	**(685)**	**(685)**
At 31 December 2023	**20**	**11,725**	**11,745**

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 2022	**20**	**-**	**20**
Profit for the year	**-**	**-**	**-**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**-**
At 31 December 2023	**20**	**-**	**20**

Reserves

Profit and loss account
This reserve represents the cumulative profits and losses of the Company.

The notes on pages 16 to 35 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		£'000	£'000
Net cash from operating activities			
Profit/(Loss) on Ordinary Activities Before Taxation		**(685)**	**(493)**
Interest receivable		**(299)**	**(137)**
Goodwill Adjustment	11	**-**	**-**
Depreciation		**-**	**1**
Unrealised Foreign Exchange (gains)/losses		**40**	**(84)**
Adjustments to Reconcile Cash Flows Used in Operating Activities			
Reinsurers share of Technical Account	17,19	**39**	**10**
Debtors Arising From Direct Insurance Activities	13	**101**	**166**
Debtors Arising From Reinsurance Activities	13	**279**	**26**
Other Debtors		**1,453**	**(635)**
Technical Provisions	17,19	**(489)**	**(223)**
Creditors Arising From Direct Insurance Activities		**4**	**(16)**
Creditors Arising from Indirect Insurance Activities		**-**	**-**
Other Creditors		**(10)**	**12**
Taxation paid			
Net cash absorbed by operating activities		**339**	(1,372)
Cash flow from investing activities			
Purchase of Tangible Assets		**-**	**-**
Purchase of Investments		**-**	**-**
Purchase of Group companies		**-**	**-**
Interest received		**299**	**137**
Net cash from investing activities		**299**	**137**
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)		**638**	**(1,235)**
Unrealised Foreign Exchange gains/(losses)		**(40)**	**84**
Net Increase/(decrease) in cash at bank and in hand		**598**	**(1,151)**
Cash and cash equivalents at the beginning of the year		**6,846**	**7,997**
Cash and cash equivalents at the end of the year		**7,443**	**6,846**

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

The notes on pages 16 to 35 form an integral part of these financial statements.

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 (2021: £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.

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.

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 instrument 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 2023 (2022:nil). See disclosure in Note 25.
.

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.

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.

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).
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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 2023 £'000	Gross earned premiums 2023 £'000	Gross claims incurred 2023 £'000	Reinsurance Balance 2023 £'000
Direct insurance	-	-	14	(1)
Reinsurance	-	-	150	-
	-	-	164	(1)
By class of business- Direct insurance:				
Accident & health	-	-	-	-
Marine, aviation and transport	-	-	-	-
Fire and other damage to property	-	-	5	(4)
Third party liability	-	-	9	(34)
Miscellaneous & pecuniary loss	-	-	-	12
	-	-	14	(26)

	Gross written premiums 2022 £'000	Gross earned premiums 2022 £'000	Gross claims incurred 2022 £'000	Reinsurance Balance 2022 £'000
Direct insurance	-	-	150	(1)
Reinsurance	-	-	(129)	-
	-	-	21	(1)
By class of business- Direct insurance:				
Accident & health	-	-	-	-
Marine, aviation and transport	-	-	-	-
Fire and other damage to property	-	-	28	(2)
Third party liability	-	-	1	-
Miscellaneous & pecuniary loss	-	-	121	1
	-		150	(1)

The reinsurance gross written premium received in the year relates to historical premium withheld in error by brokers. Gross administrative costs of £1,081k relate to direct insurance (2022: £740k).

4 INVESTMENT INCOME

	2023	2022
Income from cash at bank	**22**	**8**
Income from loans (note 18)	**277**	**129**
	299	**137**

5 NET OPERATING EXPENSES

	2023	2022
Administrative expenses	**861**	**730**
Release of irrecoverable debtors and creditors	**222**	**10**
	1,081	**740**

6 INVESTMENT EXPENSES AND CHARGES

	2023	2022 £'000
Investment management expenses	**-**	-

7 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff Costs for the period were as follows:

	2023	2022 £'000
Wages and Salaries	**511**	**467**
Social Security Costs	**56**	**60**
Other Pension Costs	**44**	**74**
	611	**601**

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

The remuneration of the Directors was as follows:

	2023 £'000	2022 £'000
Wages and Salaries	**200**	**178**
Fees	**35**	**38**
Defined contribution pension payments	**14**	**14**
	249	**230**

The remuneration of the highest paid director included wages and salaries of £100k (2022: £100k) and defined contribution pension payments of £10k (2022: £10k).

8 OTHER INCOME AND EXPENSES

	2023 **£'000**	2022 £'000
Foreign Exchange profit/(loss)	**(40)**	**84**

9 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2023 **£'000**	2022 £'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	**26**	**25**
- fees payable for audit related assurance services	**-**	- -
	31	**30**

10 TAXATION

Analysis of profit or loss charge	**2023** **£'000**	2022 £'000
Current tax on loss/profit on ordinary activities		**-**

Factors affecting current tax charge

Profit/(loss) on ordinary activities before tax	**(685)**	**(493)**
UK corporation tax at 23.5% (2022: 19%)	**(110)**	**(94)**
Adjustments for items not chargeable to Corporation Tax	**-**	**-**
Tax losses utilised/Increased	**110**	**94**
Total tax on profit on ordinary activities	**-**	**-**

The Group has unutilised tax losses of approximately £2.3m as at 31 December 2023 (2022: £1.6m). 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.

11 GOODWILL

	Negative Goodwill £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2023	**(6,559)**	**68**	**(6,491)**
As at 31 December 2023	**(6,559)**	**68**	**(6,491)**
Accumulated (amortisation)/release			
At 1 January 2023	**6,559**	**(68)**	**6,491**
Amortisation charge for the period	**-**		
As at 31 December 2023	**6,559**	**(68)**	**(6,491)**
Carrying amount at 31 December 2023	***-***	***-***	***-***
Carrying amount at 31 December 2022	*-*	*-*	*-*

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. Goodwill rising from the acquisitions BIL's subsidiaries was written off in 2021 in the year of acquisition.

12 TANGIBLE ASSETS

	Computer equipment **£'000**	***Furniture and fittings*** **£'000**	***Total*** **£'000**
Cost			
As at 1 January 2023	11	10	21
Additions		-	-
As at 31 December 2023	**11**	**10**	**21**
Depreciation			
As at 1 January 2023	(11)	(9)	20
Charge		(1)	1
As at 31 December 2023	(11)	(10)	(21)
Carrying amount at 31 December 2023	**-**	**-**	**-**
Carrying amount at 31 December 2022	-	-	-

13 DEBTORS

	Group 2023 £'000	Company 2023 £'000
Amounts due within one year		
Debtors arising out of direct insurance operations	**101**	-
Debtors arising out of reinsurance operations	**251**	-
Loan notes	**2,372**	-
Other Debtors And Prepaid Income	**66**	-
	2,790	-
Amounts due after year		
Debtors arising out of direct insurance operations	**-**	-
Debtors arising out of reinsurance operations	**-**	-
Loan notes	**1,335**	-
Other Debtors	**-**	-
	1,335	-

	Group 2022 £'000	Company 2022 £'000
Amounts due within one year		
Debtors arising out of direct insurance operations	**206**	-
Debtors arising out of reinsurance operations	**530**	-
Loan notes	**3,053**	-
Other Debtors And Prepaid Income	**46**	-
	3,835	-
Amounts due after year		
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 £1.3m (2022: £1.3m), interest bearing (5% per annum for the current and previous year) which is repayable over the course of five years commencing in 2025. The series of unsecured loan notes have been issued during the year which are interest bearing (2.5% per annum) in the sum of £2.4m (2022: £3.1m) which are repayable on demand. Accrued interest balances for the loan notes were £nil at year end (2022: £nil).

Debtors arising out of reinsurance operations includes deposits with ceding undertakings of £0k (2022: £274k).

14 CASH AT BANK AND CASH EQUIVALENTS

	Group 2023 £'000	Company 2023 £'000
Cash at bank and in hand	**4,625**	-
Cash Equivalents	**2,818**	-
	7,443	-

	Group 2022 £'000	Company 2022 £'000
Cash at bank and in hand	**6,846**	-
Cash Equivalents	**-**	-
	6,846	-

15 Investments in subsidiary undertakings

Company

	£'000
Investments in subsidiary undertakings	
Cost as at 1 January 2022	211
Net book value at 31 December 2023	211

Subsidiary Undertakings

Name	*Class*	*Holding*	*Business*
Direct Subsidiaries			
Bestpark International Limited	Ordinary A and B Shares	100%	Insurance Company
Ashbrooke Ventures Limited	Ordinary shares	100%	Consulting Services
Indirect Subsidiaries			
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.

In August 2023, BIL exchanged contracts for the acquisition of an Irish insurance company. Regulatory approval was received from the Central Bank of Ireland on 20 February 2024 and completion occurred on 27 March 2024. During the year, acquisition legal costs of £94k were capitalised in BIL.

16 SHARE CAPITAL

	2023 £'000	2022 £'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.

17 ANALYSIS OF UNEARNED PREMIUMS PROVISION AND CLAIMS OUTSTANDING

	Provision for unearned premiums		Claims Outstanding		Total	
	2023	2022	**2023**	2022	**2023**	2022
Gross amount	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
At 1 January	**-**	**-**	**1,088**	**1,310**	**1,088**	**1,310**
Exchange difference	**-**	-	**(15)**	**32**	**(15)**	**32**
Change in the provisions	**-**	-	**(474)**	(254)	**(474)**	**(254)**
At 31 December	**-**	-	**598**	**1,088**	**598**	**1,088**
Reinsurance amount						
At 1 January	**-**	-	**(39)**	**(49)**	**(39)**	**(49)**
Exchange difference	**-**	-	**-**	**-**	**-**	**-**
Change in the provisions	**-**	-	**39**	10	**39**	10
At 31 December	**-**	-	**-**	(39)	**-**	(39)
Net technical provisions						
At 1 January	**-**	-	**1,049**	**1,261**	**1,049**	**1,261**
Exchange difference	**-**	-	**(15)**	**32**	**(15)**	**32**
Change in the provisions	**-**	-	**(435)**	**(244)**	**(435)**	**(244)**
At 31 December	**-**	-	**598**	**1,049**	**598**	**1,049**

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

	2023	2022
	£’000	£’000
Company		
Amounts owed to Group undertakings	**191**	191
	191	191

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

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 2023 reserves for claims outstanding were £0.6m (2022: £1.1m) and expected reinsurance recoveries totalled £0m (2022: £0.04m). 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.

20 INSURANCE RISK MANAGEMENT (CONTINUED)

	Pre-tax Profit **2023** **£'000**	Shareholder Equity **2023** **£'000**	Pre-tax Profit 2022 £'000	Shareholder Equity 2022 £'000
5% increase in operating expenses				
Gross	**(43)**	**(43)**	**(40)**	**(40)**
Net	**(43)**	**(43)**	**(40)**	**(40)**
5% increase in claims value				
Gross	**(3)**	**(3)**	**(54)**	**(54)**
Net	**(3)**	**(3)**	**(54)**	**(54)**

Claims outstanding are claims incurred but not settled, which includes claims incurred but not yet reported of £0.15m (2022: £0.15m).

There remains uncertainty surrounding the ultimate cost of insurance claims to the Group. At 31 December 2023 reserves for claims outstanding were £0.6m (2022: £1.1m) and expected reinsurance recoveries totalled £0m (2022: £0.04m).

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
2022	20
2023	137

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.

20 INSURANCE RISK MANAGEMENT (CONTINUED)

Concentration of insurance risk by geographical location:

	Gross		Reinsurance		Net	
	2023	2022	**2023**	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
UK	**274**	**468**	**-**	**(30)**	**-**	**438**
Europe	**316**	**597**	**-**	**(4)**	**-**	**593**
Other	**8**	**23**	**-**	**(5)**	**-**	**18**
	598	**1,088**	**-**	**(39)**	**-**	**1,049**

Concentration of insurance risk by class of business:

	Gross		Reinsurance		Net	
	2023	2022	**2023**	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
						-
Accident & health	**-**	**-**	**-**	**-**	**-**	**-**
Marine, aviation and transport	**-**	**-**	**-**	**-**	**-**	**-**
Fire and other damage to property	**-**	**-**	**-**	**-**	**-**	**642**
Third party liability	**463**	**676**	**-**	**(34)**	**463**	**99**
Miscellaneous & pecuniary loss	**72**	**104**	**-**	**(5)**	**72**	**308**
Treaty	**63**	**308**	**-**	**-**	**63**	**1,049**
Total	**598**	**1,088**	**-**	**(39)**	**598**	**-**

21 FINANCIAL INSTRUMENTS

Category of financial instruments

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

	2023	2022
Financial assets	**£'000**	£'000
Measured at amortised cost		
− Deposits with ceding undertakings	**-**	**274**
− Cash at bank and in hand	**7,443**	**6,846**
- Investments	**600**	**600**
Measured at undiscounted amount receivable		
- Debtors arising out of direct insurance operations	**101**	**206**
− Debtors arising out of reinsurance operations	**251**	**255**
− Other debtors		
- Loan notes	**3,710**	**4,388**
- Reinsurers share of technical income	**-**	**39**
Total financial assets	**12,105**	**12,608**

21 FINANCIAL INSTRUMENTS (CONTINUED)

Measured at undiscounted amount payable		
- Creditors arising out of direct insurance operations	**-**	**-**
− Creditors arising out of reinsurance operations	**-**	**-**
− Other creditors	**919**	**137**
Total financial liabilities	**919**	**137**

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 Pages: 2-3

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
	2023	2023	2023	2023
	£'000	£'000	£'000	£'000
Reinsurer's share of technical provisions	-	-	-	-
Debtors arising out of direct insurance operations	-	-	101	101
Debtors arising out of reinsurance operations	-	251	-	251
Deposits with Ceding Undertakings	-	-	-	-
Loan Notes	-	-	3,710	3,710
Cash at bank and in hand	-	7,443	-	7,443
Investments	-	-	600	600
	-	7,694	4,411	12,105

	AA	A	Not rated	Carrying amount
	2022	2022	2022	2022
	£'000	£'000	£'000	£'000
Reinsurer's share of technical provisions	39	-	-	39
Debtors arising out of direct insurance operations	-	-	206	206
Debtors arising out of reinsurance operations	-	252	3	255
Deposits with Ceding Undertakings	61	207	6	274
Loan Notes	-	-	4,388	4,388
Cash at bank and in hand	-	6,846	-	6,846
Investments	-	-	600	600
	100	7,305	5,203	12,608

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 2023	Past due less than 30 days 2023	Past due 31 to 90 days 2023	Past due more than 90 days 2023	Past due and impaired 2023	Carrying amount 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurer's share of technical provisions	-	-	-	-	-	-
Debtors arising out of direct insurance operations	-	4	-	97	-	101
Debtors arising out of reinsurance operations	-	-	-	251	-	251
Deposits with Ceding Undertakings	-	-	-	-	-	-
Loan notes	3,710	-	-	-	-	3,710
Cash at bank and in hand	7,443					7,443
Investments	600	-	-	-	-	600
	11,753	4	-	348	-	12,105

	Neither past due nor impaired 2022	Past due less than 30 days 2022	Past due 31 to 90 days 2022	Past due more than 90 days 2022	Past due and impaired 2022	Carrying amount 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Reinsurer's share of technical provisions	39	-	-	-	-	39
Debtors arising out of direct insurance operations	-	31	-	166	-	197
Debtors arising out of reinsurance operations	-	-	-	255	-	255
Deposits with Ceding Undertakings	274	-	-	-	-	274
Loan notes	4,388	-	-	-	-	4,388
Other debtors	46	-	-	-	-	46
Cash at bank and in hand	6,846	-	-	-	-	6,846
Investments	600	-	-	-	-	600
	11,919	31	-	421	-	12,645

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.

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.

	1 - 3 months 2023	*3 months to 1 year 2023*	*1 - 5 years 2023*	*5+ years 2023*	**Total 2023**
	£'000	*£'000*	*£'000*	*£'000*	**£'000**
Claims outstanding	-	-	598	-	598
Creditors arising out of direct insurance operations	-	-	-	-	-
Creditors arising out of reinsurance operations	-	-	-	-	-
Other creditors	792	-	-	-	792
	792	-	598	-	677

	1 - 3 months 2022	*3 months to 1 year 2022*	*1 - 5 years 2022*	*5+ years 2022*	**Total 2022**
	£'000	*£'000*	*£'000*	*£'000*	**£'000**
Claims outstanding	-	-	1,088	-	1,088
Creditors arising out of direct insurance operations	-	-	-	-	-
Creditors arising out of reinsurance operations	-	-	-	-	-
Other creditors	-	137	-	-	137
	-	137	1,088	-	1,225

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 2023, the Group held approximately £0.6m (2022: £0.5m) in US denominated assets, £0.0m (2022: £0.02m) in Euro denominated assets and £0.01m (2022: £0.01m) in Swedish Kroner denominated assets in excess of the estimated liabilities in these currencies.

As at 31 December 2023, if the pound had weakened by 10% against the US Dollar and 5% against the Euro with all other variables held constant, profit for the year would have been £0.1m and £0.1m (2022: £0.05m, £0.01m) 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.

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 £10.7m (2022: £11.4m) at 31 December 2023 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 (2022: £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 (5% per annum in the preceding year) and is repayable over a five year period commencing in 2025. 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 £1.0m (2022: £2.0m) and is included within other debtors. The amount is repayable on demand and bears interest at the rate of 2.5% per annum. The Group recharged no costs to C-Burn Systems Limited during the financial year (2022: £0.1m).

The Group has loans of £0.3m to Whitburn Capital Limited, a holding company and its subsidiary Whitburn Risk Solutions Limited, 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 (2022 £1.1m). The Group owes USD1M (£0.8m) to Senator Insurance Services Limited, a subsidiary of Whitburn Capital Limited (2022 £0m).

The Group holds £0.6m (2022: £0.6m) in preference shares, with a stated cumulative dividend of 6% per annum, in a company in which one of the Company directors' was a director until 16 June 2023 and minority shareholder

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 2023

	Preference Shares **£'000**	*Total Investments* **£'000**
As at 1 January 2023	600	600
Additions at Cost	-	-
Impairment Adjustments	-	-
Carrying amount at 31 December 2023	**600**	**600**
Carrying amount at 31 December 2022	600	600

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

26 POST BALANCE SHEET EVENTS

There are no post balance sheet events.

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 2023. The controlling party of the Company is Mr S Gowland.