

Surestone Reinsurance Limited

Condensed General Purpose Financial Statements

Financial Year Ended 31 March 2024

DIRECTORS AND OTHER INFORMATION

Board of Directors

P W H James (resigned 12 July 2024)
R T Paton
D A Edgar (appointed 24 July 2024)

Secretary, Advisors and Registered Office

Ocorian Services (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda.

Business Address

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda.

Principal Banker

HSBC Bermuda
Harbourview Centre
37 Front Street
Hamilton HM 11
Bermuda

Principal Representative

Aon Insurance Managers (Bermuda) Ltd
Point House
6 Front Street
Hamilton HM11
Bermuda

Company Registration Number

28484

The directors present the condensed financial statements of Surestone Reinsurance Limited ("the Company") for the year ended 31 March 2024.

Principal activities, review of the business and future developments

The Company was licensed as a Class 3A reinsurer effective 1 January 2009 under the Bermuda Insurance Act 1978 and related rules and regulations (the "Act") and commenced underwriting on 29 December 2000.

Based in Bermuda, the Company offered quota share reinsurance coverage for property and casualty risks located in the UK and Ireland. Effective from 1 April 2016, the Company commenced a direct credit insurance agreement, however, this agreement was cancelled *ab initio* in May 2019. To better manage the insurance risks, the Company retroceded a third of the assumed risks effective from 1 April 2016, however, the Company concluded the commutation with the retrocessionaire in January 2023.

The Company concluded a commutation agreement with a cedant during the financial year.

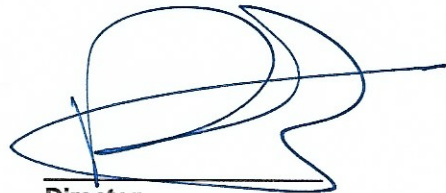
Events after the year end

No matters or circumstances that have arisen since 31 March 2024 that have significantly affected or may significantly affected the balance reported in the financial statement, and SRL has been actively working towards the commutation with Ageas, with a strategic goal of fully winding down the company within 2024.

On behalf of the board

D Edgar

Director



Director



KPMG Audit Limited
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Hamilton
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Surestone Reinsurance Limited

Opinion

We have audited the condensed financial statements of Surestone Reinsurance Limited ("the Company"), which comprise the condensed balance sheet as at March 31, 2024, the condensed statements of income for the year then ended, capital and surplus, and notes to the condensed financial statements, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying condensed financial statements are prepared, in all material respects, in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Accounts Rules 2016 with respect to condensed general purpose financial statements (the "Legislation").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the condensed 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 condensed financial statements in Bermuda, 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.

Emphasis of matter – basis of accounting

We draw attention to Note 3 to the condensed financial statements, which describes the basis of accounting. The condensed financial statements are prepared to assist the Company to comply with the financial reporting provisions of the Legislation referred to above. The accounting policies used and the disclosures made are not intended to, and do not, comply with all of the requirements of the accounting principles generally accepted in the United States ("US GAAP"). As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the condensed financial statements

Management is responsible for the preparation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation, and for such internal control as management determines is necessary to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the condensed financial statements

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
July 31, 2024

CONDENSED BALANCE SHEET

As at 31 March 2024
(Expressed in Sterling)

LINE No.	ASSETS	2024 GBP	2023 GBP
1.	CASH AND CASH EQUIVALENTS	21,998	57,781
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	(i) Held to maturity	-	-
	(ii) Other	-	-
(b)	Total Bonds and Debentures	<u>-</u>	<u>-</u>
(c)	Equities		
	(i) Common stocks	-	-
	(ii) Preferred stocks	-	-
	(iii) Mutual funds	-	-
(d)	Total equity investments	<u>-</u>	<u>-</u>
(e)	Other quoted investments	-	-
(f)	Total quoted investments	<u>-</u>	<u>-</u>
3.	UNQUOTED INVESTMENTS		
(a)	Bonds and Debentures		
	(i) Held to maturity	-	-
	(ii) Other	-	-
(b)	Total Bonds and Debentures	<u>-</u>	<u>-</u>
(c)	Equities		
	(i) Common stocks	-	-
	(ii) Preferred stocks	-	-
	(iii) Mutual funds	-	-
(d)	Total equity investments	<u>-</u>	<u>-</u>
(e)	Other unquoted investments	-	-
(f)	Total unquoted investments	<u>-</u>	<u>-</u>
4.	INVESTMENT IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services	-	-
(b)	Unregulated non-financial operating entities	-	-
(c)	Unregulated financial operating entities	-	-
(d)	Regulated non-insurance financial operating entities	-	-
(e)	Regulated insurance financial operating entities	-	-
(f)	Total investments in affiliates	<u>-</u>	<u>-</u>
(g)	Advance to affiliates	-	4,663,651
(h)	Total investments in and advances to affiliates	<u>-</u>	<u>4,663,651</u>
5.	INVESTMENT IN MORTGAGE LOANS ON REAL ESTATE		
(a)	First liens	-	-
(b)	Other than first liens	-	-
(c)	Total investment in mortgage loans on real estate	<u>-</u>	<u>-</u>
6.	POLICY LOANS	-	-
7.	REAL ESTATE		
(a)	Occupied by the company (less encumbrances)	-	-
(b)	Other properties (less encumbrances)	-	-
(c)	Total real estate	<u>-</u>	<u>-</u>
8.	COLLATERAL LOANS	-	-
9.	INVESTMENT INCOME DUE AND ACCRUED	-	-
10.	ACCOUNTS AND PREMIUMS RECEIVABLE		
(a)	In course of collection	-	-
(b)	Deferred - not yet due	-	-
(c)	Receivables from retrocessional contracts	-	-
(d)	Total accounts and premiums receivable	<u>-</u>	<u>-</u>
11.	REINSURANCE BALANCES RECEIVABLE		
(a)	Foreign affiliates	-	-
(b)	Domestic affiliates	1,325,600	3,669,067
(c)	Pools & associations	-	-
(d)	All other insurers	-	8,540
(e)	Total reinsurance balance receivable	<u>1,325,600</u>	<u>3,677,607</u>
12.	FUNDS HELD BY CEDING REINSURERS	1,490,000	1,490,000
13.	SUNDRY ASSETS		
(a)	Derivative instruments	-	-
(b)	Segregated accounts - Long-Term business - variable annuities	-	-
(c)	Segregated accounts - Long-Term business - other	-	-
(d)	Segregated accounts - General business	-	-
(e)	Deposit assets	-	-
(f)	Deferred acquisition costs	-	-
(g)	Net receivable for investments sold	-	-
(h)	Prepayment	-	-
(i)	Other sundry assets 2	-	-
(j)	Other sundry assets 3	-	-
(k)	Total sundry assets	<u>-</u>	<u>-</u>
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit	-	-
(b)	Guarantees	-	-
(c)	Other instruments	-	-
(d)	Total letters of credit, guarantees and other instruments	<u>-</u>	<u>-</u>
15.	TOTAL	<u>2,837,597</u>	<u>9,889,039</u>

CONDENSED BALANCE SHEET

As at 31 March 2024
(Expressed in Sterling)

TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND CAPITAL AND SURPLUS		
LINE No.	2024 GBP	2023 GBP
16. UNEARNED PREMIUM RESERVE		
(a) Gross unearned premium reserves	-	2,524
(b) Less: ceded unearned premium reserve		
(i) Foreign affiliates	-	-
(ii) Domestic affiliates	-	-
(iii) Pools & associations	-	-
(iv) All other reinsurers	-	-
(c) Total ceded unearned premium reserves	-	-
(d) Net unearned premium reserves	-	2,524
17. LOSS AND LOSS EXPENSES PROVISIONS		
(a) Gross loss and loss expense provisions	134,504	188,326
(b) Less: Reinsurance recoverable balance		
(i) Foreign affiliates	-	-
(ii) Domestic affiliates	-	-
(iii) Pools & associations	-	-
(iv) All other reinsurers	-	-
(c) Total reinsurance recoverable balance	-	-
(d) Net loss and loss expense provisions	134,504	188,326
18. OTHER GENERAL BUSINESS INSURANCE RESERVES	-	237
19. TOTAL GENERAL BUSINESS INSURANCE RESERVES	134,504	191,087
OTHER LIABILITIES		
28. INSURANCE AND REINSURANCE BALANCES PAYABLE	1,496,132	6,369,157
29. COMMISSION, EXPENSES, FEES AND TAXES PAYABLE	-	-
30. LOANS AND NOTES PAYABLE	-	-
31. (a) INCOME TAXES PAYABLE	-	-
(b) DEFERRED INCOME TAXES	-	-
32. AMOUNTS DUE TO AFFILIATES	-	-
33. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	150,862	540,790
34. FUNDS HELD UNDER REINSURANCE CONTRACTS	-	-
35. DIVIDENDS PAYABLE	-	-
36. SUNDRY LIABILITIES:		
(a) Derivative instruments	-	-
(b) Segregated accounts companies	-	-
(c) Deposit liabilities	-	-
(d) Net payable for investments purchased	-	-
(e) Other sundry liabilities 1	-	-
(f) Other sundry liabilities 2	-	-
(g) Other sundry liabilities 3	-	-
(h) Total sundry liabilities	-	-
37. LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a) Letters of credit	-	-
(b) Guarantees	-	-
(c) Other instruments	-	-
(d) Total letters of credit, guarantees and other instruments	-	-
38. TOTAL OTHER LIABILITIES	1,646,994	6,909,947
39. TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	1,781,498	7,101,034
CAPITAL AND SURPLUS		
40. TOTAL CAPITAL AND SURPLUS	1,056,099	2,788,005
41. TOTAL	2,837,597	9,889,039

CONDENSED STATEMENT OF INCOME

As at 31 March 2024
(Expressed in Sterling)

LINE No.	2024 GBP	2023 GBP
GENERAL BUSINESS UNDERWRITING INCOME		
1. GROSS PREMIUMS WRITTEN		
(a) Direct gross premiums written	-	-
(b) Assumed gross premiums written	(904)	(1,808)
(c) Total gross premium written	<u>(904)</u>	<u>(1,808)</u>
2. REINSURANCE PREMIUMS CEDED	-	-
3. NET PREMIUMS WRITTEN	(904)	(1,808)
4. INCREASE/(DECREASE) IN UNEARNED PREMIUMS	2,524	(7,902)
5. NET PREMIUMS EARNED	1,620	(9,710)
6. OTHER INSURANCE INCOME	<u>(1,500,000)</u>	<u>3,316,937</u>
7. TOTAL GENERAL BUSINESS UNDERWRITING INCOME	<u>(1,498,380)</u>	<u>3,307,227</u>
GENERAL BUSINESS UNDERWRITING EXPENSES		
8. NET LOSS INCURRED AND NET LOSS EXPENSE INCURRED	(952)	(214,079)
9. COMMISSIONS AND BROKERAGE	<u>36,482</u>	<u>34,142</u>
10. TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	<u>35,530</u>	<u>(179,937)</u>
11. NET UNDERWRITING INCOME/(LOSS) - GENERAL BUSINESS	(1,533,909)	3,487,164
UNDERNOTED ITEMS		
30. OPERATING EXPENSE		
(a) General and administration	354,565	488,812
(b) Personnel cost	-	-
(c) Other	-	-
(d) Total operating expenses	<u>354,565</u>	<u>488,812</u>
31. INVESTMENT INCOME - NET	169,328	272,190
32. OTHER INCOME	-	-
33. INCOME/(LOSS) BEFORE TAXES	<u>(1,719,147)</u>	<u>3,270,542</u>
34. INCOME TAXES (IF APPLICABLE)		
(a) Current	-	-
(b) Deferred	-	-
(c) Total	<u>-</u>	<u>-</u>
35. INCOME/(LOSS) BEFORE REALIZED GAINS (LOSSES)	(1,719,147)	3,270,542
36. REALIZED GAINS (LOSSES)	<u>(5,111)</u>	<u>(9,780)</u>
37. INTEREST CHARGES	-	-
38. NET INCOME/(LOSS)	<u>(1,724,258)</u>	<u>3,260,762</u>

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

As at 31 March 2024
(Expressed in Sterling)

LINE No.	2024	2023
	GBP	GBP
1. CAPITAL		
(a) Capital Stock		
(i) Common Shares: Authorized shares of par value each issued and fully paid shares	84,507	84,507
(ii)		
(A) Preferred Shares: Authorized shares of par value each issued and fully paid shares	-	-
(B) Preferred shares issued by a subsidiary: Authorised shares of par value each issued and fully paid shares	-	-
(iii) Treasury shares Repurchased shares of par value each issued and fully paid	-	-
(b) Contributed surplus	<u>37,717,538</u>	<u>37,717,538</u>
(c) Any other fixed capital		
(i) Hybrid capital instruments	-	-
(ii) Guarantees and others	-	-
(iii) Total any other fixed capital	<u>-</u>	<u>-</u>
(d) Total Capital	<u>37,802,045</u>	<u>37,802,045</u>
2. DEFICIT:		
(a) Deficit - Beginning of Year	(35,014,040)	(38,274,349)
(b) Add: Income(Loss) for the year	(1,724,258)	3,260,762
(c) Less: Dividends paid and payable	-	-
(d) Add (Deduct) change in unrealized appreciation (depreciation) of investments	-	-
(e) Add (Deduct) change in any other surplus	<u>(7,648)</u>	<u>(453)</u>
(f) Deficit - End of Year	<u>(36,745,946)</u>	<u>(35,014,040)</u>
3. MINORITY INTEREST	<u>-</u>	<u>-</u>
4. TOTAL CAPITAL AND SURPLUS / (DEFICIT)	<u>1,056,099</u>	<u>2,788,005</u>

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

Matters to be set forth in Notes to the Financial Statements

1. Surestone Reinsurance Limited (the “Company”) is a wholly-owned subsidiary of Surestone Insurance Holdings Limited and ultimately owned by Primary Group Holdings 1 Limited, a company incorporated in Bermuda. In the opinion of the directors, the ultimate controlling party at 31 March 2024 is Mr P W H James.
2. The Company provides quota share reinsurance protection for risks located in the UK and Ireland. The Company entered into run off from 1 April 2019.
3. The Company’s condensed general purpose financial statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the “Legislation”). The condensed general purpose financial statements are based upon accounting principles generally accepted in the United States (“US GAAP”) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from the US GAAP. The more significant variances are as follows:
 - A statement of cash flow is not included;
 - A statement of comprehensive income is not included;
 - The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under the US GAAP; and
 - The notes included in the condensed general purpose financial statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under US GAAP.

The condensed general purpose financial statements have been prepared on a going concern basis.

An aspect of going concern assumption is that the Company will collect all balances due from its parent and that the Primary Group Limited (“ultimate parent”) will continue to provide financial support to settle its ongoing financial liabilities.

As at the year end date, the balance sheet of the Company includes balances due from its parent group of £1,325,600 on Line 11b on the balance sheet.

Furthermore, the Directors have a reasonable expectation that the Company, with the close support from the ultimate parent, has adequate resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have reviewed the forecasts for the next 12 months, which take account of reasonably foreseeable changes in key risks facing the business and along with its capital projections, most recent full commutation payment made to a cedant.

The Company is in the process of negotiating a commutation or novation of the remaining reinsurance contract and plans to enter voluntary liquidation of the company upon completion, the timing of this is expected to be during second half of calendar year 2024.

4. The significant accounting policies of the Company are as set out below:

Premiums

Premiums written relate to business incepted during the financial year, in conjunction with any differences between booked premiums for prior years and those previously accrued. Premiums written include estimates of premiums due but not received or notified, less an allowance for cancellations. Premiums are accredited to earnings on a pro rata basis over the term of the related policy, with the exception of those contracts where the period of risk differs significantly from the contract period. In these circumstances, premiums are recognised over the period of risk in proportion to the amount of insurance protection provided. Premiums are shown net of commission, premium taxes and other levies on premiums.

Unearned premiums

The proportion of written premiums that relate to unexpired terms of policies in force at the balance sheet date is deferred as a provision for unearned premiums, generally calculated on a time apportioned basis, however, some are driven by non-linear earnings patterns. The movement in the

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Matters to be set forth in Notes to the Financial Statements – Continued

provision is taken to the statement of income in order that revenue is recognised over the period of the risk.

Loss and loss expense incurred

Loss and loss expense incurred comprise of claims and claims handling costs paid in the year and changes in the provisions for outstanding claims. This includes provisions for claims incurred but not reported and related expenses; together with any adjustments to claims from prior years. Claims handling costs are mainly those external costs related to the negotiations and settlement of claims.

Loss and loss expense provision

Loss and loss expense provision represent the estimated ultimate cost of settling all claims (including direct and indirect claims settlement costs) arising from events which have occurred up to the balance sheet date. This includes provision for claims incurred but not reported, less any amounts paid in respect of those claims. It is not the policy of the Company to discount its liabilities for unpaid claims.

In the event that an incurred but not reported (IBNR) loss can be reasonably estimated and it is probable that a claim will be asserted, the expense and liability should be recognised. IBNR is largely an estimate of loss and claim adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern. This pattern is used to estimate IBNR amounts and the timing of those amounts for financial statement purposes.

Premium Deficiency

A premium deficiency occurs if the sum of anticipated losses and loss adjustment expenses, deferred acquisition costs and anticipated investment income exceed unearned premiums. A premium deficiency is recorded by charging any deferred acquisition costs to expense to the extent required in order to eliminate the deficiency. If the premium deficiency exceeds deferred acquisition costs, then a liability is accrued for the excess deficiency.

Reinsurance

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards business being reinsured. Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

Reinsurance assets include balances due from reinsurance companies for incurred losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contract and in accordance with the terms of the reinsurance contract. Reinsurance reserves are recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of the reinsurers' share.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the condensed statement of income. The asset is impaired if objective evidence is available to suggest that it is probable that the Company will not be able to collect the amounts due from reinsurers.

Commission income

The Company enters into a quota share reinsurance contract that contains commission adjustment features for the binder years of 2016, 2017 and 2018. The provisional commissions paid for each binder year are subject to sliding scale adjustments. Any adjusted amounts to the provisional commission for each binder year are part of premium written.

Investment income

Investment income represents interest earned from cash in bank and lending made to a fellow group company.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Matters to be set forth in Notes to the Financial Statements – Continued

5. The bases for premium recognition and investment income are set out in note 4 above.
6. Monetary assets and liabilities in foreign currencies are expressed in Sterling at exchange rates ruling at the balance sheet date. Non-monetary assets and liabilities are translated into Sterling at historical rates of exchange. Income and expenses in foreign currencies are translated into Sterling at either rates of exchange ruling at the date on which the transactions occur or at a fixed rate and translated at the year-end to reflect an average rate. Any exchange differences arising on transactions in foreign currencies during the year are included in the condensed statement of income.
7. There are no foreign exchange control restrictions affecting the assets of the Company.
8. There are no material contingencies or commitments at the balance sheet date.
9. The Company did not issue any securities or enter any credit agreements during the financial year.
10. The Company does not have any preferred cumulative shares.
11. There was no loan made by the Company to any director or officer of the Company during the financial year.
12. The Company has no employee during this financial year.
13. The Company has no open investment positions that are fair valued as at 31 March 2024.
14. Not applicable.
15. The Company is a wholly-owned subsidiary of Surestone Insurance Holdings Limited and ultimately owned by Primary Group Holdings 1 Limited.

The Company utilise the services provided by Surestone Insurance DAC for its day-to-day financial and risk management functions for a fixed fee of £30,000 per annum, starting from October 2023 (previously £90,000 per annum).

The Company provided a loan to its immediate parent company, Surestone Insurance Holdings Limited., the balance of £3,634,977 and accrued interest of £597,172 were fully repaid on 6 November 2023.

On 6 November 2023, the parent company settled the outstanding £4.95m balance owed to Munich Re on behalf of the Company to fully conclude the commutation. This settlement resulted in the immediate repayment of the loan to the parent company and partially fulfilled the indemnity the parent provided to the company, including a write-off of £1.5m that was no longer needed. The remaining indemnity balance of £1.3m is the residual amount resulting directly from the full settlement with Munich Re. As of 31 March 2024, the Munich Re commutation is fully concluded, and all outstanding balances have been settled.

16. Not applicable.
17. At 31 March 2024, the Company's available capital and surplus was sufficient to comply with the required minimum margin of solvency ratio.

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

Matters to be set forth in Notes to the Statement of Capital and Surplus

- 1(a) Authorized, issued and fully paid 120,000 common shares at par value US\$1 each. The total US dollar value is translated into £84,507 by using the historical GBP/USD exchange rate of 1.42.
- 1(b) Contributed surplus of nil (2023: nil) was received from the Parent company during the year.
- 2(c) No dividend has been paid or is proposed for the year.

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

Matters to be set forth in Notes to the Balance Sheet

- 1-3. Not applicable.
4. Refer to Note 15 under Notes to Financial Statements section.
- 5-10. Not applicable.
11. Reinsurance balance receivable primarily consists of £1,325,600 (2023: £3,669,067) indemnity receivable from the parent. All reinsurance balances receivables are not collateralised.
12. The deposit assets primarily consist of £1,000,000 (2023: £1,000,000) and £490,000 (2023: £490,000) float account balances with Bspoke Insurance Group.
- 13-16. Not applicable.
- 17(a). Movement in the loss and loss expense provisions for the current year can be seen in the table below:

	2024	2023
Gross loss and loss expense provisions at beginning of year	188,326	4,405,118
Less: Reinsurance recoverable at beginning of year	-	(1,294,142)
Net loss and loss expense provisions at beginning of year	<u>188,326</u>	<u>3,110,976</u>
Net losses incurred and net loss expenses incurred related to:		
Current year	-	-
Prior years	(952)	(214,079)
Total net incurred losses & loss expenses	<u>(952)</u>	<u>(214,079)</u>
Net losses and loss expenses paid or payable related to:		
Current year	-	-
Prior years	(52,870)	(2,708,571)
Total losses and loss expenses paid or payable	<u>(52,870)</u>	<u>(2,708,571)</u>
Net loss and loss expense provisions at end of year	<u>134,504</u>	<u>188,326</u>
Add: Reinsurance recoverable at end of year	-	-
Gross loss and loss expense provisions at end of year	<u><u>134,504</u></u>	<u><u>188,326</u></u>

- 17(b). The reduction in net losses incurred is primarily due to the continued run off of the book.
- 17(c). The entire amount of the gross loss and loss expense provision of £134,504 (2023: £188,326) is unsecured.
- 20-27. Not applicable.
28. There are no balances payable to the Company's affiliates.
29. No unearned commission as they are netted off with unearned premium.
30. Not applicable
31. The Bermuda Corporate Income Tax Act 2023 (CITA) was enacted into law on 27 December 2023. The CITA imposes a 15% corporate income tax (CIT) which will be applicable to Bermuda businesses that are part of multinational enterprise (MNE) groups with annual revenue of EUR 750 million or more. The CIT will be effective for fiscal years beginning on or after January 1, 2025.

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Matters to be set forth in Notes to the Balance Sheet – Continued

- 32. Not applicable.
- 33. The accrued liability of £150,862 (2023: £540,790) is entirely related to professional services, legal and regulatory expenses.
- 34-37. Not applicable.

NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

Matters to be set forth in Notes to the Statement of Income

6. Current year's balance is a £1.5m (2023: gain of £3.7m) write-off recognised as part of the settlement of the Munich Re commutation in November 2023. See further disclosures made under Note 15 on page 10.
15. Not applicable.
32. Not applicable.
36. The Company had a foreign exchange loss of £5,111 (2023: loss of £9,780) for the financial year.