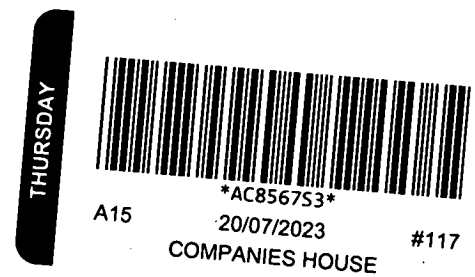


## FIDENTIA 500 LIMITED

### *DIRECTORS' REPORT AND FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED 31 DECEMBER 2022*



# FIDENTIA 500 LIMITED

## CONTENTS

---

|                                              | Page    |
|----------------------------------------------|---------|
| Company information                          | 1       |
| Strategic report                             | 2 - 3   |
| Directors' report                            | 4       |
| Independent auditor's report                 | 5 - 7   |
| Income statement                             | 8 - 9   |
| Statement of comprehensive income            | 9       |
| Statement of financial position              | 10 - 11 |
| Statement of changes in shareholders' equity | 12      |
| Statement of cash flows                      | 13      |
| Accounting policies                          | 14 - 22 |
| Notes to the financial statements            | 23 - 33 |

# FIDENTIA 500 LIMITED

## COMPANY INFORMATION

---

### COMPANY PERSONNEL

|                          |                                               |
|--------------------------|-----------------------------------------------|
| <b>Directors</b>         | Mr S A R Wharmby<br>Fidentia Trustees Limited |
| <b>Company Secretary</b> | Fidentia Nominees Limited                     |

### COMPANY ADDRESSES

|                          |                                                                                               |
|--------------------------|-----------------------------------------------------------------------------------------------|
| <b>Registered office</b> | 3 Castlegate<br>Grantham<br>Lincolnshire<br>NG31 6SF                                          |
| <b>Member's agent</b>    | Alpha Insurance Analysts Limited<br>107 Fenchurch Street<br>London<br>EC3M 5JF                |
| <b>Auditors</b>          | Humphrey & Co Audit Services Ltd<br>7 - 9 The Avenue<br>Eastbourne<br>East Sussex<br>BN21 3YA |
| <b>Administrator</b>     | Fidentia Services LLP<br>3 Castlegate<br>Grantham, Lincolnshire<br>NG31 6SF                   |

# FIDENTIA 500 LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The Directors present their strategic report for the year ended 31 December 2022.

### Review of the business

The principal activity of the Company in the year under review was that of a corporate underwriting member of Lloyd's.

The result for the year is in respect of the 2022 annual accounting year, which consists of movements in the 2020, 2021 and 2022 years of account as well as any 2019 and prior run-off years. Gross premiums written increased from £1,007,967 to £1,218,474 compared to the previous year and the overall balance in the technical account decreased from £54,764 to £28,241 as a result of the level of claims experienced.

The Company has continued to underwrite on the 2023 underwriting account.

The key business risks and uncertainties affecting the company are considered to relate to insurance risk, investment and currency risk and regulatory risk.

### Financial risk management objectives and policies

The Company is principally exposed to financial risk through its participation on Lloyd's Syndicates. It has delegated sole management and control of its underwriting through each Syndicate to the Managing Agent of that Syndicate and it looks to the Managing Agent to implement appropriate policies, procedures and internal controls to manage each Syndicates' exposures to insurance risk, credit risk, market risk, liquidity risk and operational risk. The Company is also directly exposed to these risks, but they are not considered material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

Hedge accounting is not used by the Company.

### Key performance indicators

The Directors monitor the performance of the Company by reference to the following key performance indicators:

|                                          | 2022        | 2021        |
|------------------------------------------|-------------|-------------|
| Capacity                                 | £ 1,045,023 | £ 1,028,034 |
| Gross premium written as a % of capacity | 116.60%     | 98.05%      |
| Combined ratio                           | 92.77%      | 92.75%      |

The combined ratio is the ratio of net claims incurred, commissions and expenses to net premiums earned.

# FIDENTIA 500 LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

### War in Ukraine

The ongoing war in Ukraine will have an impact on future claims and underwriting results in due course and the Directors are monitoring the situation. The impact on the Lloyd's insurance market is currently uncertain, however, the Directors are of the opinion that the Company has sufficient funds to support its underwriting for the foreseeable future through Funds at Lloyd's made available by the Company or its Directors.

### Section 172(1) statement

The Directors of the Company have a duty to promote the success of the Company whilst giving due regard to the interests of stakeholders affected by the Company's activities.

As a result of the nature of this Company as a Lloyd's corporate member, the majority of its activities are carried out by the Syndicates in which it participates. The Company is not involved directly in the management of the Syndicates' activities, as these are the responsibility of the relevant managing agent. Each managing agent has a board of directors who are responsible for the activities of each Syndicate, and themselves have a duty towards a range of considerations including (but not limited to) employees, community and environmental matters, standards of business conduct and the long term consequence of decisions.

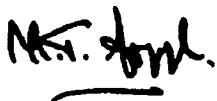
The Company itself undertakes very few transactions. The Company does not employ any staff other than the Directors and the only suppliers are those who provide services for the administration of the Company. The Directors ensure supplier invoices are paid on time in line with any agreed terms. The Directors work very closely with the members of the Company and the members agent, Alpha Insurance Analysts Limited, to discuss all significant decisions, including the selection of which Syndicates to participate. This ensures the Directors act fairly between members of the Company.

The Company and the Syndicates are required to operate within the guidelines and code of conduct of the Lloyd's market. Behind the Lloyd's market is the Lloyd's Corporation, an independent organisation and regulator that acts to protect and maintain the market's reputation and provides services and original research, reports and analysis to the industry's knowledge base.

The Company is classified as a low energy user, consuming less than 40MWh per annum and therefore its energy and carbon information is not disclosed for that reason.

Approved by the Board on 14 June 2023

and signed on its behalf by:



**M J Argyle for and on behalf of Fidentia Trustees Limited**  
Director

# FIDENTIA 500 LIMITED

## DIRECTORS' REPORT

*FOR THE YEAR ENDED 31 DECEMBER 2022*

---

The Directors have pleasure in presenting their report together with the financial statements for the year ended 31 December 2022.

### Results and dividends

The profit for the year after taxation was £40,696 (2021: profit £63,377). Interim dividends of £Nil (2021: £Nil) were paid during the year. The Directors do not recommend the payment of a final dividend.

### Directors and directors' interests

The Directors who held office at any time during the period are listed below:

Mr S A R Wharmby  
Fidentia Trustees Limited

### Statement of directors' responsibilities

The Directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

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

### Auditors

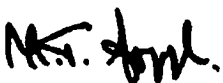
The auditors, Humphrey & Co Audit Services Ltd, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on 14 June 2023

and signed on its behalf by:



M J Argyle for and on behalf of Fidentia Trustees Limited  
Director

# **FIDENTIA 500 LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIDENTIA 500 LIMITED**

---

### **Opinion**

We have audited the financial statements of Fidentia 500 Limited (the 'Company') for the year ended 31 December 2022 set out on pages 8 to 33. 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 2022 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, 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.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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 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.

# FIDENTIA 500 LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIDENTIA 500 LIMITED

---

### **Responsibilities of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills;
- we obtained an understanding of the company and the laws and regulations that could reasonably be expected to have a direct effect on the financial statements through discussion with the Board and the application of our knowledge and experience;
- we assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
  - making enquiries of management; and
  - considering the extent of internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement transactions, balances and disclosures to underlying supporting documentation;
- discussions with those charged with governance.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

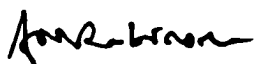
# **FIDENTIA 500 LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FIDENTIA 500 LIMITED**

---

### **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.



**Andrew Robinson (Senior Statutory Auditor)**  
**for and on behalf of Humphrey & Co Audit Services Ltd**  
**Chartered Accountants**  
**Statutory Auditor**

Date: 6 July 2023

Humphrey & Co Audit Services Ltd  
7 - 9 The Avenue  
Eastbourne  
East Sussex  
BN21 3YA

# FIDENTIA 500 LIMITED

## INCOME STATEMENT - TECHNICAL ACCOUNT (GENERAL BUSINESS) FOR THE YEAR ENDED 31 DECEMBER 2022

|                                                                               | Note | 2022<br>£        | 2021<br>£        |
|-------------------------------------------------------------------------------|------|------------------|------------------|
| Gross premiums written                                                        | 5    | 1,218,474        | 1,007,967        |
| Outward reinsurance premiums                                                  |      | (269,748)        | (242,908)        |
| <b>Net premiums written</b>                                                   |      | <b>948,726</b>   | <b>765,059</b>   |
| <b>Change in the provision for unearned premiums</b>                          |      |                  |                  |
| Gross provision                                                               |      | (45,200)         | (49,250)         |
| Reinsurers' share                                                             |      | 7,828            | 4,524            |
| Net change in the provision for unearned premiums                             |      | (37,372)         | (44,726)         |
| <b>Earned premiums net of reinsurance</b>                                     |      | <b>911,354</b>   | <b>720,333</b>   |
| <b>Allocated investment return transferred from the non-technical account</b> |      | <b>(37,646)</b>  | <b>2,557</b>     |
| Other technical income, net of reinsurance                                    |      | -                | -                |
| <b>Total technical income</b>                                                 |      | <b>873,708</b>   | <b>722,890</b>   |
| <b>Claims paid</b>                                                            |      |                  |                  |
| Gross amount                                                                  |      | (502,895)        | (482,160)        |
| Reinsurers' share                                                             |      | 137,371          | 148,188          |
| Net claims paid                                                               |      | (365,524)        | (333,972)        |
| <b>Change in provision for claims</b>                                         |      |                  |                  |
| Gross amount                                                                  |      | (245,267)        | (80,325)         |
| Reinsurers' share                                                             |      | 92,597           | 22,246           |
| Net change in provision for claims                                            |      | (152,670)        | (58,079)         |
| <b>Claims incurred net of reinsurance</b>                                     |      | <b>(518,194)</b> | <b>(392,051)</b> |
| Net operating expenses                                                        | 9    | (327,230)        | (276,075)        |
| Changes in other technical provisions, net of reinsurance                     |      | (43)             | -                |
| <b>Balance on technical account for general business</b>                      |      | <b>28,241</b>    | <b>54,764</b>    |

# FIDENTIA 500 LIMITED

## INCOME STATEMENT - NON TECHNICAL ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

|                                                                  | Note | 2022<br>£ | 2021<br>£ |
|------------------------------------------------------------------|------|-----------|-----------|
| Balance on the general business technical account                |      | 28,241    | 54,764    |
| Investment income                                                | 8    | 22,131    | 16,223    |
| Realised gain on investments                                     | 8    | 6,365     | 5,962     |
| Unrealised gain on investments                                   | 8    | 56,740    | 19,316    |
| Realised loss on investments                                     | 8    | (16,971)  | (5,412)   |
| Unrealised loss on investments                                   | 8    | (103,322) | (32,747)  |
| Investment expenses and charges                                  | 8    | (925)     | (757)     |
| Allocated investment return transferred to the technical account |      | 37,646    | (2,557)   |
| Other income                                                     | 10   | 21,402    | 22,539    |
| Other charges                                                    |      | (4,588)   | (12,259)  |
| Profit on ordinary activities before taxation                    | 11   | 46,719    | 65,072    |
| Tax on profit on ordinary activities                             | 18   | (6,023)   | (1,695)   |
| Profit for the financial year                                    |      | 40,696    | 63,377    |

## STATEMENT OF COMPREHENSIVE INCOME

|                               |        |        |
|-------------------------------|--------|--------|
| Profit for the financial year | 40,696 | 63,377 |
| Other comprehensive income:   | -      | -      |
| Profit for the financial year | 40,696 | 63,377 |

All amounts above relate to continuing operations.

# FIDENTIA 500 LIMITED

## STATEMENT OF FINANCIAL POSITION

Company registration number (England and Wales): 7382708

**AS AT 31 DECEMBER 2022**

| ASSETS                                           | Note | Syndicate<br>Participation<br>£ | Corporate<br>£ | 2022<br>Total<br>£ | 2021<br>Total<br>£ |
|--------------------------------------------------|------|---------------------------------|----------------|--------------------|--------------------|
| <b>Intangible assets</b>                         |      |                                 |                |                    |                    |
| Syndicate participation rights                   | 12   | -                               | 3,753          | 3,753              | 7,506              |
| <b>Investments</b>                               |      |                                 |                |                    |                    |
| Financial investments                            | 13   | 1,244,922                       | -              | 1,244,922          | 1,025,376          |
| Deposits with ceding undertakings                |      | 3,018                           | -              | 3,018              | 6,224              |
| Total investments                                |      | 1,247,940                       | -              | 1,247,940          | 1,031,600          |
| <b>Reinsurers' share of technical provisions</b> |      |                                 |                |                    |                    |
| Provision for unearned premiums                  | 7    | 101,353                         | -              | 101,353            | 84,723             |
| Claims outstanding                               | 7    | 198,947                         | -              | 198,947            | 166,447            |
| Other technical provisions                       |      | 396,322                         | -              | 396,322            | 269,902            |
| Total reinsurers' share of technical provisions  |      | 696,622                         | -              | 696,622            | 521,072            |
| <b>Debtors</b>                                   |      |                                 |                |                    |                    |
| Arising out of direct insurance operations       | 14   |                                 |                |                    |                    |
| Policyholders                                    |      | 3                               | -              | 3                  | 3                  |
| Intermediaries                                   |      | 335,156                         | -              | 335,156            | 276,852            |
| Arising out of reinsurance operations            | 14   | 63,485                          | -              | 63,485             | 56,831             |
| Other debtors                                    | 15   | 225,491                         | 48,277         | 273,768            | 227,031            |
| Total debtors                                    |      | 624,135                         | 48,277         | 672,412            | 560,717            |
| <b>Other assets</b>                              |      |                                 |                |                    |                    |
| Cash at bank                                     | 16   | 133,705                         | 187,153        | 320,858            | 265,619            |
| Other                                            |      | -                               | -              | -                  | 387                |
| Total other assets                               |      | 133,705                         | 187,153        | 320,858            | 266,006            |
| <b>Prepayments and accrued income</b>            |      |                                 |                |                    |                    |
| Accrued interest                                 |      | 2,956                           | -              | 2,956              | 2,128              |
| Deferred acquisition costs                       | 7    | 124,456                         | -              | 124,456            | 108,841            |
| Other prepayments and accrued income             |      | 5,680                           | -              | 5,680              | 3,544              |
| Total prepayments and accrued income             |      | 133,092                         | -              | 133,092            | 114,513            |
| <b>Total assets</b>                              |      | <b>2,835,494</b>                | <b>239,183</b> | <b>3,074,677</b>   | <b>2,501,414</b>   |

/continued...

# FIDENTIA 500 LIMITED

## STATEMENT OF FINANCIAL POSITION (continued)

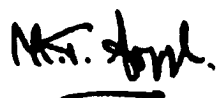
Company registration number (England and Wales): 7382708

**AS AT 31 DECEMBER 2022**

|                                                             | Note | Syndicate<br>Participation<br>£ | Corporate<br>£ | 2022<br>Total<br>£ | 2021<br>Total<br>£ |
|-------------------------------------------------------------|------|---------------------------------|----------------|--------------------|--------------------|
| <b>LIABILITIES</b>                                          |      |                                 |                |                    |                    |
| <b>Capital and reserves</b>                                 |      |                                 |                |                    |                    |
| Called-up share capital                                     | 17   | -                               | 100            | 100                | 100                |
| Share premium account                                       |      | -                               | -              | -                  | -                  |
| Profit and loss account                                     |      | (16,954)                        | 118,168        | 101,214            | 60,518             |
| <b>Shareholder's funds attributable to equity interests</b> |      | <b>(16,954)</b>                 | <b>118,268</b> | <b>101,314</b>     | <b>60,618</b>      |
| <b>Technical provisions</b>                                 |      |                                 |                |                    |                    |
| Provision for unearned premiums                             | 7    | 545,027                         | -              | 545,027            | 459,035            |
| Claims outstanding - gross amount                           | 7    | 1,943,978                       | -              | 1,943,978          | 1,561,455          |
| <b>Total technical provisions</b>                           |      | <b>2,489,005</b>                | <b>-</b>       | <b>2,489,005</b>   | <b>2,020,490</b>   |
| <b>Provisions for other risks and charges</b>               |      |                                 |                |                    |                    |
| Provision for taxation                                      | 18   | -                               | -              | -                  | -                  |
| <b>Deposits received from reinsurers</b>                    |      | <b>189</b>                      | <b>-</b>       | <b>189</b>         | <b>636</b>         |
| <b>Creditors</b>                                            |      |                                 |                |                    |                    |
| Arising out of direct insurance operations                  |      | 25,760                          | -              | 25,760             | 18,305             |
| Arising out of reinsurance operations                       |      | 258,448                         | -              | 258,448            | 194,133            |
| Amounts due to credit institutions                          | 20   | -                               | -              | -                  | -                  |
| Other creditors                                             | 19   | 56,107                          | 120,915        | 177,022            | 185,724            |
| <b>Total creditors</b>                                      |      | <b>340,315</b>                  | <b>120,915</b> | <b>461,230</b>     | <b>398,162</b>     |
| <b>Accruals and deferred income</b>                         |      |                                 |                |                    |                    |
| Other accruals and deferred income                          |      | 22,939                          | -              | 22,939             | 21,508             |
| <b>Total liabilities</b>                                    |      | <b>2,835,494</b>                | <b>239,183</b> | <b>3,074,677</b>   | <b>2,501,414</b>   |

Approved and authorised for issue by the Board on 14 June 2023

and signed on its behalf by:



M J Argyle for and on behalf of Fidentia Trustees Limited  
Director

# FIDENTIA 500 LIMITED

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Company registration number (England and Wales): 7382708

**AS AT 31 DECEMBER 2022**

|                                      | Called up<br>share<br>capital | Share<br>premium<br>account | Retained<br>earnings | Total   |
|--------------------------------------|-------------------------------|-----------------------------|----------------------|---------|
|                                      | £                             | £                           | £                    | £       |
| At 1 January 2021                    | 100                           | -                           | (2,859)              | (2,759) |
| Profit/(loss) for the financial year | -                             | -                           | 63,377               | 63,377  |
| Other comprehensive income           | -                             | -                           | -                    | -       |
| Dividends paid                       | -                             | -                           | -                    | -       |
| Proceeds from issue of shares        | -                             | -                           | -                    | -       |
| At 31 December 2021                  | 100                           | -                           | 60,518               | 60,618  |

|                                      | Called up<br>share<br>capital | Share<br>premium<br>account | Retained<br>earnings | Total   |
|--------------------------------------|-------------------------------|-----------------------------|----------------------|---------|
|                                      | £                             | £                           | £                    | £       |
| At 1 January 2022                    | 100                           | -                           | 60,518               | 60,618  |
| Profit/(loss) for the financial year | -                             | -                           | 40,696               | 40,696  |
| Other comprehensive income           | -                             | -                           | -                    | -       |
| Dividends paid                       | -                             | -                           | -                    | -       |
| Proceeds from issue of shares        | -                             | -                           | -                    | -       |
| At 31 December 2022                  | 100                           | -                           | 101,214              | 101,314 |

# FIDENTIA 500 LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

|                                                                             | Note | 2022<br>£      | 2021<br>£       |
|-----------------------------------------------------------------------------|------|----------------|-----------------|
| <b>Cash inflow/(outflow) from operating activities</b>                      | 22   | <b>11,674</b>  | <b>(32,921)</b> |
| Interest received                                                           |      | 1,664          | 28              |
| Interest paid                                                               |      | -              | -               |
| UK corporation tax paid                                                     |      | (1,309)        | -               |
| Foreign tax paid                                                            |      | (853)          | (520)           |
| <b>Net cash inflow/(outflow) from operating activities</b>                  |      | <b>11,176</b>  | <b>(33,413)</b> |
| <b>Cash inflow from investing activities</b>                                |      |                |                 |
| Purchase of syndicate participation rights                                  |      | -              | -               |
| Proceeds from sale of syndicate participation rights                        |      | 21,384         | 22,539          |
| Purchase of investments                                                     |      | -              | -               |
| Proceeds from sale of investments                                           |      | -              | -               |
| Dividends received                                                          |      | -              | -               |
| Dividends paid                                                              |      | -              | -               |
| <b>Net cash inflow from investing activities</b>                            |      | <b>21,384</b>  | <b>22,539</b>   |
| <b>Cash (outflow)/inflow from financing activities</b>                      |      |                |                 |
| Funds (withdrawn from)/lent to the company<br>by the company's shareholders |      | (3,239)        | 10,881          |
| Issue of share capital                                                      |      | -              | -               |
| <b>Net cash (outflow)/inflow from financing activities</b>                  |      | <b>(3,239)</b> | <b>10,881</b>   |
| <b>Increase in cash</b>                                                     |      | <b>29,321</b>  | <b>7</b>        |
| Net funds at 1 January                                                      |      | 150,688        | 150,190         |
| Exchange movement                                                           |      | 7,144          | 491             |
| Increase in cash in the year                                                |      | 29,321         | 7               |
| <b>Net funds at 31 December</b>                                             |      | <b>187,153</b> | <b>150,688</b>  |

The Company has no control over the disposition of assets and liabilities at Lloyd's. Consequently, the Statement of Cash Flows is prepared reflecting only the movement in corporate funds, which includes transfers to and from the Syndicates at Lloyd's.

# FIDENTIA 500 LIMITED

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2022

---

### 1 General Information

The Company is a private company limited by shares that was incorporated in England and whose registered office is given on page one of these financial statements. The Company participates in insurance business as an underwriting member of various syndicates at Lloyd's.

### 2 Accounting policies

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts", the Companies Act 2006 and Regulation 6 of Schedule 3 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, relating to insurance.

The Directors do not consider the Company to be a financial institution under FRS 102.

The financial statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

#### Basis of accounting

The financial statements are prepared under the historical cost basis of accounting modified to include the revaluation of certain financial instruments held at fair value, through the income statement.

The technical account has been prepared on an annual basis of accounting, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums net of re-insurance. Amounts reported in the technical account relate to movements in the period in respect of all relevant years of account of the Syndicates on which the Company participates.

Accounting information in respect of the Syndicate participations has been provided by the Syndicate managing agents through an information exchange facility operated by Lloyd's and has been reported on by the Syndicate auditors.

Assets and liabilities arising as a result of the underwriting activities are mainly controlled by the Syndicates' managing agents and are shown separately on the Statement of Financial Position as "Syndicate Assets" and "Syndicate Liabilities". The assets are held subject to trust deeds for the benefit of the Syndicates' insurance creditors.

The Company's underwriting is supported by Funds at Lloyd's, either made available by the Company directly or by its Members. The Directors are of the opinion that the Company has adequate resources to meet its underwriting and other operational obligations for the foreseeable future. Accordingly, the going concern concept has been adopted in the preparation of the financial statements.

In continuing to apply the going concern basis to this Company's financial statements the following factors have been taken into account: the likely timing of any underwriting and non-underwriting cash flows, any Funds at Lloyd's supporting the Company's underwriting and not reflected in the Company's Statement of Financial Position and the continued support of the Directors and Shareholders including the potential deferral of balances due to them.

#### General business

##### i Premiums

Gross premiums are accounted for in the period in which the risk commences, together with adjustments to premiums written in previous accounting periods. Future premiums relating to risks commencing in the period are based upon estimates made by the Syndicates' management. Other adjustments are accounted for as

# FIDENTIA 500 LIMITED

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

---

### ii Unearned premiums

Written premium is earned according to the risk profile of the policy. Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the financial reporting date, calculated on a time apportionment basis having regard where appropriate, to the incidence of risk. The specific basis adopted by each Syndicate is determined by the relevant managing agent.

### iii Deferred acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

### iv Reinsurance premiums

Reinsurance premium costs are allocated by the Managing Agent of each Syndicate to reflect the protection arranged in respect of the business written and earned.

### v Claims

Provision is made for the estimated cost of claims outstanding at the end of the year, including those incurred but not reported at that date, and for the related cost of settlement. Claims incurred comprise amounts paid or provided in respect of claims occurring during the current year, together with the amount by which settlement or reassessment of claims from previous years differs from the provision at the beginning of the year.

The claims provision determined by the Managing Agent will have been based on information that was currently available at the time. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided and will be reflected in the financial statements for the period in which the adjustment is made.

### vi Closed years of account

At the end of the third year, the underwriting account is normally closed by reinsurance into the following year of account. The amount of the reinsurance to close premium payable is determined by the Managing Agent, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling costs.

Any subsequent variation in the ultimate liabilities of the closed year of account is borne by the underwriting year into which it is reinsured.

The payment of a reinsurance to close premium does not eliminate the liability of the closed year for outstanding claims. If the reinsuring Syndicate was unable to meet its obligations, and the other elements of Lloyd's chain of security were to fail, then the closed underwriting account would have to settle outstanding claims.

The Directors consider that the likelihood of such a failure of the reinsurance to close is extremely remote, and consequently the reinsurance to close has been deemed to settle the liabilities outstanding at the closure of an underwriting account. The Company has included its share of the reinsurance to close premiums payable as technical provisions at the end of the current period, and no further provision is made for any potential variation in the ultimate liability of that year of account.

### vii Run-off years of account

Where an underwriting year of account is not closed at the end of the third year (a "run-off" year of account) a provision is made for the estimated cost of all known and unknown outstanding liabilities of that year. The provision is determined initially by the managing agent on a similar basis to the reinsurance to close. However, any subsequent variation in the ultimate liabilities for that year remains with the corporate member participating therein. As a result any run-off year will continue to report movements in its results after the third year until such time as it secures a reinsurance to close.

# FIDENTIA 500 LIMITED

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

---

### viii Investments and allocated investment income

In accordance with Lloyd's current accounting practice, investments are stated at market value, including accrued interest at the financial reporting date. Investment income is included in the General Business Technical Account reflecting that earned on the investment portfolio managed by the Syndicates. The allocated investment income therefore comprises income received and investment profits and losses arising in the calendar year including appreciation/depreciation and accrued interest consequent upon the revaluation of investments at 31 December. All gains and losses on investments are treated as realised at the financial reporting date.

### ix Financial assets and financial liabilities

The Syndicates' investments comprise of debt and equity investments, derivatives, cash and cash equivalents and loans and receivables.

Debtors/creditors arising from insurance/reinsurance operations shown in the Statement of Financial Position include the totals of all the Syndicate's outstanding debit and credit transactions as processed by the Lloyd's central facility. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

#### Recognition

Financial assets and liabilities are recognised when the Syndicate becomes party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Syndicate after deducting all of its liabilities.

#### Initial measurement

All financial assets and liabilities are initially measured at transaction price (including transaction cost), except for those financial assets classified as at fair value through the income statement, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

#### Subsequent measurement

Non-current debt instruments are subsequently measured at amortised cost using the effective interest rate method.

Debt instruments that are classified as payable or receivable within one financial year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Other debt instruments are measured at fair value through the income statement.

#### Derecognition of financial assets and liabilities

Financial assets are derecognised when and only when a) the contractual rights of the cash flow from the financial asset expire or are settled, b) the Syndicates transfer to another party substantially all of the risks and rewards of ownership of the financial asset or c) the Syndicates, despite having retained some significant risks and rewards of ownership, have transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse in time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the Syndicates estimate the fair value by using a valuation technique.

**NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**Impairment of financial instruments measured at amortised cost or cost**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, i.e. using the effective interest rate method.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. The amount of the reversal is recognised in the income statement immediately.

**x Basis of currency translation**

Syndicates maintain separate funds in Sterling, United States and Canadian dollars, and may also do so in certain other currencies. All transactions where separate currencies are maintained are translated into Sterling at the rates of exchange ruling at the financial reporting date. Transactions during the period in other overseas currencies are expressed in Sterling at the rates ruling at the transaction date.

Monetary assets and liabilities, which according to FRS 103 are deemed to include unearned premiums and deferred acquisition costs, are translated into Sterling at the rates of exchange at the financial reporting date.

Any non-monetary items are translated into the functional currency using the rate of exchange prevailing at the time of the transaction. FRS 103 states that insurance assets and liabilities (unearned premiums and deferred acquisition costs) are required to be treated as monetary items. These assets and liabilities have been translated at the period end to the functional currency at the closing rate.

**xi Debtors/creditors arising from insurance/reinsurance operations**

The amounts shown in the Statement of Financial Position include the totals of all the Syndicates' outstanding debit and credit transactions. No account has been taken of any offsets which may be applicable in calculating the net amounts due between the Syndicates and each of their counterparty insureds, reinsurers or intermediaries as appropriate.

**xii Distribution of profits and collection of losses**

Lloyd's operates a detailed set of regulations regarding solvency and the distribution of profits and payment of losses between Syndicates and their members. Lloyd's continues to require membership of Syndicates to be on an underwriting year of account basis and profits and losses belong to members according to their membership of a year of account. Normally profits and losses are transferred between the Syndicate and members after results for a year of account are finalised after 36 months. This period may be extended if a year of account goes into run-off. The Syndicate may make earlier on account distributions or cash calls according to the cash flow of a particular year of account and subject to Lloyd's requirements.

**2.2 Reinsurance at corporate level**

Where considered applicable by the Directors, the Company may purchase additional reinsurance to that purchased through the Syndicates. Any such reinsurance premiums and related reinsurance recoveries are treated in the same manner as described for syndicates in Note 2.1 (iv) and (v).

### 2.3 Taxation

The Company is taxed on its results including its share of underwriting results declared by the syndicates. These are deemed to accrue evenly over the calendar year in which they are declared. The Syndicate results included in these financial statements are only declared for tax purposes in the calendar year following the normal closure of the year of account. No provision is made for corporation tax in relation to open years of account. However, full provision is made for deferred tax on underwriting results not subject to current corporation tax.

HM Revenue & Customs agrees the taxable results of the Syndicates at a syndicate level on the basis of computations submitted by the Managing Agent. At the date of the approval of these financial statements the syndicate taxable results of years of account closed at this and at previous year ends may not have fully agreed with HM Revenue & Customs. Any adjustments that may be necessary to the tax provisions established by the Company, as a result of HM Revenue & Customs agreement of syndicate results, will be reflected in the financial statements of subsequent periods.

### 2.4 Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the financial reporting date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

### 2.5 Intangible assets

Costs incurred by the Company in the Corporation of Lloyd's auctions in order to acquire rights to participate on Syndicates' underwriting years are included within intangible assets and amortised over a 3 year period beginning with the respective year of Syndicate participation. The intangible assets are reviewed for impairment where there are indicators for impairment and any impairment is charged to the income statement for the period.

### 2.6 Investments

Investments held directly by the Company, by trustees of the Premium Trust Fund, or as the Lloyd's Deposit, are stated at fair value.

### 2.7 Cash and cash equivalents

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

**3 Estimation uncertainties**

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. These judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The measurement of the provision for claims outstanding is the most significant estimation uncertainty regarding amounts recognised in these financial statements in relation to underwriting by the Syndicates and this is disclosed further in Note 4.

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the Managing Agent to implement appropriate policies, procedures and internal controls to manage each Syndicate.

**Key accounting judgements**

The key accounting judgements set out below therefore relate to those made in respect of the Company only, and do not include judgements made in respect of the Syndicates.

**i Purchased syndicate capacity**

Estimating value in use:

Where an indication of impairment of capacity values exists, the Directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the capacity and a suitable discount rate in order to calculate present value.

Determining the useful life of purchased syndicate capacity:

The assessed useful life of syndicate capacity is 3 years. This is on the basis that this is the life over which the original value of the capacity is used up.

**ii Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment of assets, the Directors consider both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**iii Recoverability of debtors**

The Company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability, factors such as the ageing of the debtors, past experience of recoverability, and the credit profile of individual groups of customers are all considered.

**4 Risk management**

This section summarises the financial and insurance risks the Company is exposed to either directly at its own corporate level or indirectly via its participation in the Lloyd's Syndicates.

**Risk background**

The Syndicate's activities expose it to a variety of financial and non-financial risks. The Managing Agent is responsible for managing the Syndicate's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk. Each year, the Managing Agent prepares a Lloyd's Capital Return ("LCR") for the Syndicate, the purpose of this being to agree capital requirements with Lloyd's based on an agreed assessment of the risks impacting the Syndicate's business, and the measures in place to manage and mitigate those risks from a quantitative and qualitative perspective. The risks described below are typically reflected in the LCR, and, typically, the majority of the total assessed value of the risks concerned is attributable to insurance risk.

The insurance risks faced by a Syndicate include the occurrence of catastrophic events, downward pressure on pricing of risks, reductions in business volumes and the risk of inadequate reserving. Reinsurance risks arise from the risk that the reinsurer fails to meet their share of a claim. The management of the Syndicate's funds is exposed to risks of investments, liquidity, currency and interest rates leading to financial loss. The Syndicate is also exposed to regulatory and operational risks including its ability to continue to trade. However, supervision by Lloyd's provides additional controls over the Syndicate's management of risks.

The Company manages the risks faced by the Syndicates on which it participates by monitoring the performance of the Syndicates it supports. This commences in advance of committing to support a Syndicate for the following year, with a review of the business plan prepared for each Syndicate by its Managing Agent. In addition, quarterly reports and annual accounts together with any other information made available by the Managing Agent are monitored and if necessary enquired into. If the Company considers that the risks being run by the Syndicate are excessive it will seek confirmation from the Managing Agent that adequate management of the risk is in place and, if considered appropriate, will withdraw from the next underwriting year. The Company relies on advice provided by the Members' Agent which acts for it, who are specialists in assessing the performance and risk profiles of Syndicates. The Company also mitigates its risks by participating across several Syndicates.

The Directors do not consider the Company to be a financial institution under FRS 102, on the basis that the Company itself does not undertake the business of effecting or carrying out insurance contracts. Therefore there is no requirement to discuss financial risks arising from syndicate investment activities. The analysis below provides details of the financial risks the Company is exposed to from syndicate insurance activities as required by FRS 103.

**Syndicate risks****i Liquidity risk**

The Syndicates are exposed to daily calls on their available cash resources, principally from claims arising from its insurance business. Liquidity risk arises where cash may not be available to pay an obligation when due, or to ensure compliance with the Syndicate's obligations under the various trust deeds to which it is party.

The Syndicates aim to manage their liquidity position so that they can fund claims arising from significant catastrophic events, as modelled in their Lloyd's realistic disaster scenarios ("RDS").

# FIDENTIA 500 LIMITED

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

### ii Credit risk

Credit ratings to syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, which are neither past due nor impaired are as follows:

2022

|                                        | AAA<br>£      | AA<br>£        | A<br>£         | BBB or<br>lower<br>£ | Not rated<br>£ | Total<br>£     |
|----------------------------------------|---------------|----------------|----------------|----------------------|----------------|----------------|
| Deposits with ceding undertakings      | -             | -              | 2,633          | -                    | 386            | 3,019          |
| Reinsurers share of claims outstanding | 29,922        | 220,004        | 326,362        | 2,552                | 16,495         | 595,335        |
| Reinsurance debtors                    | 6,161         | 6,625          | 14,923         | 225                  | 966            | 28,900         |
| Insurance debtors                      | -             | -              | -              | -                    | 292,523        | 292,523        |
|                                        | <b>36,083</b> | <b>226,629</b> | <b>343,918</b> | <b>2,777</b>         | <b>310,370</b> | <b>919,777</b> |

2021

|                                        | AAA<br>£      | AA<br>£        | A<br>£         | BBB or<br>lower<br>£ | Not rated<br>£ | Total<br>£     |
|----------------------------------------|---------------|----------------|----------------|----------------------|----------------|----------------|
| Deposits with ceding undertakings      | -             | -              | 5,963          | -                    | 261            | 6,224          |
| Reinsurers share of claims outstanding | 13,120        | 138,340        | 257,588        | 8,457                | 18,889         | 436,394        |
| Reinsurance debtors                    | 554           | 8,107          | 17,331         | 2,617                | 1,885          | 30,494         |
| Insurance debtors                      | -             | -              | -              | -                    | 247,031        | 247,031        |
|                                        | <b>13,674</b> | <b>146,447</b> | <b>280,882</b> | <b>11,074</b>        | <b>268,066</b> | <b>720,143</b> |

Syndicate assets emerging directly from insurance activities, excluding cash at bank and financial investments, past their due date or impaired are as follows:

2022

|                                        | Less than<br>3 months<br>£ | Between 3<br>and 6<br>months<br>£ | Between 6<br>months<br>and 1 year<br>£ | Greater<br>than 1<br>year<br>£ | Impaired<br>£ | Total past<br>due or<br>impaired<br>£ |
|----------------------------------------|----------------------------|-----------------------------------|----------------------------------------|--------------------------------|---------------|---------------------------------------|
| Deposits with ceding undertakings      | -                          | -                                 | -                                      | -                              | -             | -                                     |
| Reinsurers share of claims outstanding | -                          | -                                 | -                                      | -                              | (67)          | (67)                                  |
| Reinsurance debtors                    | 32,692                     | 1,522                             | 390                                    | (18)                           | (1)           | 34,585                                |
| Insurance debtors                      | 21,157                     | 7,787                             | 8,658                                  | 5,069                          | (35)          | 42,636                                |
|                                        | <b>53,849</b>              | <b>9,309</b>                      | <b>9,048</b>                           | <b>5,051</b>                   | <b>(103)</b>  | <b>77,154</b>                         |

2021

|                                        | Less than<br>3 months<br>£ | Between 3<br>and 6<br>months<br>£ | Between 6<br>months<br>and 1 year<br>£ | Greater<br>than 1<br>year<br>£ | Impaired<br>£ | Total past<br>due or<br>impaired<br>£ |
|----------------------------------------|----------------------------|-----------------------------------|----------------------------------------|--------------------------------|---------------|---------------------------------------|
| Deposits with ceding undertakings      | -                          | -                                 | -                                      | -                              | -             | -                                     |
| Reinsurers share of claims outstanding | -                          | -                                 | -                                      | -                              | (47)          | (47)                                  |
| Reinsurance debtors                    | 22,068                     | 3,236                             | 593                                    | 439                            | (1)           | 26,335                                |
| Insurance debtors                      | 15,101                     | 4,665                             | 5,551                                  | 4,552                          | (45)          | 29,824                                |
|                                        | <b>37,169</b>              | <b>7,901</b>                      | <b>6,144</b>                           | <b>4,991</b>                   | <b>(93)</b>   | <b>56,112</b>                         |

### iii Interest rate and equity price risk

Interest rate risk and equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates and market prices, respectively.

# FIDENTIA 500 LIMITED

## NOTES TO THE ACCOUNTS - ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

### iv Currency risk

The Syndicates' main exposure to foreign currency risk arises from insurance business originating overseas, primarily denominated in US Dollars. Transactions denominated in US Dollars form a significant part of the Syndicates' operations. This risk is, in part, mitigated by the Syndicates maintaining financial assets denominated in US Dollars against its major exposures in that currency.

The table below provides details of syndicate assets and liabilities by currency:

| 2022                           | GBP £     | USD £<br>converted | EUR £<br>converted | CAD £<br>converted | Other £<br>converted | Total £<br>converted |
|--------------------------------|-----------|--------------------|--------------------|--------------------|----------------------|----------------------|
| Total assets                   | 358,273   | 2,089,670          | 95,579             | 231,426            | 59,544               | 2,834,492            |
| Total liabilities              | (398,699) | (2,097,070)        | (124,942)          | (174,991)          | (37,550)             | (2,833,252)          |
| Surplus/(deficiency) of assets | (40,426)  | (7,400)            | (29,363)           | 56,435             | 21,994               | 1,240                |
| 2021                           | GBP £     | USD £<br>converted | EUR £<br>converted | CAD £<br>converted | Other £<br>converted | Total £<br>converted |
| Total assets                   | 300,842   | 1,648,253          | 83,039             | 203,239            | 54,359               | 2,289,732            |
| Total liabilities              | (359,996) | (1,652,301)        | (106,273)          | (150,441)          | (33,655)             | (2,302,666)          |
| Surplus/(deficiency) of assets | (59,154)  | (4,048)            | (23,234)           | 52,798             | 20,704               | (12,934)             |

### Company risks

#### i Investment, credit, liquidity and currency risks

The significant risks faced by the Company are with regard to the investment of the available funds within its own custody. The elements of these risks are investment risk, credit risk, liquidity risk, currency risk and interest rate risk. The main liquidity risk would arise if a Syndicate had inadequate liquid resources for a large claim and sought funds from the Company to meet the claim. In order to minimise investment, credit and liquidity risk the Company's funds are invested in readily realisable short term deposits. The Syndicates can distribute their results in Pound Sterling, US Dollars or a combination of the two. The Company is exposed to movements in the US Dollar between the financial reporting date and the distribution of the underwriting profits and losses, which is usually in the May following the closure of the year of account. The Company does not use derivative instruments to manage risk and, as such, no hedge accounting is applied.

#### ii Regulatory risks

The Company is subject to continuing approval by Lloyd's to be a member of a Lloyd's syndicate. The risk of this approval being removed is mitigated by monitoring and fully complying with all requirements in relation to membership of Lloyd's. The capital requirements to support the proposed amount of syndicate capacity for future years are subject to the requirements of Lloyd's. A variety of factors are taken into account by Lloyd's in setting these requirements including market conditions and syndicate performance and although the process is intended to be fair and reasonable, the requirements can fluctuate from one year to the next, which may constrain the volume of underwriting the Company is able to support.

#### iii Operational risks

As there are relatively few transactions actually undertaken by the Company there are only limited systems and operational requirements of the Company and therefore operational risks are not considered to be significant. Close involvement of all Directors in the Company's key decision making and the fact that the majority of the Company's operations are conducted by syndicates, provides control over any remaining operational risks.

# FIDENTIA 500 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

| 5 | Class of business                 | Gross<br>written<br>premiums<br>£ | Gross<br>premiums<br>earned<br>£ | Gross<br>claims<br>incurred<br>£ | Operating<br>expenses<br>£ | Reinsurance<br>balance<br>£ |
|---|-----------------------------------|-----------------------------------|----------------------------------|----------------------------------|----------------------------|-----------------------------|
|   | <b>2022</b>                       |                                   |                                  |                                  |                            |                             |
|   | <b>Direct</b>                     |                                   |                                  |                                  |                            |                             |
|   | Accident and health               | 23,871                            | 23,432                           | (10,196)                         | (10,325)                   | (1,491)                     |
|   | Motor - third party liability     | 2,152                             | 1,695                            | (690)                            | (647)                      | (2)                         |
|   | Motor - other classes             | 42,443                            | 40,496                           | (23,162)                         | (14,257)                   | 206                         |
|   | Marine, aviation and transport    | 123,246                           | 110,383                          | (81,311)                         | (39,647)                   | 18,640                      |
|   | Fire and other damage to property | 351,330                           | 338,441                          | (175,150)                        | (97,711)                   | (32,666)                    |
|   | Third party liability             | 331,405                           | 328,844                          | (218,292)                        | (98,505)                   | (2,408)                     |
|   | Credit and suretyship             | 23,917                            | 24,702                           | (16,248)                         | (7,790)                    | 1,282                       |
|   | Other                             | 1,998                             | 1,404                            | (704)                            | (844)                      | 60                          |
|   | <b>Total direct</b>               | <b>900,362</b>                    | <b>869,397</b>                   | <b>(525,753)</b>                 | <b>(269,726)</b>           | <b>(16,379)</b>             |
|   | <b>Reinsurance business</b>       |                                   |                                  |                                  |                            |                             |
|   | Reinsurance balance               | 318,112                           | 303,877                          | (222,409)                        | (57,504)                   | (15,573)                    |
|   | <b>Total</b>                      | <b>1,218,474</b>                  | <b>1,173,274</b>                 | <b>(748,162)</b>                 | <b>(327,230)</b>           | <b>(31,952)</b>             |
|   | <b>2021</b>                       |                                   |                                  |                                  |                            |                             |
|   | <b>Direct</b>                     |                                   |                                  |                                  |                            |                             |
|   | Accident and health               | 25,453                            | 25,451                           | (8,525)                          | (11,122)                   | (1,536)                     |
|   | Motor - third party liability     | 1,067                             | 795                              | (212)                            | (360)                      | (6)                         |
|   | Motor - other classes             | 35,262                            | 34,119                           | (21,159)                         | (12,488)                   | 819                         |
|   | Marine, aviation and transport    | 88,944                            | 80,769                           | (36,122)                         | (32,298)                   | (4,887)                     |
|   | Fire and other damage to property | 296,878                           | 284,127                          | (154,565)                        | (86,488)                   | (33,697)                    |
|   | Third party liability             | 287,931                           | 265,929                          | (174,386)                        | (80,704)                   | (3,837)                     |
|   | Credit and suretyship             | 22,170                            | 21,583                           | (14,716)                         | (7,459)                    | (2,709)                     |
|   | Other                             | 634                               | 756                              | (360)                            | (456)                      | (3)                         |
|   | <b>Total direct</b>               | <b>758,339</b>                    | <b>713,529</b>                   | <b>(410,045)</b>                 | <b>(231,375)</b>           | <b>(45,856)</b>             |
|   | <b>Reinsurance business</b>       |                                   |                                  |                                  |                            |                             |
|   | Reinsurance balance               | 249,628                           | 245,188                          | (152,440)                        | (44,700)                   | (22,094)                    |
|   | <b>Total</b>                      | <b>1,007,967</b>                  | <b>958,717</b>                   | <b>(562,485)</b>                 | <b>(276,075)</b>           | <b>(67,950)</b>             |

Any open year loss provisions, stop loss premiums and stop loss recoveries have been allocated across the classes of business by reference to the gross premiums written.

# FIDENTIA 500 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

| 6 Geographical analysis           | 2022<br>£ | 2021<br>£ |
|-----------------------------------|-----------|-----------|
| Direct gross premiums written in: |           |           |
| United Kingdom                    | 900,362   | 758,339   |
| EU member states                  | -         | -         |
| The rest of the world             | -         | -         |
| Total                             | 900,362   | 758,339   |

### 7 Technical provisions

#### Movement in claims outstanding

|                               | 2022        |                  | 2021        |             |
|-------------------------------|-------------|------------------|-------------|-------------|
|                               | Gross<br>£  | Reinsurance<br>£ | Net<br>£    | Net<br>£    |
| At 1 January                  | (1,561,455) | 166,447          | (1,395,008) | (1,319,202) |
| Movement in technical account | (245,267)   | 92,597           | (152,670)   | (58,079)    |
| Other movements               | (137,256)   | (60,097)         | (197,353)   | (17,727)    |
| At 31 December                | (1,943,978) | 198,947          | (1,745,031) | (1,395,008) |

#### Movement in unearned premiums

|                               | 2022       |                  | 2021      |           |
|-------------------------------|------------|------------------|-----------|-----------|
|                               | Gross<br>£ | Reinsurance<br>£ | Net<br>£  | Net<br>£  |
| At 1 January                  | (459,035)  | 84,723           | (374,312) | (325,963) |
| Movement in technical account | (45,200)   | 7,828            | (37,372)  | (44,726)  |
| Other movements               | (40,792)   | 8,802            | (31,990)  | (3,623)   |
| At 31 December                | (545,027)  | 101,353          | (443,674) | (374,312) |

#### Movement in deferred acquisition costs

|                                        | 2022<br>Net<br>£ | 2021<br>Net<br>£ |
|----------------------------------------|------------------|------------------|
| At 1 January                           | 108,841          | 101,711          |
| Movement in deferred acquisition costs | 8,383            | 9,585            |
| Other movements                        | 7,232            | (2,455)          |
| At 31 December                         | 124,456          | 108,841          |

Included within other movements are foreign exchange movements in restating the opening balances and the effect of prior years' technical provisions being reinsured to close, to the extent where the Company's syndicate participation portfolio has changed between years of account.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**
**7 Technical provisions (continued)**
**Assumptions, changes in assumptions and sensitivity**

The majority of the risks to the Company's future cash flows arise from its participation in the results of Lloyd's Syndicates and are mostly managed by the managing agents of the Syndicates. The Company's role in managing these risks, in conjunction with the Company's members' agent, is limited to a selection of Syndicate participations and monitoring the performance of the Syndicates and their Managing Agents.

The amounts carried by the Company arising from insurance contracts are calculated by the Managing Agents of the Syndicates and derived from accounting information provided by the Managing Agents and reported upon by the Syndicate auditors.

The key assumptions underlying the amounts carried by the Company arising from insurance contracts are:

- i The net premiums written calculated by the Managing Agent are an accurate assessment of the premiums payable as a result of the risks contractually committed to up to the financial reporting date.
- ii The net unearned premiums calculated by the Managing Agent are an accurate assessment of the net premiums written that reflect the exposure to risks arising after the financial reporting date, including appropriate allowance for anticipated losses in excess of the unearned premium.
- iii The claims reserves calculated by the Managing Agents are an accurate assessment of the ultimate liabilities in respect of claims relating to events up to the financial reporting date.
- iv The potential ultimate result of run-off year results has been accurately estimated by the Managing Agents.
- v The values of investments and other assets and liabilities are correctly stated at their realisable values at the financial reporting date.

There have been no changes to these assumptions in 2022.

The amounts carried by the Company arising from insurance contracts are sensitive to various factors as follows:

- i A 5% increase/decrease in net earned premium (with claims incurred assumed to change pro-rata with premium) will increase/decrease the Company's pre-tax profit/loss by £19,658 (2021: £16,414).
- ii A 5% increase/decrease in the managing agents' calculation of gross claims reserves will decrease/increase the Company's pre-tax profit/loss by £97,199 (2021: £78,073).
- iii A 5% increase/decrease in the managing agents' calculation of net claims reserves will decrease/increase the Company's pre-tax profit/loss by £87,252 (2021: £69,750).

| Claims development - Gross | At the end of<br>underwriting<br>year | After 12<br>months | After 24<br>months | After 36<br>months | Profit/loss<br>on RITC<br>received |
|----------------------------|---------------------------------------|--------------------|--------------------|--------------------|------------------------------------|
| Underwriting pure year     | £                                     | £                  | £                  | £                  | £                                  |
| 2022                       | 443,161                               | -                  | -                  | -                  | -                                  |
| 2021                       | 387,051                               | 712,227            | -                  | -                  | -                                  |
| 2020                       | 358,808                               | 652,176            | 670,880            | -                  | -                                  |

| Claims development - Net | At the end of<br>underwriting<br>year | After 12<br>months | After 24<br>months | After 36<br>months | Profit/loss<br>on RITC<br>received |
|--------------------------|---------------------------------------|--------------------|--------------------|--------------------|------------------------------------|
| Underwriting pure year   | £                                     | £                  | £                  | £                  | £                                  |
| 2022                     | 302,652                               | -                  | -                  | -                  | -                                  |
| 2021                     | 260,298                               | 496,109            | -                  | -                  | -                                  |
| 2020                     | 251,779                               | 468,798            | 476,875            | -                  | -                                  |

# FIDENTIA 500 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

### 8 Investment return

The following return on investments relate to investments held at fair value.

|                                   | 2022<br>£ | 2021<br>£ |
|-----------------------------------|-----------|-----------|
| Investment income                 | 19,708    | 15,977    |
| Dividend income                   | 170       | 199       |
| Interest on cash at bank          | 2,179     | 40        |
| Other interest and similar income | 74        | 7         |
|                                   | 22,131    | 16,223    |
| Realised gain on investments      | 6,365     | 5,962     |
| Unrealised gain on investments    | 56,740    | 19,316    |
| Realised loss on investments      | (16,971)  | (5,412)   |
| Unrealised loss on investments    | (103,322) | (32,747)  |
| Total investment income           | (35,057)  | 3,342     |
| Investment expenses and charges   | (925)     | (757)     |
| Total investment return           | (35,982)  | 2,585     |

### 9 Net operating expenses

|                         | 2022<br>£ | 2021<br>£ |
|-------------------------|-----------|-----------|
| Acquisition costs       | 240,008   | 198,034   |
| Administrative expenses | 84,028    | 77,029    |
| Loss on exchange        | 3,194     | 1,012     |
| Total                   | 327,230   | 276,075   |

### 10 Other income

|                                                  | 2022<br>£ | 2021<br>£ |
|--------------------------------------------------|-----------|-----------|
| Profit on sale of syndicate participation rights | 21,384    | 22,539    |
| Other                                            | 18        | -         |
| Total                                            | 21,402    | 22,539    |

**FIDENTIA 500 LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                                         |             |             |
|---------------------------------------------------------|-------------|-------------|
| <b>11 Profit on ordinary activities before taxation</b> | <b>2022</b> | <b>2021</b> |
|                                                         | <b>£</b>    | <b>£</b>    |

This is stated after charging:

|                                    |              |       |
|------------------------------------|--------------|-------|
| Auditor's remuneration - audit     | <b>460</b>   | 460   |
| Amortisation of syndicate capacity | <b>3,753</b> | 3,753 |

The company has no employees.

|                             |                                       |
|-----------------------------|---------------------------------------|
| <b>12 Intangible assets</b> | <b>Syndicate Participation Rights</b> |
|                             | <b>£</b>                              |
| <b>Cost</b>                 |                                       |
| At 1 January 2022           | 246,644                               |
| Additions                   | -                                     |
| Disposals                   | (7,676)                               |
| At 31 December 2022         | <b>238,968</b>                        |
| <b>Amortisation</b>         |                                       |
| At 1 January 2022           | 239,138                               |
| Charge for the period       | 3,753                                 |
| Impairment losses           | -                                     |
| Disposals                   | (7,676)                               |
| At 31 December 2022         | <b>235,215</b>                        |
| <b>Net book value</b>       |                                       |
| At 31 December 2022         | <b>3,753</b>                          |
| At 31 December 2021         | 7,506                                 |

# FIDENTIA 500 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Investments: Financial investments

|                                                   |           |               | Syndicate | Corporate | 2022<br>Total |
|---------------------------------------------------|-----------|---------------|-----------|-----------|---------------|
| <i>At market value</i>                            |           |               | £         | £         | £             |
| Shares and other variable yield securities        | - level 1 | 23,609        |           |           |               |
|                                                   | - level 2 | 79,884        |           |           |               |
|                                                   | - level 3 | <u>15,337</u> | 118,830   | -         | 118,830       |
| Debt securities and other fixed income securities | - level 1 | 351,530       |           |           |               |
|                                                   | - level 2 | 721,435       |           |           |               |
|                                                   | - level 3 | <u>-</u>      | 1,072,965 | -         | 1,072,965     |
| Participation in investment pools                 | - level 1 | 994           |           |           |               |
|                                                   | - level 2 | 933           |           |           |               |
|                                                   | - level 3 | <u>243</u>    | 2,170     | -         | 2,170         |
| Loans guaranteed by mortgage                      | - level 1 | -             |           |           |               |
|                                                   | - level 2 | -             |           |           |               |
|                                                   | - level 3 | <u>-</u>      | -         | -         | -             |
| Other                                             | - level 1 | 23,473        |           |           |               |
|                                                   | - level 2 | 23,774        |           |           |               |
|                                                   | - level 3 | <u>3,710</u>  | 50,957    | -         | 50,957        |
| Total                                             |           |               | 1,244,922 | -         | 1,244,922     |

|                                                   |           |               | Syndicate | Corporate | 2021<br>Total |
|---------------------------------------------------|-----------|---------------|-----------|-----------|---------------|
| <i>At market value</i>                            |           |               | £         | £         | £             |
| Shares and other variable yield securities        | - level 1 | 21,194        |           |           |               |
|                                                   | - level 2 | 71,122        |           |           |               |
|                                                   | - level 3 | <u>16,091</u> | 108,407   | -         | 108,407       |
| Debt securities and other fixed income securities | - level 1 | 328,159       |           |           |               |
|                                                   | - level 2 | 545,616       |           |           |               |
|                                                   | - level 3 | <u>147</u>    | 873,922   | -         | 873,922       |
| Participation in investment pools                 | - level 1 | 1,186         |           |           |               |
|                                                   | - level 2 | 812           |           |           |               |
|                                                   | - level 3 | <u>203</u>    | 2,201     | -         | 2,201         |
| Loans guaranteed by mortgage                      | - level 1 | -             |           |           |               |
|                                                   | - level 2 | -             |           |           |               |
|                                                   | - level 3 | <u>-</u>      | -         | -         | -             |
| Other                                             | - level 1 | 19,151        |           |           |               |
|                                                   | - level 2 | 18,850        |           |           |               |
|                                                   | - level 3 | <u>2,845</u>  | 40,846    | -         | 40,846        |
| Total                                             |           |               | 1,025,376 | -         | 1,025,376     |

The corporate investments held include £Nil (2021: £Nil) at market value in respect of Lloyd's deposits that are held in accordance with the constraints detailed in note 23.

# FIDENTIA 500 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

### 13 Investments: Financial investments (continued)

The Company uses the following hierarchy for determining and disclosing the fair value of financial investments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets

Level 2: prices based on recent transactions in identical assets

Level 3: prices determined using a valuation technique

None of the above investments are valued at amortised cost.

|                                                   | Syndicate<br>£   | Corporate<br>£ | 2022<br>Total<br>£ | 2021<br>Total<br>£ |
|---------------------------------------------------|------------------|----------------|--------------------|--------------------|
| <b>At cost</b>                                    |                  |                |                    |                    |
| Shares and other variable yield securities        | 117,081          | -              | 117,081            | 103,826            |
| Debt securities and other fixed income securities | 1,121,216        | -              | 1,121,216          | 871,335            |
| Participation in investment pools                 | 2,064            | -              | 2,064              | 2,126              |
| Loans guaranteed by mortgage                      | -                | -              | -                  | 1,181              |
| Other                                             | 45,263           | -              | 45,263             | 37,888             |
| <b>Total</b>                                      | <b>1,285,624</b> | <b>-</b>       | <b>1,285,624</b>   | <b>1,016,356</b>   |

### 14 Debtors arising out of direct insurance and reinsurance operations

|                                               | Syndicate<br>£ | Corporate<br>£ | 2022<br>Total<br>£ | 2021<br>Total<br>£ |
|-----------------------------------------------|----------------|----------------|--------------------|--------------------|
| The following amounts are due after one year: |                |                |                    |                    |
| Direct insurance operations                   | 6,735          | -              | 6,735              | 8,992              |
| Reinsurance operations                        | 14,278         | -              | 14,278             | 12,355             |
| <b>Total</b>                                  | <b>21,013</b>  | <b>-</b>       | <b>21,013</b>      | <b>21,347</b>      |

### 15 Other debtors

|                      | Syndicate<br>£ | Corporate<br>£ | 2022<br>Total<br>£ | 2021<br>Total<br>£ |
|----------------------|----------------|----------------|--------------------|--------------------|
| Deferred tax         | -              | -              | -                  | -                  |
| Early profit release | -              | -              | -                  | -                  |
| Other                | 225,491        | 48,277         | 273,768            | 227,031            |
| <b>Total</b>         | <b>225,491</b> | <b>48,277</b>  | <b>273,768</b>     | <b>227,031</b>     |

Corporate other debtors includes £Nil (2021: £Nil) due to the company after more than one year.

Syndicate other debtors includes £52,717 (2021: £51,152) due to the company after more than one year.

# FIDENTIA 500 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

### 16 Cash at bank

|                          | Syndicate<br>£ | Corporate<br>£ | 2022<br>Total<br>£ | 2021<br>Total<br>£ |
|--------------------------|----------------|----------------|--------------------|--------------------|
| Lloyd's deposit          | 58,566         | 158,998        | 217,564            | 191,069            |
| Cash at bank and in hand | 75,139         | 28,155         | 103,294            | 74,550             |
| <b>Total</b>             | <b>133,705</b> | <b>187,153</b> | <b>320,858</b>     | <b>265,619</b>     |

Any Lloyd's deposit is held in accordance with the constraints detailed in note 23.

### 17 Share capital

|                                        | 2022<br>£ | 2021<br>£ |
|----------------------------------------|-----------|-----------|
| <i>Allotted, issued and fully paid</i> |           |           |
| 100 Ordinary shares of £1.00           | 100       | 100       |

### 18 Taxation

|                                                | 2022<br>£    | 2021<br>£    |
|------------------------------------------------|--------------|--------------|
| <i>Analysis of charge in period</i>            |              |              |
| <i>Current tax</i>                             |              |              |
| UK Corporation Tax on profits of the period    | 7,634        | 3,773        |
| Adjustments in respect of prior years          | (2,464)      | (2,598)      |
| Foreign tax                                    | 853          | 520          |
| <b>Total current tax</b>                       | <b>6,023</b> | <b>1,695</b> |
| <i>Analysis of charge in period</i>            |              |              |
| <i>Deferred tax</i>                            |              |              |
| Origination and reversal of timing differences | -            | -            |
| Changes in tax rates                           | -            | -            |
| Other items                                    | -            | -            |
| <b>Total deferred tax</b>                      | <b>-</b>     | <b>-</b>     |
| <b>Tax on profit on ordinary activities</b>    | <b>6,023</b> | <b>1,695</b> |

# FIDENTIA 500 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2022

### 18 Taxation (continued)

#### *Factors affecting tax charge for the period*

The tax assessed for the period is different than the standard rate of Corporation Tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

|                                                                                                                                         | 2022<br>£ | 2021<br>£ |
|-----------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit on ordinary activities before taxation                                                                                           | 46,719    | 65,072    |
| Profit on ordinary activities before taxation multiplied by the<br>standard rate of Corporation Tax in the UK of 19.00% (2021: 19.00%). | 8,877     | 12,364    |
| <i>Effects of:</i>                                                                                                                      |           |           |
| Expenses not deductible                                                                                                                 | 516       | 1,062     |
| Timing differences arising from the taxation of the underwriting results                                                                | (165)     | (8,050)   |
| Timing differences arising from the taxation of syndicate<br>participation movements                                                    | -         | -         |
| Tax losses carried forward and/or available for group relief                                                                            | -         | -         |
| Adjustments to tax charge in respect of prior periods                                                                                   | (2,464)   | (2,598)   |
| Foreign tax paid                                                                                                                        | (741)     | (1,083)   |
| Other adjustments                                                                                                                       | -         | -         |
| Total tax charge for the year                                                                                                           | 6,023     | 1,695     |

#### *Factors that may affect future tax charges*

The company has trading losses of £Nil (2021: £Nil) available to carry forward to offset against future trading profits.

|                                       | 2022<br>£ | 2021<br>£ |
|---------------------------------------|-----------|-----------|
| <i>Provision for deferred tax</i>     |           |           |
| At 1 January                          | -         | -         |
| Charge to the profit and loss account | -         | -         |
| Released or utilised in the period    | -         | -         |
| At 31 December                        | -         | -         |

Full provision has been made for all timing differences apart from the recovery of taxation losses against future trading profits, which cannot be prudently anticipated at this time.

The deferred tax asset not provided for in respect of Corporation Tax losses, and deferred tax losses not yet assessable to Corporation Tax, amounted to £4,238 (2021: £5,350).

# FIDENTIA 500 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 19 Other creditors

|                            | Syndicate<br>£ | Corporate<br>£ | 2022<br>£      | 2021<br>£      |
|----------------------------|----------------|----------------|----------------|----------------|
| Other creditors            | 56,107         | -              | 56,107         | 65,431         |
| Social security costs      | -              | -              | -              | -              |
| Corporation tax            | -              | 7,634          | 7,634          | 3,773          |
| Cash calls                 | -              | -              | -              | -              |
| Shareholders' loan account | -              | 113,281        | 113,281        | 116,520        |
| <b>Total</b>               | <b>56,107</b>  | <b>120,915</b> | <b>177,022</b> | <b>185,724</b> |

### 20 Financial liabilities

All financial liabilities are measured at amortised cost except for:

Amounts due to credit institutions

This liability has been disclosed at fair value using a valuation technique. The Company uses the following hierarchy for determining and disclosing the fair value of financial liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical liabilities

Level 2: prices based on recent transactions in identical liabilities

Level 3: prices determined using a valuation technique

### 21 Analysis of changes in net debt

|                                  | At 1 Jan 2022<br>£ | Cash flow<br>£ | Acquisitions<br>£ | Other non -<br>cash changes<br>£ | Exchange<br>movement<br>£ | At 31 Dec<br>2022<br>£ |
|----------------------------------|--------------------|----------------|-------------------|----------------------------------|---------------------------|------------------------|
| <b>Cash and cash equivalents</b> |                    |                |                   |                                  |                           |                        |
| Cash                             | 150,688            | 29,321         | -                 | -                                | 7,144                     | 187,153                |
| Overdrafts                       | -                  | -              | -                 | -                                | -                         | -                      |
| Cash equivalents                 | -                  | -              | -                 | -                                | -                         | -                      |
|                                  | <b>150,688</b>     | <b>29,321</b>  | <b>-</b>          | <b>-</b>                         | <b>7,144</b>              | <b>187,153</b>         |
| <b>Borrowings</b>                |                    |                |                   |                                  |                           |                        |
| Debt due within one year         | -                  | -              | -                 | -                                | -                         | -                      |
| Debt due after one year          | -                  | -              | -                 | -                                | -                         | -                      |
|                                  | <b>-</b>           | <b>-</b>       | <b>-</b>          | <b>-</b>                         | <b>-</b>                  | <b>-</b>               |
| <b>Total</b>                     | <b>150,688</b>     | <b>29,321</b>  | <b>-</b>          | <b>-</b>                         | <b>7,144</b>              | <b>187,153</b>         |

### 22 Reconciliation of profit before tax to net cash inflow/(outflow) from operating activities

|                                                               | 2022<br>£     | 2021<br>£       |
|---------------------------------------------------------------|---------------|-----------------|
| Profit before tax                                             | 46,719        | 65,072          |
| Finance costs                                                 | -             | -               |
| Finance income                                                | (1,664)       | (28)            |
| Prior year result distributable in year                       | 17,037        | (3,555)         |
| Profit on sale of syndicate participation rights              | (21,384)      | (22,539)        |
| Increase in creditors                                         | -             | 2,170           |
| Increase in debtors                                           | (25,643)      | (77,303)        |
| Amortisation and impairment of syndicate participation rights | 3,753         | 3,753           |
| Exchange gains and losses                                     | (7,144)       | (491)           |
| <b>Net cash inflow/(outflow) from operating activities</b>    | <b>11,674</b> | <b>(32,921)</b> |

Note that the current year technical profit of £28,241, which has not been distributed in the period, is included within the increase in debtors line above.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**23 Funds at Lloyd's**

Cash balances of £158,998 (2021: £150,649) detailed in note 16 and investments of £Nil (2021: £Nil) detailed in note 13 are held within the Company's Lloyd's deposit. These balances exclude any amounts held via the Syndicates.

The Lloyd's deposit represents funds deposited with the Corporation of Lloyd's (Lloyd's) to support the Company's underwriting activities as described in the accounting policies. The Company has entered into a legal agreement with Lloyd's which gives the Corporation the right to apply these funds in settlement of any claims arising from the Company's participation on Lloyd's Syndicates. These funds can only be released from the provision of this deed with Lloyd's express permission and only in circumstances where the amounts are either replaced by an equivalent asset or after the expiration of the company's liabilities in respect of its underwriting.

In addition to these amounts, the shareholders of the Company have also made available to Lloyd's assets amounting to approximately £406,555 (2021: £392,983) that are also used by the Company to support its Lloyd's underwriting.

**24 Related party transactions**

During the year, the Shareholder and Director introduced capital of £Nil (2021: £10,881) and withdrew drawings of £3,239 (2021: £Nil). Included within creditors at 31 December 2022 is £113,281 (2021: £116,520), that is due to the Shareholder and Director. During the year, a syndicate capacity with a weighted average value of £Nil (2021: 22,539) was transferred to a company with shared ownership. Included within debtors at 31 December 2022 is £48,277 (2021: £48,277) which is due from the Company with shared ownership. No interest is chargeable on the amounts outstanding.

**25 Ultimate controlling party**

The Ultimate controlling party is Mr S A R Wharmby.