



# Combined Financial Statements

20 February 2024

NorthStandard Limited and  
NorthStandard Re Limited



NorthStandard

## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF NORTHSTANDARD LIMITED**

### **Opinion on the financial statements**

In our opinion, the special purpose financial statements of the Associations for the year ended 20 February 2024 are prepared, in all material respects, in accordance with the accounting policies set out in note 1 to these special purpose financial statements.

We have audited the special purpose financial statements of NorthStandard Limited and NorthStandard Re Limited (together "the Associations"), which comprise the Combined Statement of Financial Position, Combined Income Statement, Combined Statement of Comprehensive Income and Notes to the Combined Financial Statements for the year ended 20 February 2024, including a summary of significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including ISA (UK) 800 (Revised) and ISA (UK) 805 (Revised). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the special purpose financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Associations in accordance with the ethical requirements that are relevant to our audit of the special purpose financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

In auditing the special purpose financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the special purpose 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 Associations' ability to continue as a going concern for a period of at least twelve months from when the special purpose 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.

### **Emphasis of matter - basis of accounting and restriction on distribution and use**

We draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting, which is a special purpose framework. The special purpose financial statements are prepared to assist the Directors of the Associations in accordance with the terms of our engagement letter dated 27 August 2024. As a result, these special purpose financial statements may not be suitable for any other purpose. Our report is intended solely for the Directors of the Associations and are not to be distributed to or used by parties other than the Directors of the Associations. Our opinion is not modified in respect of this matter.

### **Responsibilities of Directors**

The Directors are responsible for the preparation of these special purpose financial statements in accordance with the special purpose accounting framework and for such internal control as the Directors determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the Directors are responsible for assessing the Associations' 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 Associations or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose 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:

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We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, Prudential Regulatory Authority ('PRA') regulations, Financial Conduct Authority ('FCA') rules, FRS 102 and FRS 103. We obtained our understanding through internal and external training, and the use of an appropriately qualified and experienced audit team who specialise in the insurance sector. The team was briefed on the relevant risks applicable to irregularities and fraud at the planning meeting.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Assessed the susceptibility of the financial statements to material misstatement including fraud and identified the fraud risk areas to be the valuation of technical provisions (refer to the key audit matters section above), the defined benefit plan and management override of controls;
- In response to the risk of management override of controls, assessed the appropriateness of journal entries which met a specific defined criteria by agreeing to supporting documentation, utilising our internal software to aid in the identification of journals meeting our criteria;
- Enquiries of management and those charged with governance to ascertain if there has been any actual or suspected fraud;
- Review of minutes of board meetings throughout the period for any evidence of fraud or non-compliance with laws and regulations;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Review of correspondence with the PRA and FCA for any evidence of non-compliance with laws and regulations;
- Review of the Groups Own Risk and Solvency Assessment for indications of any current or future issues in relation to external capital requirements and consequential breaches of laws and regulations; and
- We also communicated relevant identified laws and regulations and identified fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the special purpose financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the special purpose financial statements, the less likely we are to become aware of it.

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

**Use of our report**

This report is made solely to the Associations' Directors, as a body, in accordance with the terms of our engagement letter dated 28 August 2024. Our audit work has been undertaken so that we might state to the Associations' Directors those matters we are required by our engagement letter to report 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 Directors as a body, for our audit work, for this report, or for the opinions we have formed.

**BDO LLP**  
**London, UK**  
**03 September 2024**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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**COMBINED STATEMENT OF FINANCIAL POSITION**

	Note	2024	2023
<b>Assets</b>			
Intangible assets		6.6	9.0
Property, plant and equipment		18.5	19.5
Reinsurers' share of technical provision			
Provision for unearned premium		30.9	6.2
Claims outstanding		445.9	364.8
Financial assets			
Equity securities - at fair value through profit and loss	3	147.7	109.3
Collective investment vehicles – at fair value through profit and loss	3	945.9	804.8
Debt securities and other fixed income securities – at fair value through profit and loss	3	563.8	-
Loans and receivables including insurance and reinsurance receivables		266.7	164.0
Deferred tax asset		0.5	0.5
Derivative financial instruments		1.5	-
Cash and cash equivalents	4	275.9	214.5
<b>Total assets</b>		<b>2,703.9</b>	<b>1,692.6</b>
<b>Accumulated Surplus</b>			
Income and expenditure account	14	800.6	416.8
Revaluation reserve	14	2.0	4.1
<b>Total accumulated surplus</b>		<b>802.6</b>	<b>420.9</b>
<b>Liabilities</b>			
Technical provision			
Provision for unearned premium		66.6	49.9
Claims outstanding		1,627.3	1,039.6
Derivative financial instruments		-	0.8
Reinsurance payables		100.7	15.9
Trade and other payables		102.5	156.3
Retirement benefit liability		4.2	9.2
<b>Total liabilities</b>		<b>1,901.3</b>	<b>1,271.7</b>
<b>Total accumulated surplus and liabilities</b>		<b>2,703.9</b>	<b>1,692.6</b>

These financial statements were approved by the Board of Directors on 3 September 2024.

PA Jennings  
Managing Director  
Northstandard Limited

J Grose  
Managing Director  
Northstndard Limited

**NorthStandard Limited and NorthStandard Re Limited**  
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**COMBINED INCOME STATEMENT**

	Note	2024	2023
Insurance premium revenue	2	852.6	447.7
Insurance premium ceded to reinsurers	6	(189.0)	(64.8)
		<u>663.6</u>	<u>382.9</u>
Change in provision for unearned premiums		(16.6)	1.9
Reinsurers' share of change in unearned premium		26.5	(19.0)
		<u>9.9</u>	<u>(17.1)</u>
Investment income		25.7	1.8
Net fair value gains / (losses) at fair value through profit and loss	7	66.4	(31.2)
Other gains	8	265.2	1.1
Other operating income		1.7	1.7
<b>Net income</b>		<u><b>1,032.5</b></u>	<u><b>339.2</b></u>
Insurance claims and loss adjustment expenses	9	(473.0)	(281.8)
Insurance claims and loss adjustment expenses recovered from reinsurers	10	(34.8)	22.7
Net insurance claims		<u>(507.8)</u>	<u>(259.1)</u>
Expenses for the acquisition of insurance and investment contracts	11	(50.5)	(22.4)
Expenses for marketing and administration	12	(70.7)	(57.7)
Expenses for asset management services rendered		(2.5)	(0.6)
Operating expenses		<u>(123.7)</u>	<u>(80.7)</u>
Reinsurance commission		1.5	2.2
<b>Total expenses</b>		<u><b>(630.0)</b></u>	<u><b>(337.6)</b></u>
Results of operating activities		402.5	1.6
Merger expense		(13.6)	(4.2)
Finance expense	13	(1.8)	(10.8)
Surplus/(deficit) before tax		387.1	(13.4)
Tax expense		(5.3)	(1.0)
<b>Surplus/(deficit) for the year</b>		<u><b>381.8</b></u>	<u><b>(14.4)</b></u>

**COMBINED STATEMENT OF COMPREHENSIVE INCOME**

<b>Surplus/(deficit) for the year</b>	<b>381.8</b>	<b>(14.4)</b>
<b>Other comprehensive income</b>		
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>		
Revaluation of land and buildings	(2.1)	0.2
Remeasurement gains on defined benefit plans	2.0	1.4
<b>Net other comprehensive income not to be reclassified to profit or loss</b>	<u>(0.1)</u>	<u>1.6</u>
<b>Total comprehensive income for the year, net of tax</b>	<u><b>381.7</b></u>	<u><b>(12.8)</b></u>

## **NOTES TO THE COMBINED FINANCIAL STATEMENTS**

### **1. Accounting policies**

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

#### **1.1 Basis of preparation**

##### ***Entities included in the combined financial statements***

These combined financial statements are the non-statutory combined financial statements of NorthStandard Limited ("NorthStandard") and NorthStandard Re Limited ("Northstandard Re"). The Directors of Northstandard take responsibility for the preparation of these combined financial statements.

These combined financial statements are not NorthStandard's statutory accounts for the years ended 20 February 2024 and 20 February 2023. The consolidated financial statements of NorthStandard for the year ended 20 February 2024 are presented separately. Similarly, NorthStandard Re's non-statutory financial statements for the same period will be issued to Members on behalf of the Managers of that Company.

These two entities, Northstandard and Northstandard Re, are both controlled by common members and have a parallel structure but a parent/subsidiary relationship does not exist between them and therefore a "group" which would be required to prepare consolidated financial statements in order to comply with United Kingdom Generally Accepted Accounting Practice (including FRS 102 and FRS 103) does not exist. This report includes financial statements which combine the results and financial position of the Associations as if a group arrangement did exist between them. Any reference to the "Club" in the subsequent narrative relates to this combined position. Any reference to "Associations" is a reference to the individual entities.

The managers of the Associations believe that these combined financial statements allow the Members of both Associations to gain a picture of the overall position of the Club in order to facilitate economic decisions. They have been prepared for the illustrative purposes of the Members only, and have no legal standing. As a result, these combined financial statements are not suitable for any purpose other than this and must not be relied upon by any other party for any other purpose.

##### ***Basis of accounting***

These combined financial statements have been prepared by taking the combined results and financial position of the Associations using the recognition, measurement and presentation requirements of FRS 102: The Financial Reporting Standard Application in the UK & Ireland and Financial Reporting Standard 103 Insurance Contracts except for the disclosure requirements of those standards which have not been applied.

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Associations' accounting policies.

#### **1.2 Combination**

The combined financial statements combine the consolidated financial statements of NorthStandard and the non-statutory financial statements of NorthStandard Re made up to 20 February each year.

These combined financial statements have been prepared according to the following process. Northstandard prepares its own financial information in accordance with UK GAAP, which has been combined in these combined financial statements.

NorthStandard Re prepares its non-statutory financial statements in accordance with its own accounting policies as described in those financial statements. A full conversion to UK GAAP has not been performed as the figures are considered to be appropriate for inclusion in the combined financial statements, with there being no material differences between the accounting policies used in preparation of those financial statements and those applied by Northstandard.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by NorthStandard. All intra-group transactions, balances, income and expenses are eliminated on consolidation or combination.

#### **1.3 Business combinations**

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the Club.

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value plus any costs directly attributable to the business combination.

## **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

The Group initially recognises goodwill at the acquisition date measured as the difference between the cost of the acquisition and the net amount of identifiable assets and liabilities acquired. Goodwill arising on a business combination, positive or negative, is amortised over its useful economic life. After initial recognition, goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses.

### **1.4 Foreign currency translation**

The combined financial statements are presented in thousands of US Dollars, which is the functional currency of NorthStandard and NorthStandard Re.

A Club Associations whose functional currency is not US Dollars is a foreign operation. The income and expenses of foreign operations are translated into US Dollars at the exchange rate ruling at the date of the transactions where practical, otherwise an average rate for the year is used. The assets and liabilities of foreign operations are translated into US Dollars at the rate of exchange prevailing at the reporting date and the resulting exchange differences are recognised in other comprehensive income.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the income statement.

Translation differences on monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are translated using the foreign exchange rate ruling at the date of transaction.

### **1.5 Property, plant and equipment**

Land and buildings comprise the offices owned by NorthStandard. Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to NorthStandard and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve. Decreases that offset previous increases of the same asset and other decreases are charged to the revaluation reserve in the first instance.

Depreciation on property, plant and equipment is calculated to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Land	No depreciation charged
Buildings	2% per annum reducing balance method or 2% per annum straight line
Computer Equipment	20% - 33.3% per annum straight line method
Motor Vehicles	20% - 33.3% per annum reducing balance method
Office Equipment and Fittings	10% - 33.3% per annum straight line method
Leased property, plant and equipment	The shorter of the lease term or the above rate

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate.

An asset's carrying amount is written down immediately through the Income Statement to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.

### **1.6 Intangible assets**

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Costs in respect of major software developments are capitalised. Capitalised software costs that are not an integral part of the related hardware are included in intangible assets in the statement of financial position and amortised over the expected life of the software of up to 10 years. Amortisation is charged once the asset is available for use.



## **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

### **1.7 Investments**

#### **Financial assets at fair value through income**

NorthStandard classify their investments as financial assets at fair value through profit or loss. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date. Financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise.

Regular purchases and sales of investments are recognised on trade date, the date on which NorthStandard commit to purchase or sell the asset. Investments are initially recognised at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and NorthStandard have also transferred substantially all risks and rewards of ownership.

Collective investment vehicles are valued by the fund administrator in line with the agreed valuation policy. The fund administrator values the assets and liabilities for the purposes of calculating the net asset value of each fund and for each class of shares issued by each fund as of each dealing day. Within the discretionary portfolio, the fair values of quoted investments are based on current bid prices.

#### **Derivative financial instruments**

The Club holds derivative financial instruments to hedge its foreign currency exposure and to support the investment return. Derivatives are categorised as held for trading and are classified as financial assets or financial liabilities at fair value through profit or loss. Derivative financial instruments are measured at initial recognition, and subsequently, at fair value and changes in fair value are recognised in the income statement. Transaction costs incurred in buying and selling derivative financial instruments are recognised in the income statement when incurred. The fair value of a derivative financial instrument is determined by reference to published price quotations in an active market.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Associations intend to sell in the short term or that they have designated as at fair value through income or available-for-sale. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

### **1.8 Impairment of assets**

NorthStandard assesses at each reporting date whether there is any objective evidence that a financial asset or non-financial asset is impaired. An asset is deemed to be impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the asset that can be reliably estimated.

Objective evidence that an asset or group of assets is impaired includes observable data that comes to the attention of NorthStandard about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow or carrying amount from an asset or group of assets since the initial recognition of those assets.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed. The amount of the reversal is recognised in the income statement.

### **1.9 Cash and cash equivalents**

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



## **NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

### **1.10 Revenue and expense recognition**

#### **Premium income**

All elements of revenue arising from insurance contracts and other related services offered by the Associations are recognised on an accruals basis in the accounting period in which the contract is related or services are rendered. NorthStandard's policy year runs from noon GMT on any 20 February to noon GMT on the following 20 February. NorthStandard's financial year is coterminous with its policy year for the mutual business, but this is not the case for some of NorthStandard's diversified business lines where adjustments are made for unearned premium.

#### **Reinsurance premiums and recoveries**

Reinsurance premiums, less returns, are charged to the Income Statement on an accrual basis, including a provision for the future expected costs of adjustments to the premium due under existing reinsurance policies. Recoveries under policies purchased by the Associations are accrued so as to match the relevant gross claims and associated provisions and reserves upon which the Associations are entitled to make recoveries.

#### **Claims and related expenses**

Claims paid are defined as those claims transactions settled up to the statement of financial position date including the internal and external claims settlement expenses allocated to those transactions.

Claims reserves are estimated on an undiscounted basis. Any changes to the amounts held are adjusted through the Income Statement. Claims reserves are made for known or anticipated liabilities under insurance contracts which have not been settled up to the statement of financial position date. Claims reserves include a provision for incurred but not reported claims and an uplift to ensure outstanding claims are at a best estimate. Included within the provision is an allowance for the future costs of handling those claims. This is estimated based on past experience and current expectations of future cost levels.

The reinsurers' share represents recoveries received from reinsurance protections in the period plus recoveries receivable now or in the future against claims paid or payable that have not been received at the statement of financial position date, net of any provision for bad debt.

Although the claims reserves are considered to be reasonable, having regard to previous claims experience (including the use of certain statistically based projections), case by case reviews of notified losses and on the basis of information available at the date of determining the provision, the ultimate liabilities will vary as a result of subsequent information and events.

#### **Interest**

Interest comprises interest on cash deposits and interest bearing securities and is recognised on an accrual basis.

#### **Employee benefits**

Salaries and other employee benefits, including holiday pay, are accounted for on an accrual basis. Payments to staff under the discretionary staff performance related bonus scheme are accounted for in the financial year in which they are earned.

#### **Retirement benefit schemes**

NorthStandard operates two pension schemes providing benefits based upon final pensionable salary, known as defined benefit schemes. The assets of the schemes are held separately from those of NorthStandard, being invested with professional managers.

The NorthStandard and SMI defined benefit schemes were closed to new members on 31 March 2006 and 1 July 2008 respectively.

Both the NorthStandard scheme and the SMI scheme were closed to future accrual on 31 January 2018.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method with actuarial valuations being carried out at each statement of financial position date. Remeasurements including actuarial gains and losses but excluding net interest are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to income in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Net interest expense or income plus service costs are recognised in the income statement as incurred.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**Leases**

The Club assesses whether contracts entered into constitute a lease. A contract is, or contains a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset; otherwise, it is classified as an operating lease.

The Club recognises its rights and obligations under finance leases as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset (or the present value of the minimum lease payments if lower). The asset is subsequently carried at the initial fair value less accumulated depreciation and impairment charges, with depreciation being charged over the shorter of the lease term and the asset's useful life where there is no reasonable certainty ownership will be obtained by the end of the least term. The liability is subsequently carried at amortised cost using the effective interest method.

Lease payments under operating leases are expensed on a straight-line basis over the lease term.

**Taxation**

Corporation Tax is provided on relevant income. Where the different treatment of certain items for taxation and accounting purposes results in an obligation to pay more or a right to pay less tax in the future deferred tax is recognised in respect of such timing differences that have originated but not reversed at the balance sheet date with certain limited exceptions. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred taxation is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**2. SEGMENTAL ANALYSIS BY CLASS**

The segment financial positions for the year ended 20 February 2024 are shown below:

**Statement of Financial Position**  
**20 February 2024**

	Note	P&I	Other	Total
<b>ASSETS</b>				
Intangible assets		6.6	-	6.6
Property, plant and equipment		15.1	3.4	18.5
Investments in group undertakings		-	-	-
Reinsurers' share of technical provision				
Provision for unearned premium		19.8	11.1	30.9
Claims outstanding	5	426.3	19.6	445.9
Financial assets				
Equity securities				
- at fair value through profit and loss	3	133.1	14.6	147.7
Collective investment vehicles				
- at fair value through profit and loss	3	888.0	57.9	945.9
Debt securities and other fixed income securities				
- at fair value through profit and loss	3	563.8	-	563.8
Loans and receivables including insurance and reinsurance receivables		174.7	92.0	266.7
Deferred tax asset		0.3	0.2	0.5
Derivative financial instruments		1.5	-	1.5
Cash and cash equivalents	4	187.0	88.9	275.9
<b>Total assets</b>		<b>2,416.2</b>	<b>287.7</b>	<b>2,703.9</b>
<b>Accumulated Surplus</b>				
Income and expenditure account	14	596.6	204.0	800.6
Revaluation reserve	14	0.3	1.7	2.0
<b>Total accumulated surplus</b>		<b>596.9</b>	<b>205.7</b>	<b>802.6</b>
<b>LIABILITIES</b>				
Technical provision				
Provision for unearned premium		-	66.6	66.6
Claims outstanding	5	1,460.8	166.5	1,627.3
Derivative financial instruments		-	-	-
Reinsurance payables		80.5	20.2	100.7
Trade and other payables		92.9	9.6	102.5
Retirement benefit liability		4.2	-	4.2
Interclass		180.9	(180.9)	-
<b>Total liabilities</b>		<b>1,819.3</b>	<b>82.0</b>	<b>1,901.3</b>
<b>Total accumulated surplus and liabilities</b>		<b>2,416.2</b>	<b>287.7</b>	<b>2,703.9</b>

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

The segment results for the year ended 20 February 2024 are shown below:

**Income Statement**  
**20 February 2024**

	Note	P&I	Other	Total
Insurance premium revenue		664.4	188.2	852.6
Insurance premium ceded to reinsurers	6	(156.0)	(33.0)	(189.0)
		508.4	155.2	663.6
Change in provision for unearned premium		-	(16.6)	(16.6)
Reinsurers' share of change in unearned premium		19.8	6.7	26.5
		19.8	(9.9)	9.9
Investment income		21.0	4.7	25.7
Net fair value gains at fair value through profit and loss				
	7	61.2	5.2	66.4
Other gains	8	152.6	112.6	265.2
Other operating income		-	1.7	1.7
<b>Net income</b>		<b>763.0</b>	<b>269.5</b>	<b>1,032.5</b>
Insurance claims and loss adjustment expenses				
	9	(366.7)	(106.3)	(473.0)
Insurance claims and loss adjustment expenses recovered from reinsurers	10	(39.4)	4.6	(34.8)
Net insurance claims		(406.1)	(101.7)	(507.8)
Expenses for the acquisition of insurance and investment contracts	11	(28.5)	(22.0)	(50.5)
Expenses for marketing and administration	12	(48.4)	(22.3)	(70.7)
Expenses for asset management services rendered		(2.4)	(0.1)	(2.5)
Operating expenses		(79.3)	(44.4)	(123.7)
Reinsurance commission		(0.1)	1.6	1.5
<b>Total expenses</b>		<b>(485.5)</b>	<b>(144.5)</b>	<b>(630.0)</b>
Results of operating activities		277.5	125.0	402.5
Merger expense		(13.6)	-	(13.6)
Finance income / (expense)	13	3.2	(5.0)	(1.8)
Surplus before tax		267.1	120.0	387.1
Tax expense		(4.7)	(0.6)	(5.3)
<b>Surplus for the year</b>		<b>262.4</b>	<b>119.4</b>	<b>381.8</b>
Other comprehensive income		(0.1)	-	(0.1)
<b>Total movement in reserves for the year, net of tax</b>		<b>262.3</b>	<b>119.4</b>	<b>381.7</b>

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The segment financial positions for the year ended 20 February 2023 are shown below:

<b>Statement of Financial Position</b> <b>20 February 2023</b>	<b>Note</b>	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
<b>ASSETS</b>				
Intangible assets		9.0	-	9.0
Property, plant and equipment		16.0	3.5	19.5
Investments in group undertakings		-	-	-
Reinsurers' share of technical provision				
Provision for unearned premium		-	6.2	6.2
Claims outstanding	5	343.0	21.8	364.8
Financial assets				
Equity securities				
- at fair value through profit and loss	3	96.5	12.8	109.3
Collective investment vehicles				
- at fair value through profit and loss	3	749.1	55.7	804.8
Loans and receivables including insurance and reinsurance receivables		41.6	122.4	164.0
Deferred tax asset		0.3	0.2	0.5
Cash and cash equivalents	4	144.8	69.7	214.5
<b>Total assets</b>		<b>1,400.3</b>	<b>292.3</b>	<b>1,692.6</b>
<b>Accumulated Surplus</b>				
Income and expenditure account	14	332.4	84.4	416.8
Revaluation reserve	14	2.3	1.8	4.1
<b>Total accumulated surplus</b>		<b>334.7</b>	<b>86.2</b>	<b>420.9</b>
<b>LIABILITIES</b>				
Technical provision				
Provision for unearned premium		-	49.9	49.9
Claims outstanding	5	893.0	146.6	1,039.6
Derivative financial instruments		0.8	-	0.8
Reinsurance payables		9.5	6.4	15.9
Trade and other payables		153.1	3.2	156.3
Retirement benefit liability		9.2	-	9.2
<b>Total liabilities</b>		<b>1,065.6</b>	<b>206.1</b>	<b>1,271.7</b>
<b>Total accumulated surplus and liabilities</b>		<b>1,400.3</b>	<b>292.3</b>	<b>1,692.6</b>

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The segment results for the year ended 20 February 2023 are shown below:

**Income Statement**  
**20 February 2023**

	Note	P&I	Other	Total
Insurance premium revenue		334.0	113.7	447.7
Insurance premium ceded to reinsurers	6	(54.9)	(9.9)	(64.8)
		279.1	103.8	382.9
Change in provision for unearned premium		-	1.9	1.9
Reinsurers' share of change in unearned premium		(13.2)	(5.8)	(19.0)
		(13.2)	(3.9)	(17.1)
Investment income		1.6	0.2	1.8
Net fair value losses at fair value through profit and loss				
	7	(29.0)	(2.2)	(31.2)
Other gains	8	0.1	1.0	1.1
Other operating income		-	1.7	1.7
<b>Net income</b>		<b>238.6</b>	<b>100.6</b>	<b>339.2</b>
Insurance claims and loss adjustment expenses				
	9	(200.1)	(81.7)	(281.8)
Insurance claims and loss adjustment expenses recovered from reinsurers	10	24.3	(1.6)	22.7
Net insurance claims		(175.8)	(83.3)	(259.1)
Expenses for the acquisition of insurance and investment contracts	11	(8.5)	(13.9)	(22.4)
Expenses for marketing and administration	12	(37.7)	(20.0)	(57.7)
Expenses for asset management services rendered		(0.5)	(0.1)	(0.6)
Operating expenses		(46.7)	(34.0)	(80.7)
Reinsurance commission		-	2.2	2.2
<b>Total expenses</b>		<b>(222.5)</b>	<b>(115.1)</b>	<b>(337.6)</b>
Results of operating activities		16.1	(14.5)	1.6
Merger expense		(4.2)	-	(4.2)
Finance (expense) / income	13	(13.0)	2.2	(10.8)
Deficit before tax		(1.1)	(12.3)	(13.4)
Tax expense		(0.5)	(0.5)	(1.0)
<b>Deficit for the year</b>		<b>(1.6)</b>	<b>(12.8)</b>	<b>(14.4)</b>
Other comprehensive income		1.4	0.2	1.6
<b>Total movement in reserves for the year, net of tax</b>		<b>(0.2)</b>	<b>(12.6)</b>	<b>(12.8)</b>

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Insurance premium revenue by segment is shown below:

<b>Year ended 20 February 2024</b>	<b>P&amp;I</b>	<b>FD&amp;D</b>	<b>Hull</b>	<b>War</b>	<b>Strike</b>	<b>Other</b>	<b>Total</b>
Insurance premium revenue	664.4	30.1	41.2	6.2	26.7	84.0	852.6

<b>Year ended 20 February 2023</b>	<b>P&amp;I</b>	<b>FD&amp;D</b>	<b>Hull</b>	<b>War</b>	<b>Strike</b>	<b>Other</b>	<b>Total</b>
Insurance premium revenue	334.0	20.0	26.2	2.1	-	65.4	447.7

**3. Fair value securities**

**Year ended 20 February 2024**

**Market value**

Equity securities - at fair value through income  
Collective investment vehicles - at fair value through income  
Debt securities and other fixed income securities – at fair value through income

<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
133.1	14.6	147.7
888.0	57.9	945.9
563.8	-	563.8
<b>1,584.9</b>	<b>72.5</b>	<b>1,657.4</b>

**Cost**

Equity securities - at fair value through income  
Collective investment vehicles - at fair value through income  
Debt securities and other fixed income securities – at fair value through income

119.4	13.0	132.4
864.8	56.2	921.0
572.7	-	572.7
<b>1,556.9</b>	<b>69.2</b>	<b>1,626.1</b>

**Year ended 20 February 2023**

**Market value**

Equity securities - at fair value through income  
Collective investment vehicles - at fair value through income

<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
96.5	12.8	109.3
749.1	55.7	804.8
<b>845.6</b>	<b>68.5</b>	<b>914.1</b>

**Cost**

Equity securities - at fair value through income  
Collective investment vehicles - at fair value through income

86.7	12.2	98.9
763.6	56.8	820.4
<b>850.3</b>	<b>69.0</b>	<b>919.3</b>

**4. Cash and cash equivalents**

**Year ended 20 February 2024**

Cash at bank and in hand  
Short-term bank deposits  
Money market funds

<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
115.2	53.9	169.1
28.2	35.0	63.2
43.6	-	43.6
<b>187.0</b>	<b>88.9</b>	<b>275.9</b>

**Year ended 20 February 2023**

Cash at bank and in hand  
Short-term bank deposits  
Money market funds

<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
47.5	34.5	82.0
28.7	35.2	63.9
68.6	-	68.6
<b>144.8</b>	<b>69.7</b>	<b>214.5</b>



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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**5. Insurance contracts**

**Policy year analysis**

<b>P&amp;I Class</b>	<b>Closed years</b>	<b>Open policy years</b>		<b>Handling reserve</b>	<b>Total</b>
		<b>2022</b>	<b>2023</b>		
At 20 February 2024					
<b>Gross outstanding claims</b>					
Members	664.4	144.3	303.7	34.4	1,146.8
Pooling agreement	220.2	31.3	62.5	-	314.0
	<b>884.6</b>	<b>175.6</b>	<b>366.2</b>	<b>34.4</b>	<b>1,460.8</b>
<b>Reinsurance amount</b>					
Recoveries due under the pooling agreement	178.8	6.0	36.2	-	221.0
Recoveries due from the Group Excess Loss reinsurance	76.3	-	-	-	76.3
Recoveries due from other reinsurers	92.5	8.6	27.9	-	129.0
	<b>347.6</b>	<b>14.6</b>	<b>64.1</b>	<b>-</b>	<b>426.3</b>
<b>Net outstanding claims</b>	<b>537.0</b>	<b>161.0</b>	<b>302.1</b>	<b>34.4</b>	<b>1,034.5</b>
At 20 February 2023					
<b>Gross outstanding claims</b>	719.5	159.0	-	14.5	893.0
Reinsurance amount	309.7	33.3	-	-	343.0
<b>Net outstanding claims</b>	<b>409.8</b>	<b>125.7</b>	<b>-</b>	<b>14.5</b>	<b>550.0</b>

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**6. Insurance premium ceded to reinsurers**

**Year ended 20 February 2024**

	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Market	74.0	33.0	107.0
International Group	81.9	-	81.9
War Risks Group	0.1	-	0.1
	<b>156.0</b>	<b>33.0</b>	<b>189.0</b>

**Year ended 20 February 2023**

	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Market	9.8	9.8	19.6
International Group	45.1	-	45.1
War Risks Group	-	0.1	0.1
	<b>54.9</b>	<b>9.9</b>	<b>64.8</b>

**7. Net fair value gains / (losses) at fair value through income**

**Year ended 20 February 2024**

**Collective Investment Vehicles, debt securities and other fixed income securities**

	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Net realised gains	1.3	1.4	2.7
Net movement on unrealised gains	49.8	2.9	52.7
	<b>51.1</b>	<b>4.3</b>	<b>55.4</b>

**Equity securities**

Net realised losses	(3.8)	-	(3.8)
Net movement on unrealised gains	11.8	0.9	12.7
	<b>8.0</b>	<b>0.9</b>	<b>8.9</b>

**Derivative hedging**

	2.1	-	2.1
	<b>61.2</b>	<b>5.2</b>	<b>66.4</b>

**Year ended 20 February 2023**

**Collective Investment Vehicles**

Net realised gains	-	0.3	0.3
Net movement on unrealised losses	(22.7)	(1.6)	(24.3)
	<b>(22.7)</b>	<b>(1.3)</b>	<b>(24.0)</b>

**Equity securities**

Net realised gains	1.9	0.9	2.8
Net movement on unrealised losses	(7.4)	(1.8)	(9.2)
	<b>(5.5)</b>	<b>(0.9)</b>	<b>(6.4)</b>

**Derivative hedging**

	(0.8)	-	(0.8)
	<b>(29.0)</b>	<b>(2.2)</b>	<b>(31.2)</b>

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**8. Other gains / (losses)**

<b>Year ended 20 February 2024</b>	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Other income / (expense)	0.4	(0.2)	0.2
Write off negative goodwill	152.2	112.8	265.0
	<b>152.6</b>	<b>112.6</b>	<b>265.2</b>

<b>Year ended 20 February 2023</b>	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Other income	0.1	1.0	1.1

**9. Insurance Claims and Loss Adjustment Expenses**

<b>Year ended 20 February 2024</b>	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
<b>Gross claims paid</b>			
Members' claims	498.9	87.6	586.5
Pooling agreement	93.5	-	93.5
Claims handling costs	49.3	13.6	62.9
	<b>641.7</b>	<b>101.2</b>	<b>742.9</b>
<b>Movements in gross outstanding claims</b>			
Members' claims	(232.9)	5.1	(227.8)
Pooling agreement	(42.1)	-	(42.1)
	<b>(275.0)</b>	<b>5.1</b>	<b>(269.9)</b>
<b>Total gross claims</b>	<b>366.7</b>	<b>106.3</b>	<b>473.0</b>

<b>Year ended 20 February 2023</b>	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
<b>Gross claims paid</b>			
Members' claims	250.0	73.3	323.3
Pooling agreement	35.4	-	35.4
Claims handling costs	16.8	7.1	23.9
	<b>302.2</b>	<b>80.4</b>	<b>382.6</b>
<b>Movements in gross outstanding claims</b>			
Members' claims	(117.8)	1.3	(116.5)
Pooling agreement	15.7	-	15.7
	<b>(102.1)</b>	<b>1.3</b>	<b>(100.8)</b>
<b>Total gross claims</b>	<b>200.1</b>	<b>81.7</b>	<b>281.8</b>

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**10. Insurance Claims and Loss Adjustment Expenses Recovered from Reinsurers**

**Year ended 20 February 2024**

**Reinsurance recoverable on claims paid**

	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Claims recoverable from other reinsurers	92.3	9.9	102.2
Claims recoverable under the pooling agreement	44.0	-	44.0
Claims recoverable from the Group Excess Loss reinsurance	51.8	-	51.8
	<b>188.1</b>	<b>9.9</b>	<b>198.0</b>

**Movements in reinsurance recoverable on outstanding claims**

Recoveries due from other reinsurers	(100.8)	(5.3)	(106.1)
Recoveries due under the pooling agreement	(57.4)	-	(57.4)
Recoveries due from the Group Excess Loss reinsurance	(69.3)	-	(69.3)
	<b>(227.5)</b>	<b>(5.3)</b>	<b>(232.8)</b>
	<b>(39.4)</b>	<b>4.6</b>	<b>(34.8)</b>

**Year ended 20 February 2023**

**Reinsurance recoverable on claims paid**

	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Claims recoverable from other reinsurers	2.0	23.1	25.1
Claims recoverable under the pooling agreement	41.9	-	41.9
Claims recoverable from the Group Excess Loss reinsurance	62.8	-	62.8
	<b>106.7</b>	<b>23.1</b>	<b>129.8</b>

**Movements in reinsurance recoverable on outstanding claims**

Recoveries due from other reinsurers	1.3	(24.7)	(23.4)
Recoveries due under the pooling agreement	(31.5)	-	(31.5)
Recoveries due from the Group Excess Loss reinsurance	(52.2)	-	(52.2)
	<b>(82.4)</b>	<b>(24.7)</b>	<b>(107.1)</b>
	<b>24.3</b>	<b>(1.6)</b>	<b>22.7</b>

**11. Expenses for the Acquisition of Insurance and Investment Contracts**

**Year ended 20 February 2024**

	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Brokerage	0.3	20.4	20.7
Acquisition costs	28.2	1.6	29.8
	<b>28.5</b>	<b>22.0</b>	<b>50.5</b>

**Year ended 20 February 2023**

	<b>P&amp;I</b>	<b>Total</b>	<b>Total</b>
Brokerage	(0.1)	13.9	13.8
Acquisition costs	8.6	-	8.6
	<b>8.5</b>	<b>13.9</b>	<b>22.4</b>

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**11. Expenses for the Acquisition of Insurance and Investment Contracts (continued)**

In accordance with Schedule 3 of the International Group Agreement 1999 NorthStandard is required to disclose its Average Expense Ratio for P&I business for the five years ended 20 February 2024. The Ratio of 16.3% (2023: 16.5%) has been calculated in accordance with the Schedule and the guidelines issued by the International Group and is consistent with the relevant financial statements of NorthStandard and NorthStandard Re.

**12. Expenses for Marketing and Administration**

<b>Year ended 20 February 2024</b>	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Gross marketing and administration expenses	125.9	37.5	163.4
Acquisition costs	(28.2)	(1.6)	(29.8)
Claims handling costs	(49.3)	(13.6)	(62.9)
	<b>48.4</b>	<b>22.3</b>	<b>70.7</b>
<b>Year ended 20 February 2023</b>	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Gross marketing and administration expenses	63.1	27.1	90.2
Acquisition costs	(8.6)	-	(8.6)
Claims handling costs	(16.8)	(7.1)	(23.9)
	<b>37.7</b>	<b>20.0</b>	<b>57.7</b>

**13. Finance Income and Expenditure**

<b>Year ended 20 February 2024</b>	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Other income / (expense)	3.2	(5.0)	(1.8)
<b>Year ended 20 February 2023</b>	<b>P&amp;I</b>	<b>Other</b>	<b>Total</b>
Other (expense) / income	(13.0)	2.2	(10.8)

**14. Reserves**

<b>All Classes</b>	<b>I&amp;E Account</b>	<b>Revaluation Reserve</b>	<b>Total Equity</b>
<b>At 20 February 2023</b>	<b>416.8</b>	<b>4.1</b>	<b>420.9</b>
Total comprehensive income for the year	383.8	(2.1)	381.7
<b>At 20 February 2024</b>	<b>800.6</b>	<b>2.0</b>	<b>802.6</b>

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**15. International Group disclosure**

Disclosure for the International Group accounting requirements in respect of outstanding reinsurance recoveries on paid claims in the P&I Class is as follows:

	<u>2024</u>	<u>2023</u>
Recoveries due under the pooling agreement	3.3	2.9
Recoveries due from the Group Excess Loss reinsurance	5.9	1.4
Recoveries due from other reinsurers	<u>17.0</u>	<u>1.2</u>
	<u><b>26.2</b></u>	<u><b>5.5</b></u>

Disclosure for the International Group accounting requirements in respect of the change in provision in respect of claims outstanding in the P&I Class is as follows:

	<u>2024</u>	<u>2023</u>
<b>Gross outstanding claims</b>		
Members	459.1	(101.7)
Pooling agreement	<u>108.7</u>	<u>(0.4)</u>
	<u><b>567.8</b></u>	<u><b>(102.1)</b></u>
<b>Reinsurers' share</b>		
Recoveries due from other reinsurers	(100.6)	1.3
Recoveries due under the pooling agreement	176.2	(31.5)
Recoveries due from the Group Excess Loss reinsurance	<u>7.7</u>	<u>(52.2)</u>
	<u><b>83.3</b></u>	<u><b>(82.4)</b></u>
<b>Movement in net outstanding claims</b>	<u><u><b>484.5</b></u></u>	<u><u><b>(19.7)</b></u></u>

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)**

**Appendix I – Funds available for outstanding and unreported claims**

**Class 1 - P&I summary**

	Appendix reference	Funds available and estimated future supplementary calls US\$ m	Estimated net claims and forecast of unreported claims US\$m
<b>At 20 February 2024</b>			
<b>Total closed policy years</b>		<b>571.4</b>	<b>571.4</b>
<b>Open policy years</b>			
2023/24	II	302.1	302.1
2022/23	II	161.0	161.0
<b>Total of open policy years</b>		<b>463.1</b>	<b>463.1</b>
<b>Reserves</b>			
Income and expenditure account		596.6	-
Revaluation reserve		0.3	-
<b>Total reserves</b>		<b>596.9</b>	<b>-</b>
<b>Funds available for outstanding and unreported claims</b>		<b>1,631.4</b>	<b>1,034.5</b>

**Appendix II – Funds available for outstanding and unreported claims**

**Class 1 - P&I open policy years**

		2023/24 One year from inception US\$ m	2022/23 Two years from inception US\$ m	2021/22 Three years from inception US\$ m
<b>At 20 February 2024</b>				
Calls and premiums - current year		666.0	(1.6)	-
Calls and premiums - prior year		-	643.0	533.0
Less: claims, reinsurance premiums, administration expenses and tax		(328.6)	(396.6)	(543.2)
		337.4	244.8	(10.2)
Investment income to date		37.3	(1.0)	8.0
<b>Funds available</b>	<b>A</b>	<b>374.7</b>	<b>243.8</b>	<b>(2.2)</b>
Estimated known outstanding claims and forecast of unreported claims		366.2	175.6	313.2
Estimated reinsurance recoveries		(64.1)	(14.6)	(144.7)
	<b>B</b>	<b>302.1</b>	<b>161.0</b>	<b>168.5</b>
Anticipated surplus at closure	A-B	72.6	82.8	-
Deficit on closure of 2021/22 year		-	-	(170.7)



NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

NOTES TO THE COMBINED P&I CLASS POLICY YEAR STATEMENT

Investment income

In the first year subsequent to the merger there have been two different methods applied for the allocation of investment income. Going forward all investment income received in the year will be allocated to the current policy year.

Fixed premium and non-poolable business

Of the \$666.0m of calls and premiums on the 2023 P&I policy year, \$141.6m represents non-poolable business which is all fixed premium. The comparative figures for 2022 are \$643.0m and \$127.1m, and for 2021 \$534.7m and \$106.8m.

Supplementary calls

The approximate yield of a 10% additional call on the open policy years would be :

2021/22	US\$ 42.9 million
2022/23	US\$ 51.7 million
2023/24	US\$ 52.5 million

Closed policy years


The 2021/22 policy year was closed prior to the issue of the financial statements, and therefore is included as a closed year in these financial statements.




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